



Prime Minister's Office
DEPARTMENT FOR EUROPEAN POLICIES

SGEI REPORT 2020
SERVICES OF GENERAL ECONOMIC INTEREST
BIENNIAL REPORT: 1 JANUARY 2018 - 31 DECEMBER 2019

In accordance with Article 9 of Decision 2012/21/EU of 20 December 2011 and Point 62 of Communication 2012/C 8/03 of 24 December 2011

INTRODUCTION

This 2020 Report refers to the compensation exempt from prior notification of the European Commission in accordance with Article 2 of Decision 2012/21/EU of 20 December 2011 on the application of Article 106(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 operation of services of general economic interest; and to the figures for compensation subject to prior notification of the Commission pursuant to point 7 of Communication 2012/C 8/03 of 24 December 2011 on State aid in the form of public service compensation.

The Italian authorities have drawn up this Report on the basis of the information and figures directly provided by the authorities responsible for the sector, which, again this year — like 2018 — describes the type and organisation of SGEI services and the associated costs.

The Report also provides details of government expenditure on the basis of the SGEI package for the two years covered, from 1 January 2018 to 31 December 2019, and provides an overview of the amounts of aid paid in Italy by the relevant authorities, including at regional level.

The general coordination was handled by the Department for European Policies, as a matter of course, in order to draw up the Report.

Specifically, the Report refers to the sectors listed below, broken down in accordance with the SGEI rules:

- *social housing*
- *air links and airports:*
 - air links to islands with average annual traffic not exceeding the limit set in Article 2(1)(d) of Decision 2012/21/EU;
 - airports with average annual traffic not exceeding the limit set in Article 2(1)(e) of Decision 2012/21/EU (200 000 passengers in the two previous years);
 - air links to islands with annual average traffic above the limit specified in Article 2(1)(d) of the 2012 SGEI Decision where SGEI compensation falls within the scope of Communication 2012/C 8/03;
- *maritime links:*
 - maritime links to islands with average annual traffic not exceeding the limit set in Article 2(1)(d) of Decision 2012/21/EU;
 - maritime links to islands with annual average traffic above the limit specified in Article 2(1)(d) of the 2012 SGEI Decision where SGEI compensation falls within the scope of Communication 2012/C 8/03;
- *postal services:*
 - compensation for postal services above EUR 15 million, falling within the scope of Communication 2012/C 8/03 (2012 SGEI Framework).
 - compensation for reductions in charges applied to the mailing of published products above EUR 15 million, falling within the scope of Communication 2012/C 8/03 (2012 SGEI Framework).

The National Register of State Aid referred to in Article 52 of Law No 234/2015, as amended, and Ministerial

Decree No 115/2017, ensures the management and supervision of State aid granted to undertakings, as well as overseeing compliance with SGEI transparency requirements, since all the information it contains is public. The Register also prevents the registration of aid exceeding the ceiling for the SGEI sector.

HOUSING (point 2, item 2) (d) of the instructions — Annex 1 Letter from the European Commission of 29.1.2020 — Application of Decision 2012/21/EU

1. EXPENDITURE OVERVIEW

Total SGEI government expenditure by legal basis (millions EUR)) on the basis of the SGEI Decision and the SGEI Framework		
	2018	2019
<i>Compensation for Services of General Economic Interest (1+2)</i> For the figures, please refer to the tables annexed to this report.		
	See table below	See table below
1) Compensation granted on the basis of the SGEI Decision		
2) Compensation granted on the basis of the SGEI Framework		

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

The following aid instruments were used for social housing:

Public housing: Public housing has been managed by the regions since the reform of 2000 and is usually entrusted to the municipalities or other public bodies, including the former Independent Institutes of Public Housing [IACP] (currently referred to as ALER, ATER, Aziende Casa, ATC, etc.). This type of dwelling is built using public funding in full or in part. The competent bodies must generally ensure balanced financial management by charging rent. Rents are determined by the regions and set by law at EUR 20 for those without means, up to a maximum of EUR 250 for others.

Affordable housing (*edilizia agevolata/edilizia convenzionata*): This type of housing is built by private entities (building cooperatives, building companies or developers) and partly by the former IACP companies with public funding (capital or interest subsidies on low-interest loans; assignment of public land; rezoning of protected areas as residential). Affordable housing aims to provide housing to those with medium-to-low incomes which is either rented or sold at lower-than-market rents or prices. In either case the applicable economic conditions are established in the framework agreement for assigning the aid. Funding is granted to entities chosen by means of public procedures. In some areas public operators providing public housing are also eligible for such funding and may take part in the relevant programmes.

As already stated in the previous report, it became clear that, with reference to European State aid rules, in particular the Commission Communication of 19 July 2016 on the notion of State aid as referred to in Article 107(2) of the Treaty on the Functioning of the European Union, a clear distinction should be made between public housing and the other form of social housing, namely affordable housing.

The conclusion we have reached that we would bring to the Commission's attention is that public housing is a public service of general interest (SGEI) since no 'economic service' characteristics can be found.

After several years of applying the SGEI Framework to the public provision of housing services, it has been established that public housing is a genuine housing service provided on a semi-free basis or for the payment of rent which bears no correlation to any market value or parameter.

	<p>This service is reserved for the most marginal and disadvantaged categories of citizens, and the rent is therefore a symbolic contribution to the management costs, which is based on a sliding scale geared to the income levels of the tenants rather than market references. The housing stock of public buildings is subject to legal constraints as regards purpose and inalienability.</p> <p>The assessment of the ‘free’ nature of this service was acknowledged to some extent by the Commission itself in its decision in the ICI/IMU case on the property owned by non-commercial entities for which the rent charged is <i>a symbolic amount and, in any event, not more than half of the average price charged for similar properties rented in a competitive manner in the same geographical area, and also taking into account the fact that the rent bears no relation to the actual cost of the service</i>’ (point 174 of Commission Decision C2012/9461 of 19 December 2012 in case SA.20829).</p> <p>For these reasons a point was raised during the discussions on the reform of the SGEI rules at the Department for European Policies with a view to having public housing excluded from the State aid rules.</p>	
--	---	--

--	--	--

	<p>(Typical) forms of entrustment</p> <p>Regional laws govern forms of entrustment, supplemented where appropriate by resolutions of the regional council or parliament.</p> <p>In this case, too, the types of entrustment must be distinguished with respect to public housing and affordable housing. In the first case, the entrustment is granted to the municipalities or companies of the former IACP that have full public capital and include the entrustment, in other words the public housing service, in their Articles of Association for an indefinite period. In the second case, entrustments can also be granted to private companies. The entrustments are then usually assigned by means of executive decree or decision, following publication of a regional tender approved by resolution of the regional parliament or by executive decision. Entrustment is subject to a framework agreement governing the implementation, duties and obligations, methods for determining rent, as well as the duration and performance of the service (maintenance, caretaking, social support measures, etc.).</p>	
--	--	--

--	--	--

	<p>Average duration of the entrustment</p> <p>The public housing entrustments granted to former IACP municipalities or companies last for an indefinite period of time because they are linked to permanent letting, so 100% of these entrustments in every region exceed 10 years.</p> <p>The duration of entrustments for the implementation of residential building programmes ranges from a minimum of eight years to a maximum of 25 or 30 years (permanent leasing), as confirmed by the survey carried out by the Ministry of Infrastructure in the regions for this report.</p> <p>For affordable housing entrustments, the percentage of the entrustments that exceed ten years can be seen from the financial plan set out in each agreement. According to the data collected, the Lazio Region alone indicates, for this type, a percentage of 30% of entrustments of over 10 years.</p> <p>No entrustments were granted directly by the State in the period covered by this report.</p>	
--	--	--

--	--	--

	<p>Explanation whether (typically) exclusive or special rights are assigned to the undertakings.</p>	
--	---	--

--	--	--

Entrustment of public housing measures is generally assigned by regional laws to public entities (municipalities and former IACP) using procedures that could be termed 'in-house' entrustment, although subject to formal agreements and economic management criteria.

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)?

Direct subsidies, reduced development fees, tax breaks and other tax concessions. Please note that direct subsidies are granted almost exclusively for the construction of housing and not as a general contribution to the provision of general interest social housing.

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

Functioning of the compensation mechanism.

The methods for calculating public financing are chosen based on the following criteria:

- the characteristics and overall surface area of the housing measure, subject to limits established by each region, such as:
 - maximum cost per square metre;
 - maximum surface area of each dwelling.
- the type of leasing contract agreed for the dwelling, such as:
 - leasing with future sale;
 - temporary leasing;
 - low or agreed rent;
 - social rent.
- rent caps.

Public housing rents are set by the regions, with a minimum level of EUR 20 to EUR 50 for those below the poverty line, otherwise rent is paid in line with means, up to a maximum of EUR 250 per month, with some exceptions. The main reference for the rent for assisted/affordable housing is based on the values resulting from the territorial agreements signed pursuant to Article 2(3) of Law No 431/1998 (agreed rent).

Rents for affordable housing are set by the municipalities by means of special agreements with the implementing body, the municipalities themselves monitoring compliance with the agreements. A standard portion of building costs and other expenditure (purchasing of sites, technical costs, etc.) is covered. The budget must specify the amount of public funding allocated to the operator, which is taken into account when determining the costs actually incurred and the amount of relevant benefits to be passed on to the end-user of the housing (tenant or buyer).

Rents for affordable housing are set by the municipalities based on the sales price as stated in the relevant agreements with the implementing bodies.

In accordance with Article 6 of Decree-Law No 47/2014, converted into Law No 80/2014, entities performing new building, extraordinary maintenance work or recovery of existing buildings intended for social housing – until possible conclusion of hire-purchase by the tenant and in any case for a period not exceeding 10 years from the date of completion of the works – are eligible for following tax benefits: a) income from the rental of the same social housing is not considered corporate income for income tax purposes; b) 40% of such income is not counted towards net output value for the purposes of regional tax on productive activities.

Granting of such benefits is legally subject to authorisation by the Commission in accordance with Article 108(3) of the TFEU.

Overcompensation and possible repayment.

The sector is evolving. All regions use standardised percentages for construction costs and the duration of the relevant entrustments. Calculating actual construction costs together with other specific technical items is considered an instrument for avoiding overcompensation. However there is an evident need for more detailed compensation control and verification of the absence of overcompensation in order to be able to raise objections with the operator in an effective manner and recover any overcompensation.

CONTROL OF COMPENSATION

(ARTICLE 5 OF THE SGEI DECISION - AFFORDABLE AND PUBLIC HOUSING)

Control of compensation is based on a system that pre-existed the applicable European rules on State aid for the provision of SGEI. This system is based on cost ceilings provided for public residential housing and is governed by the Ministerial Decree of 5 August 1994, as amended; the system also relies on verifications of building types and limits on the surface area of dwellings through the completion of the relevant Technical and Economic Templates (hereinafter QTE).

Cost ceilings express the maximum permitted expenditure for the Regions and Autonomous Provinces when determining admissible costs for public and affordable housing, based on current quality standards reflecting minimum acceptable conditions in accordance with the applicable regulations (Circular No 28 of 16 January 1995 of the Secretariat-General of the Committee For Residential Building of the Ministry of Public Works, on cost ceilings).

Cost ceilings are established based on the type of building work to be done: new building, recovery of existing stock, or extraordinary maintenance.

As a calculation mechanism making it possible to determine compensation fairly, the QTE contains all of the amounts derived from the various cost ceilings applied, based on housing type (public and affordable housing) and the type of building work to be done (new building, recovery, extraordinary maintenance). The QTE templates were approved by Decree No 81 of 4 July 1996. Some regions, due to the transfer of tasks, have adapted these models to their specific powers. The QTE is the essential technical and economic document for a project from the time it is admitted for funding. It contains all the metric and parametric data needed to carry out the work on aspects falling within the affordable housing segment (size parameters of each dwelling, finishing, common spaces, unit costs, among others). It must be completed in advance for admission to funding, during the award or variant phase, and again when the project is completed and prior to payment of the final balance. It is therefore an effective system for avoiding overcompensation of the cost of work carried out in housing, since the balance is always paid after the costs incurred by the beneficiary have been checked (eliminating the need for retrospective claw-back).

Following the entry into force of the Commission's 2012 SGEI Decision, and in order to update and improve the control system for compensation, on 10 July 2014 the regions and autonomous provinces approved Document No 14/090/CR8/C3-C4 on 'The role of the Regions and the Autonomous Provinces in implementing the State aid framework for the provision of SGEI in the housing sector:

guidelines for the application of Commission Decision 2012/21/EU’.

This document contains the guidelines for applying the SGEI Decision with a template for public and affordable housing Budgets, which is currently being used on a trial basis and requires projections for the full length of the duration of the public service obligation.

In the case of public housing with a ‘permanent’ service obligation, the Budget contains projections over 30 years, or the average life cycle of a building. Finally, as a result of the decentralisation of tasks, some regions have regulated and adopted different calculation methods. A summary of the systems adopted is set out below.

Calculation of the overcompensation

Campania and Sardinia	Verification by QTE (Technical Economic Framework) during and after each operation, with the ceilings laid down by regional decree.
Piedmont, Veneto, Friuli Venezia Giulia, Liguria, Emilia Romagna, Tuscany, Marche, Molise	Verification by QTE (Technical Economic Framework) during and after each operation with the ceilings laid down by Regional Decree + a PEF (Economic and Financial Plan) is drawn up in accordance with the model annexed to the Guidelines approved on 10 July 2014 by the Presidents of the Regions.
Lazio, Apulia, Basilicata, Calabria	Verification by QTE (Technical Economic Framework) during and after each operation with the ceilings laid down by regional decree + calculation system drawn up by the region itself.
Lombardy	Calculation system drawn up by the individual region.

Specific systems for calculating overcompensation developed by different regions

Lombardy	System set out in Regional Law No 8/2016. For ATER, the model provides for an ‘asset performance’ indicator based on overall cost and revenue data. For private individuals, the model is based on the calculation of the IRR (Internal Performance Rate) with ex ante and ex-post verification of the business plan.
Lazio	Verification using the QTE (Technical Economic Framework) prior to, during and after each operation with the ceilings laid down by Regional Decree + system established by Regional Executive Decision No 944/2017, which consists of drawing up the PEF with the relevant IRRs compared with an IRR-threshold taken as an indicator of reasonable profit.
Apulia	Verification using the QTE (Technical Economic Framework) prior to, during and after each operation with the ceilings laid down by Regional Decree + system established by Regional Decree No 2067/2016 by means of the PEF model for affordable housing and a simplified PEF model for public housing, using the relevant IRRs compared to the SWAP rate (remuneration rate for a risk-free investment) with a premium depending on the sector and geographical context.
Basilicata	Verification using the QTE (Technical Economic Framework) prior to, during and after each operation with the ceilings laid down by Regional Decree + system established by Regional Executive Decisions No 1144/2018 and 124/2019, which consists of drawing up the PEF with the relevant IRRs compared to the SWAP rate

	SWAP rate (return rate for a risk-free investment) with a premium depending on the sector and geographical context.
Calabria	Verification by QTE (Technical Economic Framework) during and after each operation with the ceilings laid down by regional decree + system drawn up in accordance with Regional Executive Decision No 202/2018. The following parameters were laid down in Regional Executive Decision No 596/2018: for private individuals through a targeted yield by the Housing Investment Fund managed by Cassa Depositi e Prestiti SGR, plus the average annual inflation rate and a premium of 100 basis points, currently 4.5%; for public entities (municipalities and ATER) with an arithmetic average of the targeted investment yield over the past three years, which currently stands at 12.4%

NB: all the systems drawn up and applied to public entities (e.g. IACP and municipalities) for public housing show inconsistent values, with these services having considerable losses.

A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above EUR 15 million to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

The replies submitted by the regions do not refer to compensation subject to transparency requirements.

Amount of aid granted	
Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2018	2019
152.649570	89.811430
<i>A: Total amount of aid granted (in millions EUR) paid by national central authorities</i>	
2018	2019
89.266044	136.503206
<i>B: Total amount of aid granted (in millions EUR) paid by regional authorities</i>	
2018	2019
<i>C: Total amount of aid granted (in millions EUR) paid by local authorities</i>	
2018	2019
<i>Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)</i>	
2018	2019

SGEI REPORT 2020
(covering 2018-2019)

Table of regional financing granted

Regions/Auton. Provinces	Regional legal basis	Amount granted in 2018	Amount granted in 2019
Piedmont	—	—	...
Valle d'Aosta	—	—	—
Lombardy	Reg. Exec. Order No XI/64/2018	€18 000 000.00	
	Dec. Dir. No 18.180/2018	€100 000.00	
	Dec. Dir.	€704 846.59	
	Dec. Dir. No 19057/2019		€900 000.00
	L.R. No 15/2019		€8 750 000.00
Aut. Prov. Trento	Prov. Del. No 2413/2010	€148 137.99	€122 178.34
	Prov. Del. No 400/2012		€75 732.95
Aut. Prov. Bolzano	...	—	...
Veneto	Reg. Exec. Dec. No 1762/2019		€798 062.00
Friuli-Venezia Giulia	L.R. 1/2016	€35 588 200.00	€32 888 512.02
Liguria	L.R. No 38/2007	€500 000.00	€500 000.00
	L.R. No 34/2016		€3 100 000.00
			€270 000.00
Emilia Romagna	Reg. Exec. Dec. No 1143/2018	€5 024 135.13	
	Reg. Exec. Dec. No 2227/2018	€4 069 607.18	
	Reg. Exec. Dec. No 2341/2019		€338 670.34
Tuscany	PRUACS (sustainable urban rent)	€537 048.8	€558 029.5
	PNEA AdP 2015	€1 499 814.6	€1 740 805.6
	L.R. 25/2011	€8 487 716.04	€8 802 565.92
	Reg. Exec. Dec. 43/2009		€14 041 573.58
		€93 187.89	€3 124 373.93
	Reg. Exec. Dec. 853/2013	€253 083.36	€2 958 426.42
	Reg. Exec. Dec. 960/2003		€1 000 000.00
Umbria	—
Marche	D.A.C.R. 115/2014		€47 467 830.38
Lazio	Reg. Exec. Dec. No 2036/2000	€2 161 369.34	€1 955 591.55
	Reg. Exec. Dec. No 7271/1994	€133 683.47	€285 626.31
	Reg. Exec. Dec. No 1012/2004	€1 362 241.21	€1 362 241.21
	Reg. Exec. Dec. No 459/2005	€1 085 000.00	€1 085 000.00
	Reg. Exec. Dec. No 355/2004	€1 034 078.80	€1 210 549.38

Regions/Aut. Provinces	Regional legal basis	Amount granted in 2018	Amount granted in 2019
Abruzzo	PNEA AdP 2015		€1 909 882.00
Molise	—	—	—
Campania	—	—	—
Apulia	Reg. 610/2010 Exec. Dec. and No No	€2 560 000.00	€1 257 555.50
Basilicata	OP ERDF 2014-20 — Reg.	€122 400.82	
	OP ERDF 2014-20 — ATER	€2 602 818.00	
Calabria	—	—	—
Sicily	—	—	—
Sardinia	PNEA-line f	€3 698 675.50	
		€89 266 044.06	€136 503 206.04

SGEI REPORT 2020
(covering 2018-2019)

Table of State financing granted

Regions/Aut. Provinces	Reference legislation	Total planned budget (*)	Resources transferred by the State to the Region in 2018	Resources transferred by the State to the Region in 2019	Amount granted in 2018 (1.1.2018-31.12.2018)	Amount granted in 2019 (1.1.2019-31.12.2019)
Piedmont	Law 80/2014- Min. Dec. 2018	€2 965 854.91		€6 153 217.09	€6 153 217.09	€6 185 290.83
	Law 80/2014- Min. Dec. 2015	€30 444 463.95	€5 343 106.79	€360 165.70	€5 343 106.79	€360 165.70
Valle d'Aosta	Law 80/2014- Min. Dec. 2018				€2 293.91	€9 550.85
	Law 80/2014- Min. Dec. 2015				€64 674.78	€1 079.11
Lombardy	Law 80/2014 - Min. Dec. 2018	€4 114 936.48	€4 497 712.66		€4 497 712.66	€4 521 157.05
	Law 80/2014- Min. Dec. 2015	€69 965 842.43	€2 279 242.89	€827 666.17	€2 279 242.89	€827 666.17
Aut. Prov. Trento	Law 80/2014 - Min. Dec. 2015				€728 859.18	€9 145.79
Aut. Prov. Bolzano	Law 80/2014 - Min. Dec. 2015				€885 840.80	€9 704.08
Veneto	PNEA AdP 2015	€21 519 503.82		€2 426 526.15		
	PNEA AdP 2015 agg.	€6 549 086.41		€1 512 411.20		
	Law 80/2014- Min. Dec. 2015	€5 896 082.20				€1 847 675.43
	Law 80/2014- Min. Dec. 2015	€24 510 843.70	€484 531.15		€4 422 323.41	€298 094.29
	Law 80/2014 - Min. Dec. 2015	€7 092 199.35	€1 323 782.49		€1 323 782.49	€1 330 682.73
Friuli-Venezia Giulia	Law 80/2014 - Min. Dec. 2015	€10 228 582.32	€1 795 150.92	€21 017.95	€1 795 150.92	€21 017.95
	Law 80/2014- Min. Dec. 2015	€9 159 511.43		€3 425 613.01	€1 708 354.09	€1 717 258.92
Liguria	PNEA AdP 2015	€2 377 752.31			€228 991.66	€2 000.00
	PRUACS (sustainable urban)	€7 957 667.44			€50 000.00	
	Small municipalities' programme	€6 015 604.60			€71 682.53	€247 171.52
	Law 80/2014 - Min. Dec. 2015	€1 789 176.56	€2 069 040.51	€1 39 483.13	€2 069 040.51	€1 39 483.13
	Law 80/2014- Min. Dec. 2018	€18 075 247.41	€8 552 262.99		€8 552 262.99	€2 141 037.64
Emilia Romagna	PNEA AdP 2015	€22 436 560.00				
	Law 80/2014- Min. Dec. 2015	€8 082 294.63	€4 069 607.18		€4 069 607.18	€4 090 820.08
	Law 80/2014- Min. Dec. 2018	€31 207 224.31	€5 024 135.13	€338 670.34	€5 024 135.13	€338 670.34
Tuscany	PRUACS (sustainable urban)	€15 995 139.23		€4 798 541.78	€1 790 161.08	€1 860 095.64
	PNEA AdP 2015	€16 931 810.77			€4 499 814.06	€1 740 805.16
	Law 80/2014- Min. Dec. 2015	€23 339 046.53	€3 878 253.70	€261 400.66	€3 878 253.70	€261 400.66
	Law 80/2014- Min. Dec. 2018	€20 192 630.98	€3 769 049.89		€3 769 049.89	€3 788 696.11
Umbria	PNEA AdP 2015	€1 682 459.63				
	Law 80/2014 - Min. Dec. 2015	€9 065 128.78	€1 645 549.99	€9 335.17	€731 806.12	€9 335.17
	Law 80/2014- Min. Dec. 2018	€4 899 129.21			€13 743.87	€18 506.78
Marche	PNEA AdP 2015	€7 178 308.59		€1 706 473.74		
	PNEA AdP 2015 additional	€2 567 503.86				
	Law 80/2014- Min. Dec. 2015	€1 929 321.15	€37 642.90		€328 490.00	
	Law 80/2014 - Min. Dec. 2015	€9 293 288.32	€2 393 239.46	€1 180 511.58	€1 306 457.45	€8 064.70
	Law 80/2014 - Min. Dec. 2015	€5 826 890.50			€1 086 782.01	€1 092 446.88
Lazio	PNEA AdP 2015					€910 698.75
	Law 80/2014 - Min. Dec. 2015			€1 869 312.52	€798 694.25	€3 772 718.43
	Law 80/2014 - Min. Dec. 2015		€9 947 152.74	€482 651.39	€7 160 942.53	€482 651.39
	Law 80/2014- Min. Dec. 2018		€4 368 272.93	€4 391 042.62	€4 368 272.93	€4 391 042.62
Abruzzo	PNEA AdP 2015	€4 811 596.14				
	Law 80/2014 - Min. Dec. 2015	€6 843 926.00			€1 137 255.44	€7 654.17
	Law 80/2014 - Min. Dec. 2015	€1 967 252.79			€66 915.24	€68 827.80

Regions/Auton. Provinces	Reference legislation	Total planned budget (*)	Resources transferred by the State to the Region in 2018	Resources transferred by the State to the Region in 2019	Amount granted in 2018 (1.1.2018-31.12.2018)	Amount granted in 2019 (1.1.2019-31.12.2019)
Molise	PNEAAdP 2015	€ 608 355.03				
	PNEA AdP 2015 agg.	€36 174.42				
	Law 80/2014 - Min. Dec. 2015	€87 616.30				
	Law 80/2014- Min. Dec. 2015	€03 400.00				
	Law 80/2014 - Min. Dec. 2015	€1 782 214.23	€12 784.65		€12 784.65	€1 069.24
	Law 80/2014 - Min. Dec. 2018	€1 324 597.88	€247 243.98		€247 243.98	€248 532.75
Campania	PNEA AdP 2015	€17 625 333.22	€ 287 599.97		€ 287 599.97	
	Law 80/2014- Min. Dec. 2015	€45 853 930.37	€ 047 520.46	€42 450.17	€ 047 520.46	€42 450.17
	Law 80/2014 - Min. Dec. 2018	€55 407 082.13	€10 342 004.23		€10 342 004.23	€10 395 912.09
Apulia	PNEA AdP 2015	€24 964 423.53				
	PNEA AdP 2015 agg.	€7 678 434.02				
	Law 80/2014 - Min. Dec. 2015	€ 184 675.68				
	Law 80/2014- Min. Dec. 2015	€23 976 725.92	€11 170 521.20	€283 653.57	€1 207 996.80	€283 653.57
	Law 80/2014 - Min. Dec. 2018	€61 735 730.18	€11 514 422.82		€11 514 422.82	€11 574 441.93
Basilicata	PNEAAdP 2015	€1 751 037.66	€ 800 830.49	€ 800 830.49	€ 800 830.49	€ 800 830.49
		€ 608 804.33				
	PNEA AdP 2015 agg.	€1 109 978.20				
	Law 80/2014- Min. Dec. 2015					
	Law 80/2014 - Min. Dec. 2015	€618 751.77	€579 690.81	€9 060.96	€579 690.81	€9 060.96
	Law 80/2014 - Min. Dec. 2018			€1 943 232.77	€1 951 525.16	€1 961 423.09
	OP ERDF 2014-20 - State				€285 601.91	
OP ERDF 2014-20 - EU				€1 224 008.19		
Calabria	Law 80/2014- Min. Dec. 2015	€ 866 376.10			€1 731 582.50	€16 709.41
	Law 80/2014 - Min. Dec. 2018	€ 986 991.11	€1 677 466.68		€1 677 466.68	€1 686 210.50
Sicily	Law 80/2014 - Min. Dec. 2015	€39 649 568.94			€6 588 550.91	€444 111.25
	Law 80/2014- Min. Dec. 2018	€10 574 271.44			€1 972 223.09	€1 982 503.33
Sardinia	1 * PNEA b-e	€13 352 764.90				
	PNEA f	€5 528 251.44		€3 316 950.86	€432 177.80	€ 884 773.06
	2 PNEA b-e	€4 395 613.35				
	Law 80/2014 Min. Dec. 2015	€11 058 852.17	€1 846 645.71		€1 846 645.71	€124 474.25
	Law 80/2014 Min. Dec. 2018	€ 961 451.41			€552 776.68	€555 658.04
	OP ERDF 2014-20 - Stato	€2 799 515.09				
	OP ERDF 2014-20-EU	€3 999 307.28				
					€152 649 570.42	€89 811 430.00

AIR LINKS AND AIRPORTS (point 2, items 3 and 4 of the instructions — Annex 1 Letter from the European Commission of 29.1.2020) — Application of Decision 2012/21/EU

1. EXPENDITURE OVERVIEW

Total SGEI government expenditure on the basis of the SGEI Decision and the SGEI Framework (millions EUR)		
	2018	2019
<i>Compensation for Services of General Economic Interest (1+2)</i>	€7 388 036.91	€3 163 690.63
1) Total compensation granted on the basis of the SGEI Decision	€22 472 913.34	€20 024 579.10
2) Total compensation granted on the basis of the SGEI Framework	€4 915 123.57	€3 139 111.53

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

Air links to islands with average annual traffic not exceeding the limit set in Article 2(1)(d) (point 2, item 3)

Clear and comprehensive description of how the respective services are organized in your Member State

Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list **the contents of the services entrusted as SGEI** as clearly as possible.

SGEI under this heading (including air service links to and from islands with annual average traffic not exceeding 300 000 passengers in the two years prior to the year of entrustment of the service of general economic interest) are governed by Regulation (EC) No 1008/2008.

That Regulation allows Member States to impose public service obligations (PSOs) in order to derogate from the current principles of liberalisation of air transport, thus guaranteeing the right to mobility of users and residents of a given territory that is not adequately connected.

In using this option and acting, therefore, to ensure territorial continuity on its national territory, Italy, in line with the EU provisions referred to above, has imposed PSOs on the air routes referred to below. This has been done to ensure a 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.

Moreover, scheduled air services constituting SGEI are always identified by decree of the Minister for Infrastructure and Transport once the routes and content for public service obligations have been identified (ceilings, minimum capacity in terms of seats offered, minimum frequency, etc.) by an inter-departmental conference attended by the Ministry of Infrastructure and Transport, the ENAC and the regions concerned.

Should no EU air carrier accept the links without financial compensation, the air services can be granted exclusively, even with financial compensation, using the tender procedures specified in Article 16(10) and Article 17 of Regulation (EC) No 1008/2008.

Routes examined

Lampedusa - Palermo and vice versa, Lampedusa - Catania and vice versa, Pantelleria - Palermo and vice versa, Pantelleria - Catania and vice versa.

-

The islands of Pantelleria and Lampedusa are classified as developing peripheral areas. These routes have low-density traffic and are essential for the economic and social development of the territory.

The imposition of public service obligations on links to and from Pantelleria and Lampedusa is justified by the fact that these islands are geographically disadvantaged and are extremely peripheral regions. Maritime links are not, in fact, a valid alternative to air links because of the distance to be travelled by sea and because of the very variable weather conditions at sea.

Air services under the PSO system guarantee regular links all year round and ensure mobility for the local population who, for health, educational, official reasons, etc., must travel from Pantelleria and Lampedusa to the main Sicilian towns and return to those towns on the same day.

As regards the content of the service entrusted as an SGEI, please note that:

- Until 30 June 2018, there were four PSO connections between Sicily and its smaller islands: Lampedusa - Palermo and vice-versa, Lampedusa - Catania and vice-versa, Pantelleria - Palermo and vice-versa, Pantelleria - Trapani and vice-versa. These services were governed by Decree No 5 of 15 January 2014 and were exercised on an exclusive basis, with financial compensation, from 1 July 2017 to 30 June 2018 by Mistral Air S.r.l. As regards the SGEI content, please refer to the technical annex to the above Decree published in the Italian Official Gazette - General Series No 34 - of 11 February 2014;
- with effect from 1 July 2018, the new OSPs referred to in Ministerial Decree No 550 of 28 November 2017, as amended, entered into force, published in the Italian Official Gazette — General Series No 299 - of 23 December 2017. In addition to the abovementioned routes, the Decree authorised these routes: Lampedusa — Palermo and vice versa, Lampedusa — Catania and vice versa, Pantelleria — Palermo and vice versa, Pantelleria — Trapani and vice versa, and Pantelleria — Catania and vice versa. The five routes have been operated since 1 July 2018 by Danish Air Transport A/S. For the content of the OSP (in terms of frequencies, flight schedules, fares, number of seats offered, etc.), please refer to the technical annex to Ministerial Decree No 550/2017.

Alghero - Milan Linate and vice-versa

The purpose of the SGEI in question — common to that of all SGEIs as regards the connections between the main airports in Sardinia (Alghero, Cagliari and Olbia) and those in Rome and Milan (so-called CT1 routes) — is to ensure the island is connected to the rest of the country, thereby guaranteeing the right of people to mobility and helping to ensure the economic and social development of the Region.

The fact that Sardinia is an island seriously restricts its links with the rest of Italy, thus giving air transport a key role without any valid comparable alternatives: the only alternative transport link with the rest of Italy is by sea. The CT1 routes must be regarded as essential in that they connect the above Sardinian cities with Rome and Milan, centres of health excellence and important administrative (Rome) and economic-financial (Milan) centres. In addition, the connection with the national hubs in Rome Fiumicino and Milan Linate allows users easy access to the various places of interest in those cities and to use multiple transport services to reach other cities in Italy and abroad.

In the two years in question, the route Alghero-Milan Linate and vice versa was operated, with the original agreement being extended, by Alitalia SAI SpA.

The content of the SGEI (in terms of frequencies, flight schedules, fares, number of seats offered, etc.) is specified in the technical annex to Ministerial Decree No 61 of 21 February 2013 published in the Italian Official Gazette - General Series No 61 - of 13 March 2013.

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

- Decree of the Director of the Directorate-General for Airports and Air Transport implementing the outcome of the European tender procedure, approving the agreement governing the operation of scheduled air services on the routes concerned, and granting the carrier which won that tender the right to operate the service on an exclusive basis and with financial compensation. For the Sardinian route, the extended contracts were awarded by Decision of the Region of Sardinia, to which, pursuant to Article 1(837) of Law 296/2006, the functions relating to territorial air continuity were transferred.
- No standardised templates are used.

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.

The average duration of entrustments considered in the present section is four years and seven months.

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

The air carrier is, for the predetermined period, granted the right to operate the scheduled air service exclusively and with financial compensation.

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)?

Direct State/regional aid.

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

The maximum amount of annual compensation available under the tender is calculated as follows, **based on a cost allocation methodology**:

$Cmp = Cp - Rp$ where

Cmp = Compensation available under the tender

Cp = Presumed SGEI costs (including reasonable risk and profit margin) estimated based on the size of the service

Rp = Presumed SGEI revenue.

The exact amount of compensation to be paid is determined at the end of each year of service, based on the analytical accounting records submitted by the carrier providing details of the actual costs incurred and revenue effectively generated by the service, limited to the maximum amount indicated in the bid and in accordance with the requirements of the tender specifications.

Under no circumstances may greater compensation be paid than provided for in the bid.

Typical arrangements **for avoiding and repaying any overcompensation.**

The mechanism to avoid overcompensation consists of the criteria for granting compensation and setting a maximum compensation ceiling.

In particular, the compensation is paid as follows:

- Monthly advance: after having produced the traffic data for the previous month, the selected carrier is paid, on a monthly basis, an advance of 70% (for the Sardinian route) or 80% (for the Sicilian routes) of 1/12 of the annual amount of compensation.
- End-of-year balance: at the end of each year of service, the contracting authority establishes the balance payable based on the number of flights actually operated by the carrier and the analytical accounting records submitted by the carrier for the route in question. The contracting authority thus analyses the activities detailed by the carrier with respect to the obligations it has assumed and the financial results of the routes, and also with respect to the statements made by the carrier in its tender. The balance of the compensation is paid based on this analysis, in accordance with the following criteria:
 1. if the carrier has flown fewer flights than required under the public service obligation, the agreed compensation is proportionately reduced;
 2. if the costs of the service are lower than the revenue generated, no compensation is payable;
 3. if the costs of the service are higher than the revenue generated, the compensation is equal to the difference: costs (including a reasonable profit margin) minus revenues, although within the limit of the compensation established in the bid;
 4. if all the advances provided under the above steps exceed the compensation due, based on the verification carried out by the contracting authority, the overcompensation received by the carrier must be paid back so that it can be reused to ensure continuity for the areas concerned;
 5. if the loss made by the carrier is greater than estimated by the carrier in the bid, under no circumstances may greater compensation be paid than provided for in the bid.

In practice, the final balance may be settled in the years following the relevant year.

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above EUR 15 million to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

No aid of over €15 million was granted to any one of the SGEI concerned.

Amount of aid granted

Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)

2018	2019
€7 873 913.34	€5 902 620.73

A: Total amount of aid granted (in millions EUR) paid by national central authorities

2018	2019
€ 577 711.33	€ 545 590.25

B: Total amount of aid granted (in millions EUR) granted by the regional authorities.

2018	2019
€ 296 202.01	€ 357 030.48

C: Total amount of aid granted (in millions EUR) granted by the local authorities.

2018	2019
/	/

Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)

2018	2019
The shares of expenditure for each aid instrument break down as follows:	The shares of expenditure for each aid instrument break down as follows:

Link charged between Pantelleria airport and Lampedusa and Trapani. Palermo and Catania:	Links charged between Pantelleria airport and Lampedusa and Trapani. Palermo and Catania airport:
<ul style="list-style-type: none"> - 66.6% share paid by the State - 33.3% share paid by the Region of Sicily 	<ul style="list-style-type: none"> - 66.6% share paid by the State - 33.3% share paid by the Region of Sicily
Link charged between Alghero airport and Milan Linate	Link charged between Alghero airport and Milan Linate:
100% share paid by the Region of Sardinia	100% share paid by the Region of Sardinia
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2018	2019
<ul style="list-style-type: none"> - As regards the above sections, there are three beneficiaries for the air transport sector under the PSO system (two for routes to and from Sicily, and one for routes to and from Sardinia) - Average amount of aid: - € 574 782.67 (from 1 January 2018 to 30 June 2018); - € 978 985.56 (from 1 July 2018 to 31 December 2018). - The calculation of the amounts of aid in the above section is based on the amounts actually paid in 2018, which include 10% VAT. - The amounts indicated concern the sum of the monthly advances, and they also include the balance for the activities carried out by the carrier in years prior to 2018. The amounts for the Sardinian route do not include the final balance for the relevant year. 	<ul style="list-style-type: none"> - As regards the above sections, there are two beneficiaries for the air transport sector under the PSO system (one for routes to and from Sicily, and one for routes to and from Sardinia). - Average amount of aid: € 650 436.79 - The calculation of the amounts of aid in the above section is based on the amounts actually paid in 2019, which include 10% VAT. - The amounts indicated concern the sum of the monthly advances, and they also include the balance for the activities carried out by the carrier in years prior to 2019. They do not include the final balance for the relevant year.

> *Airports with average annual traffic not exceeding the limit set in Article 2(1)(e) of 2012 SGEI Decision (point 2, item 4)* compensation for the provision of services of general economic interest relating to airports with average annual traffic not exceeding 200 000 passengers in the two years prior to the year of entrustment of the service of general economic interest.

The only reports received for the airport sector were those from the regions of Tuscany, Apulia and the Autonomous Province of Bolzano.

Therefore, the data in the following section — which are reproduced verbatim from those authorities — concern SGEIs for the following airports:

- Elba — Marina di Campo managed by the company Alatoscana S.p.A;
- Foggia Airport ('Gino Lisa') managed by Aeroporti di Puglia S.p.A;
- Bolzano airport managed by ABD Airport SpA.

Clear and comprehensive description of how the respective services are organized in your Member State

Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please specify

Please list **the contents of the services entrusted as SGEI** as clearly as possible.

Tuscany Region — Marina di Campo Airport

'The Region of Tuscany, by means of Article 137 of Regional Law No 66 of 27 December 2011 (2012 Finance Law), states that Marina di Campo Airport constitutes a service of general economic interest for the regional authority within the meaning of Article 106(2) of the Treaty on the Functioning of the European Union (TFEU). Article 137 of Regional Law 66/2011 states that, *'in accordance with EU and national law, the Regional Executive may cover the costs borne when activities relating to security, fire-fighting, air traffic control, policing and customs, are performed by management companies'*. The subsequent Regional Executive Decision No 565 of 25 June 2012 implementing the provisions of Article 137 of Regional Law No 66/2011 lays down the obligation for the operator of Marina di Campo Airport to keep the airport open for 365 days per year, with a 15-day exemption for infrastructure works.

The Tuscany Region therefore imposed an obligation on the operator of Campo Airport on Elba to ensure support for continuous air connections throughout the year. The service provided by the airport operator therefore consists of the provision of airport services to support scheduled flights to and from an island territory. The airport operator Alatoscana S.p.A. pointed out that, following the issue of airport certification by the Italian Civil Aviation Authority (ENAC) on 27 December 2013, it became apparent that it was necessary to exceed the derogations from ENAC's sectoral regulations, which set limits on airport operations, affecting the profitability of flights and hence the market operators potentially interested in operating at the airport. Measures aimed at exceeding (or mitigating) these derogations were set down in an action plan drawn up by the airport operator. Failure to implement the action plan would lead to a downgrading of the airport because it would be impossible for the ENAC to continue the derogations for an indefinite period, and would mean a loss of support for scheduled traffic. In this context, implementing the action plan means assuming the service obligation. As a result of the above, the Tuscany Region decided to proceed as follows:

Please note that Decision 2012/21/EU applies to compensation for the provision of services of general economic interest for airports with average annual traffic not exceeding 200 000 passengers in the two financial years preceding that in which the SGEI was entrusted, and Marina di Campo Airport has traffic well below that threshold, standing at between approximately 700 and 17 000 passengers, not only in the last two years for which data are available (2018 and 2019), but also in the previous decade. Furthermore, according to Decision 2012/21/EU, *'the costs associated with investments, in particular in infrastructure, may be taken into account when they are necessary for the operation of the service of general economic interest'* and may therefore be compensated.

Apulia Region — G. Lisa - Foggia airport

'The object of the public service obligations is the airport services operated by Aeroporti di Puglia S.p.A. linked to the overall management of the G. Lisa - Foggia airport infrastructure, which are considered to be services of general economic interest to the public. These services include: routine maintenance of airport infrastructure, facilities and equipment; cleaning services; security services; safety services; ground handling within the meaning of Legislative Decree No 18/99.'

Autonomous Province of Bolzano — Bolzano Airport

‘The Autonomous Province of Bolzano has a 100% shareholding in ABD Airport SpA. The company operates by means of a direct (in-house) entrustment granted by the Province, acting as a genuine public administration body which exercises control similar to that exercised over its own departments. The management of the airport service is considered to be a service of general economic interest.

The purpose of the company is the study, development, design, construction, adaptation, operation, maintenance and use of facilities and infrastructure for carrying out airport activities, as well as the performance of related or connected activities, including the exercise of agricultural activities, provided that they are not of a predominant nature, and in particular the upgrading, restructuring and operation of Bolzano airport.

ABD Airport SpA must manage the operation of the facility with an appropriate level of air service quality, safety and regularity.’

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

Tuscany Region — Marina di Campo Airport

‘There are no entrustment templates. Eligible compensation related to obligations is set out in acts of the Regional Executive which, in accordance with Regional Law No 66/2011, define: the subject matter and duration of the entrustment, the undertaking involved, the nature of the exclusive or special rights which may be conferred on the undertaking by the authority assigning the entrustment; details of the compensation mechanism and the parameters for calculating, controlling and reviewing the compensation; how any potential overcompensation would be recovered and the monitoring in place in order to avoid overcompensation. As regards the parameters for verifying overcompensation, the values referred to in Article 5(5) to (7) of the SGEI Decision are taken as a reference. See, to that effect, Regional Executive Decision No 582/2019, which replaces and updates the previous Regional Executive Decision No 1111/2017.

The implementing acts, which detail the relationship between the Tuscany Region and the beneficiary, and include preliminary estimates of eligible compensation, are approved by decree of the director responsible (Executive Decree No 19196 of 29 December 2017 and subsequent Executive Decree No 11444 of 27 June 2019), in accordance with the SGEI Decision and the other acts of the administration. The relations between Tuscany and Alatoscana S.p.A. are therefore set down in an act of a contractual nature.’

Apulia Region — G. Lisa - Foggia airport

‘Agreement on the granting and performance of the Services of General Economic Interest entrusted by the Region of Apulia to Aeroporti di Puglia S.p.A. in its capacity as manager of the G. Lisa - Foggia airport signed on 11 March 2019’

Autonomous Province of Bolzano — Bolzano Airport

1) Agreement on the relationship with the operator ABD Airport SpA concluded by the Autonomous Province of Bolzano and ABD Airport SpA (Collection No 1/38.1. of 4 January 2018).

2) **Agreement on the relationship with the operator ABD Airport SpA management company concluded by the Autonomous Province of Bolzano and ABD Airport SpA (Collection No 94/38.1 of 28 December 2018).**

Average duration of the entrustment (in years) and the proportion of entrustments **that are longer than 10 years** (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.

The average duration of entrustments is eight years. (the average has been calculated taking into account the

SGEIs for Marina di Campo and G. Lisa - Foggia airports only)

The details given by the individual regions are set out below.

Tuscany Region — Marina di Campo Airport

‘The SGEIs last for a maximum of six years. This time period has a major impact on the SGEI since delays adversely affect the compliance of the airport. Due to the fact that the obligations which are the subject of the entrustment consist mainly in carrying out work, time limits have been adopted which include delays of a foreseeable nature. The agreement governing relations between the Tuscany Region and Alatoscana S.p.A. therefore provides for the possibility, in agreement between the parties and following completion of the measures identified as being linked to the SGEI, to take note of the fact that the obligations have been met, while reducing the duration of the SGEI.’

Apulia Region — G. Lisa - Foggia airport

‘Duration of the agreement: 10 years’.

Autonomous Province of Bolzano — Bolzano Airport

1 January 2018 - 31 December 2019

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

Tuscany Region — Marina di Campo Airport

‘In the present case, the exclusive right is not conferred by an act, since the airport carries out its activities on premises owned by the company which manages it (compared with the usual case where the airport operator is the concessionary of a State-owned civil aviation domain). However, Campo airport on Elba is the only airport on the island.’

Apulia Region — G. Lisa - Foggia airport

No exclusive or special rights are assigned to the undertakings.

Autonomous Province of Bolzano — Bolzano Airport

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)?

Tuscany Region — Marina di Campo Airport

‘The instrument adopted is a direct subsidy’

Apulia Region — G. Lisa - Foggia airport

‘The instrument adopted is a direct subsidy’

Autonomous Province of Bolzano — Bolzano Airport

Direct subsidy

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

Tuscany Region — Marina di Campo Airport

Methodology based on cost allocation

Apulia Region — G. Lisa - Foggia airport

Methodology based on cost allocation

Autonomous Province of Bolzano — Bolzano Airport

‘Compensation mechanism: payment of the services rendered is by means of monthly instalments, with payment of the final balance at the end of the year.’

Typical arrangements for avoiding and repaying any overcompensation.

Tuscany Region — Marina di Campo Airport

‘The compensation is paid after the expenditure relating to the operations actually completed has been reported and documented. The final amount of compensation will be determined on the basis of the costs actually incurred for eligible investments, including expenditure on planning, purchase of land, testing, preliminary investigations, works, purchase of goods, revision and implementation of procedures. The costs are documented by the beneficiary by sending invoices and documentation relating to the purchase or procurement procedures, as well as documentation proving the completion and commissioning of the assets or infrastructure eligible for compensation. The following are required for the work: copy of the executive design; permit; financial framework of expenditure following award; timetable of work; call for tenders; contract; minutes of the tendering sessions; certificate of acceptance or proper performance, where applicable.

The beneficiary must indicate the investment to be compensated on the accounting documents sent for payment.

The overcompensation control mechanism described above makes it possible, on the one hand, to carry out checks prior to the submission of the company’s annual balance sheet and, on the other, to clear the final amount of compensation following completion of the adjustment measures, thus minimising the bank exposure of the operator (it is possible for the operator to request advances), which must advance the resources. When the company’s balance sheet is submitted, checks are made to ensure that the compensation paid does not exceed what is actually necessary for the balance sheet. In case of overcompensation, the excess amount must be returned to the Tuscany Region.’

Apulia Region — G. Lisa - Foggia airport

‘Application of the separate regulatory accounts pursuant to CIPE Decision No 38/07-51/08, certified by the audit firm.’

Autonomous Province of Bolzano — Bolzano Airport

The activities entrusted by the Province to ABD Airport are financed with resources from the Province. Any other revenue or funding obtained through third parties must always be disclosed and will be deducted from the annual

budget.

A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above EUR 15 million to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

Tuscany Region — Marina di Campo Airport

‘The amount of aid granted to Alatoscana in the form of compensation for the provision of SGEI is below the threshold of EUR 15 million.’

Apulia Region — G. Lisa - Foggia airport

The amount of aid granted is below the threshold of €15 million

Autonomous Province of Bolzano — Bolzano Airport

The amount of aid granted is below the threshold of €15 million

Amount of aid granted	
Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2018	2019
€ 599 000.00 (amount awarded)	€ 121 958.37 (amount awarded)
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2018	2019
0	0
B: Total amount of aid granted (in millions EUR) by the regional authorities	
2018	2019
€ 599 000.00 (of which € 000 000.00 paid by the Tuscany Region and € 599 000.00 paid by the Autonomous Province of Bolzano)	€ 121 958.37 (amount awarded) (of which €400 000 paid by the Tuscany Region, €400 000 paid by the Apulia Region and € 321 958.37 paid by the Autonomous Province of Bolzano)
C: Total amount of aid granted (in millions EUR) paid by local authorities	
2018	2019
/	/
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2018	2019
Direct subsidy 100%	Direct subsidy 100%

Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2018	2019
	<p>Tuscany Region — Marina di Campo Airport:</p> <p>‘€1 000 000 is the amount granted:</p> <p>€400 000, as can be seen from the above, is the amount already paid, therefore, €600 000 remains to be settled.’</p> <p>Apulia Region — G. Lisa - Foggia airport:</p> <p>did not provide any information in this respect</p> <p>Autonomous Province of Bolzano — Bolzano Airport:</p> <p>€ 843 000.00 is the amount of aid ‘granted’ in 2019. The amount paid (thus settled) amounts to € 321 958.37 and is ‘lower than the amount granted by sale of 100% of the shares held by the Province in ABD in September 2019’.</p>

AIR LINKS AND AIRPORTS (point 3, items V and VI of the instructions — Annex 1 Letter from the European Commission of 29.1.2020) — Application of Decision 2012/C 8/03

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

> *Air links to islands with average annual traffic not exceeding the limit set in Article 2(1)(d) of the 2012 Decision (point 3, item V)*

Clear and comprehensive description of how the respective services are organized in your Member State

Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list **the contents of the services entrusted as SGEI** as clearly as possible.

SGEI under this heading (including air service links to and from islands with annual average traffic exceeding 300 000 passengers in the two years prior to the year of entrustment of the service of general economic

interest) are governed by Regulation (EC) No 1008/2008.

That Regulation allows Member States to impose public service obligations (PSOs) in order to derogate from the current principles of liberalisation of air transport, thus guaranteeing the right to mobility of users and residents of a given territory that is not adequately connected.

In using this option and acting, therefore, to ensure territorial continuity on its national territory, Italy, in line with the EU provisions referred to above, has imposed PSOs on the air routes referred to below. This has been done to ensure 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.

Moreover, scheduled air services constituting SGEI are always identified by decree of the Minister for Infrastructure and Transport once the routes and content for public service obligations have been identified (ceilings, minimum capacity in terms of jobs offered, minimum frequency, etc.) by an inter-departmental conference attended by the Ministry of Infrastructure and Transport, the ENAC and the regions concerned.

Should no EU air carrier accept the links without financial compensation, the air services can be granted exclusively, even with financial compensation, using the tender procedures specified Article 16(10) and Article 17 of Regulation (EC) No 1008/2008.

Routes considered

Cagliari — Rome Fiumicino and vice versa, Cagliari — Milan Linate and vice versa, Alghero-Rome Fiumicino and vice versa, Olbia — Rome Fiumicino and vice versa, Olbia- Milan Linate and vice versa

The purpose of the SGEI as regards the connections between the main airports in Sardinia (Alghero, Cagliari and Olbia) and those in Rome and Milan (so-called CT1 routes) is to ensure the island is connected to the rest of the country, thereby guaranteeing the right of people to mobility. The fact that Sardinia is an island seriously restricts its links with the rest of Italy, thus giving air transport a key role without any valid comparable alternatives: the only alternative transport link with the rest of Italy is by sea. The routes in question are essential in that they connect the Sardinian cities mentioned above with Rome (the most important political administrative centre of the nation) and Milan (economic, manufacturing, financial and national health capital), thus establishing a direct link with the main centres of supply of the so-called 'National Citizenship Services' (education, health, labour and mobility), towards which regions characterised by different levels of remoteness and isolation usually gravitate. Access to these centres is therefore one of the main pillars of Sardinia's economic and social development strategies. In addition, the connection with the national hubs in Rome Fiumicino and Milan Linate allows users easy operational access not only to the city centres and the respective central stations in those cities, but also to multiple transport services to reach other cities in Italy and abroad.

As far as the content of the service entrusted as an SGEI is concerned, frequencies, flight schedules, fares, number of seats offered, etc. are specified for each route in the technical annex to Ministerial Decree No 61 of 21 February 2013 published in the Italian Official Gazette - General Series No 61 - of 13 March 2013. Finally, during the two-year period in question, the routes in question were operated as follows: Cagliari — Rome Fiumicino and vice versa, Cagliari — Milan Linate and vice versa by Alitalia, with an extension to the original agreement;

Alghero- Rome Fiumicino and vice versa initially by Blue Air and subsequently by Alitalia (following an emergency procedure under Article 16(12) of Regulation (EC) No 1008/2008); Olbia- Rome Fiumicino and vice versa, Olbia-Milano Linate and vice versa by Alitalia; the original agreement to 16 April 2019 was extended from 17 April 2019 to the end of 2019 and these routes were operated as open PSOs (without exclusivity or financial compensation).

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

- The entrustment following an urgent procedure or extension was awarded by Decisions of the Region of Sardinia, to which, pursuant to Article 1(837) of Law 296/2006, the functions relating to territorial air continuity were transferred.
- No standardised templates are used.

Average **duration of the entrustment** (in years) and the **proportion of entrustments that are longer than 10 years (in %)** per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.

The average duration of entrustments considered in the present section is six years and two months.

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

The air carrier is granted the right, for the predetermined period, to operate the scheduled air service exclusively and with financial compensation.

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)? Direct regional aid.

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

The maximum amount of annual compensation available under the tender is calculated according to the following formula:

$$Cmp = Cp - Rp$$

where

Cmp = Compensation available under the tender

CP = Presumed SGEI costs (including reasonable risk and profit margin) estimated based on the size of the service

Rp = Presumed SGEI revenue.

As regards the methodology used to calculate the net costs necessary to comply with public service obligations relating to SGEIs, the cost allocation method was used as it is difficult, in the case of air transport, to use the methodology based on the net avoided cost methodology.

In particular, the use of this method of calculation would involve an analysis and correct estimation of the difference between the costs necessary to operate air transport links involving public service obligations and the costs relating to the amount of ticket sales.

In the air transport sector, as a route that has been liberalised as set out in Regulation (EC) No 1008/2008, both of these factors and, in particular, the costs borne by the air carrier, vary considerably in so far as – with specific reference to the analytical components of the costs – they are closely linked to the characteristics of the actual air carriers (traditional or low-cost).

The exact amount of compensation to be paid is determined at the end of each year of service, based on the analytical accounting records submitted by the carrier providing details of the actual costs incurred and revenue effectively generated by the service, limited to the maximum amount indicated in the bid and in accordance with the requirements of the tender specifications.

If the loss made by the carrier is greater than estimated by the carrier in the bid, under no circumstances may greater compensation be paid than provided for in the bid.

Typical arrangements **for avoiding and repaying any overcompensation.**

Determination of a ceiling for compensation and the criteria used for granting compensation avoid any overcompensation. Indeed, the air carrier selected cannot demand an amount exceeding the maximum agreed amount by way of compensation. Compensation is paid to the air carrier - once it has produced the traffic figures for the previous month - in the form of monthly sums amounting to 70% of 1/12 of the annual amount, plus a final balance. As mentioned above, at the end of each year of service, the contracting authority establishes the balance payable based on the analytical accounting records submitted by the carrier for the route in question. The balance of the compensation is paid based on this analysis, in accordance with the following criteria:

1. if the carrier has flown fewer flights than required under the public service obligation, the agreed compensation is reduced;
2. if the costs of the service are lower than the revenue generated, no compensation is payable. In certain cases it was decided that some of the additional profits made by the air carrier should be reinvested to lower air fares in the following year;
3. if the costs of the service are higher than the revenue generated, the compensation is equal to the difference: *Costs (including a reasonable profit margin) minus revenues*, although within the limit of the compensation established in the bid;
4. if the loss made by the carrier is greater than estimated by the carrier in the bid, under no circumstances may greater compensation be paid than provided for in the bid.

In practice, the final balance may be settled in the years following the relevant year.

A short explanation of how the **transparency requirements** (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

For the Sardinian routes, the publications in question are handled by the Region of Sardinia, to which, pursuant to Article 1(837) of Law 296/2006, the functions relating to territorial air continuity were transferred.

Amount of aid granted

Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)

2018

2019



€4 915 123.57	€3 139 111.53
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2018	2019
/	/
B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2018	2019
€4 915 123.57	€3 139 111.53
C: Total amount of aid granted (in millions EUR) paid by local authorities	
2018	2019
/	/
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2018	2019
The aid specified in this section is paid fully by the regional bodies involved. In this particular case: Autonomous Region of Sardinia.	The aid specified in this section is paid fully by the regional bodies involved. In this particular case: Autonomous Region of Sardinia.
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2018	2019
<ul style="list-style-type: none"> - number of beneficiaries: 2 - average amount of aid: € 540 902.77 - The calculation of the amounts of aid in the above section is based on the amounts actually paid in 2018, which include 10% VAT. - The amounts indicated concern the sum of the monthly advances, and they also include the balance for the activities carried out by the carrier in years prior to 2018. They do not include the final balance for the relevant year. 	<ul style="list-style-type: none"> - number of beneficiaries: 2 (1.1.19 to 16.4.19) then 1 (17.4.19 to 31.1.19) - average amount of aid: € 120 588.21 - The calculation of the amounts of aid in the above section is based on the amounts actually paid in 2019, which include 10% VAT. - The amounts indicated concern the sum of the monthly advances, and they also include the balance for the activities carried out by the carrier in years prior to 2019. They do not include the final balance for the relevant year. Finally, it should be noted that these amounts are lower than in 2018 for various reasons including the fact that since 17 April 2019 the routes to and from Olbia have been operated under an open PSO regime (without exclusivity and without compensation).

Airports with average annual traffic exceeding the limit set in Article 2(1)(e) of the 2012 SGEI Decision (point 3, item VI)

No compensation was reported for the provision of services of general economic interest relating to airports with average annual traffic greater than 200 000 passengers during the two years preceding that in which the service of general economic interest was assigned.

4. Complaints BY THIRD PARTIES

As regards the compensation relating to the operation of the routes to and from Sardinia referred to in this report, no disputes were brought before the national courts.

For the sake of completeness, we would point out that, at European level, DG MOVE informed the Italian authorities in June 2019 that it had received a complaint concerning the transitional arrangements for public service obligations relating to the Sardinian routes concerned. Intense discussions are still ongoing between the Region of Sardinia (as the main interlocutor following the transfer of the functions referred to in Article 1(837) of Law No 296/2006) and the European Commission to define the new system of territorial air continuity which will allow, among other things, the continuation of the above transitional arrangements, which have become indispensable in ensuring the uninterrupted connectivity of the island with the rest of the national territory.

As regards SGEIs relating to the airport sector, we are not aware of any complaints from third parties.

5. Miscellaneous QUESTIONS

There were no reports of any particular difficulties in applying the SGEI package.

MARITIME LINKS TO ISLANDS (point 2, item 3 of the instructions — Annex 1 Letter from the European Commission of 29.1.2020) — Application of Decision 2012/21/EU

1. Description OF THE APPLICATION OF THE 2012 Decision

^ Air links to islands with average annual traffic not exceeding the limit set in *Article 2(1)(d) (point 2, item 3)*

1. EXPENDITURE OVERVIEW

Total SGEI government expenditure on the basis of the SGEI Framework and the SGEI Decision (millions EUR)		
	2018	2019
<i>Compensation for Services of General Economic Interest (1+2)</i>	130.1	133.6
1) Compensation granted on the base of the SGEI Decision.	128.4	128.4
2) Compensation granted on the basis of the SGEI Framework.	1.7	5.2

2. Description OF THE APPLICATION OF THE 2012 Decision

Clear and comprehensive description of how the respective services are organized in your Member State

Maritime services with the largest national islands and Tremiti Islands

These services consist of public-service obligations accepted by undertakings that have taken over business

divisions responsible for providing public-service maritime links, in other words Tirrenia di Navigazione SpA in AS and SIREMAR, Sicilia Regionale Marittima SpA in AS, as a result of the conclusion of the relevant competitive privatisation processes.

The public mission identified by the Italian authorities involves the island cabotage routes linking the Italian mainland with the island ports. These routes aim to provide a satisfactory service in terms of regularity and frequency that allows the economic development of the islands and at the same time covers the essential transport requirements of the island communities, protecting their constitutional right to territorial continuity, which the market left to itself would not be able to maintain.

Explanation of the (typical) forms of entrustment. If standardized templates for entrustments are used for a certain sector, please attach them.

The privatisation of the above-mentioned undertakings was achieved using tender procedures open to all interested parties and aimed at the sale of such company assets as were functionally necessary for the fulfilment of the said public-service obligations, using awarding criteria based on the highest price. The maritime transport services were thus entrusted to the winners of the competitive procedures by means of separate agreements.

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.

Eight years in the case of Tirrenia and 12 years for SIREMAR.

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

No

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)? Direct subsidies

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

Under the agreement, the level of compensation (subsidy) is established based on forecasts of the difference between revenues and running costs. Unlike the agreement for the former Gruppo Tirrenia, which expired at the end of 2008, the new agreement does not grant the service provider higher compensation in case of increased running costs (personnel, fuel, freight, mooring or docking charges, etc.). The risk linked to any such cost increases is thus entirely borne by the service provider, as is risk relating to levels of passenger traffic, which might be lower than expected.

The public-service activity performed by operators therefore essentially involves full assumption of risk by the operators themselves, accompanied by a fixed amount of compensation that does not guarantee full coverage of costs.

Typical arrangements **for avoiding and repaying any overcompensation**.

The agreements contain detailed provisions ensuring that only services identified as public service obligations will be compensated and that only costs submitted in accordance with the 2007 Directive of the Interministerial Committee for Economic Programming (CIPE), as expressly provide for in Annexes B and C, will be eligible for compensation. The supervisory authorities perform annual checks using the information from the financial statements of the undertakings, broken down into line items using analytical accounting methods and certified by a chartered auditor in order to ensure that no overcompensation has taken place.

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above €15 million to undertakings that also have activities outside the scope of the SGEI are being complied with.

Individual payments are published on the official website of the Ministry of Infrastructure and Transport.

Amount of aid granted under the SGEI Decision	
Amount of aid granted under the SGEI	
This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2018	2019
128.4	128.4
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2018	2019
128.4	128.4
B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2018	2019
/	/
C: Total amount of aid granted (in millions EUR) paid by local authorities	
2018	2019
/	/

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

Maritime Air links to islands with average annual traffic exceeding the limit set in Article 2(1)(d) (point 3, item V)

3. Description OF THE APPLICATION OF THE 2102 SGEI Framework

Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list **the contents of the services entrusted as SGEI** as clearly as possible.

High-speed maritime passenger transport service between Messina and Reggio Calabria

The services consist of public service obligations assumed by Liberty Lines S.p.A., which operated the maritime high-speed link for passengers only between the ports of Messina and Reggio Calabria.

The public mission identified by the Italian authorities involves the island cabotage route linking the Italian mainland with the port of Messina in Sicily. This route aims to provide a satisfactory service in terms of regularity and frequency that covers the essential transport requirements of the communities of Messina and Reggio Calabria, protecting their constitutional right to territorial continuity, which the market, left to itself, would not be able to maintain.

Explanation of the (typical) forms of entrustment. If standardized templates for entrustments are used for a certain sector, please attach them.

The service was entrusted using open tender procedures.

Average **duration of the entrustment** (in years) **and the proportion of entrustments that are longer than 10 years (in %)** per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.

Three years

Explanation whether (typically) **exclusive or special rights are assigned to the undertakings**. No

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)? Direct subsidies

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

The remuneration is paid on the basis of deferred quarterly invoicing downstream of the performance of the activity once the Directorate of Labour has checked that the service was provided during the quarter in question.

Typical arrangements for avoiding and repaying any overcompensation.

In Decision C(2017) 3936 final of 13 June 2017, the Commission decided that the method of compensation applied to the entrustment of SGEI to Ustica Lines S.p.A. (now Liberty Lines S.p.A.) complied with SGEI rules.

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above EUR 15 million to undertakings that also have activities outside the scope of the SGEI are being complied with.

Individual payments to the entrusted partner are published on the official website of the Ministry of Infrastructure and Transport.

Amount of aid granted for high-speed maritime passenger services between ports of Messina and Reggio Calabria (EUR million). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2018	2019
1.7	5.2
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2018	2019
1.7	5.2
B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2018	2019
/	/
C: Total amount of aid granted (in millions EUR) paid by local authorities	
/	/

> **UNIVERSAL POSTAL SERVICE**

1. EXPENDITURE OVERVIEW

Total SGEI government expenditure on the basis of the SGEI Framework (millions EUR) pursuant to the SGEI	0	
	2018	2019
<i>Total compensation for Services of General Economic Interest (1+2)</i>		
1) Total compensation granted on the basis of the SGEI Decision		
2) Total compensation granted on the basis of the SGEI Framework	262 400 000.00	262 400 000.00

3. Description of the application of the 2012 Decision

Clear and comprehensive description of how the respective services are organized in your Member State

Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list **the contents of the services entrusted as SGEI** as clearly as possible.

Postal sector services that are regarded as SGEI are as follows:

1) Universal postal service

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, includes:

- a) the collection, transportation, sorting and distribution of mail items of up to 2 kg;
- b) the collection, transportation, sorting and distribution of mail parcels of up to 20 kg;
- c) services relating to registered and insured mail.

Postal items, within the meaning of Article 3(f) of Legislative Decree No 261/1999, means an item in its definitive form when handed over to the postal service provider; in addition to items of correspondence, such items also include books, catalogues, newspapers, periodicals and similar, as well as postal parcels containing merchandise with or without commercial value.

Article 3(i) of Legislative Decree No 261/1999 defines **registered mail** as the service protecting the item in question, for a flat fee, from risk of loss, theft or damage, which provides the sender with proof of mailing, as well as, at the sender's request, recorded delivery.

Article 3(l) of Legislative Decree No 261/1999 defines **insured mail** as the service of insuring the mail against loss, theft or damage for the value declared by the sender.

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

- Poste Italiane was entrusted under Article 23(2) of Legislative Decree No 261/1999 as amended by Legislative Decree No 58/2011.
- No standardised templates are used.

Average **duration of the entrustment** (in years) **and the proportion of entrustments that are longer than 10 years (in %)** per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.

- The duration of the entrustment is 15 years from 30 April 2011 (the date on which Legislative Decree No 58/2011, transposing Directive 2008/6/EC, came into force). Every five years, the Ministry for Economic Development must verify, based on an analysis performed by the regulator AGCOM, that the entrustment of the universal service to Poste Italiane SpA complies with the criteria specified in paragraphs a) to f) of Article 3(11) of Legislative Decree No 261/1999 and that there is improved efficiency in the provision of the service, based on indicators defined and qualified by the regulator. Should the outcome of such verification be negative, the Ministry for Economic Development will revoke the entrustment.
The decree stating that the entrustment of the universal postal service complies with the criteria was issued on 25 August 2016 on the basis of the outcome of an analysis by AGCOM set out in decision No 379/16/CONS of 28 July 2016.

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

Article 1(57)(b) of Law No 124 of 4 August 2017: The annual law on market and competition (published in Italian Official Gazette No 189 of 14 August 2017) repealed, as of 10 September 2017, Article 4 of Legislative Decree No 261/1999 on the exclusive entrustment to Poste Italiane S.p.a. of services involving notification of judicial acts and fines. Issuing of individual licences for such services must in addition *'be subordinated to specific universal service obligations relating to the security, quality, continuity, availability and performance of these services'*.

In this respect, paragraph 58 of the above-mentioned Law No 124/2017 states that, within 90 days of the entry into force of this law, AGCOM, having consulted the Ministry of Justice, must determine by means of a decision the *'specific requirements and obligations for issuing individual licences'* as well as those *'relating to the reliability, professionalism and integrity of those who apply for an individual licence to supply these services'*.

Following the decision AGCOM 77/18/CONS, the Ministry for Economic Development issued a decree of 19 July 2018 on the procedure applicable.

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)? Direct State subsidy.

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

In decision 214/19/CONS based on the methodology of net avoided cost as laid down in the new European Union Framework for State aid in the form of public service compensation, which came into force on 31 January 2012 (OJ C 8, 11.1.2012), AGCOM calculated the burden for the years 2015 and 2016.

Typical arrangements **for avoiding and repaying any overcompensation.**

The above-mentioned verification by AGCOM for the years 2015 and 2016 on the burden arising from public service obligations, using the net avoided cost methodology, is in line with the new Framework on State aid that came into force in 2012 and ensures the absence of risks of overcompensation.

A short explanation of how the **transparency requirements** (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

The programme agreement between the Ministry for Economic Development and Poste Italiane is published on the Ministry's website.	
Amount of aid granted	
Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2018	2019
262 400 000.00 Universal Service Obligations	262 400 000.00 Universal Service Obligations
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2018	2019
€262 440 000.00 in reimbursement of the costs of performing the universal service for the postal sector in the year 2018	€262 440 000.00 in reimbursement of the costs of performing the universal service for the postal sector in the year 2019 .

POSTAL SERVICES (point 3, item I of the instructions) — Annex 1 Letter from the European Commission of 29.1.2020) - **APPLICATION OF COMMUNICATION 2012/C 8/03** 8/03.

> **DISPATCH OF PUBLISHING PRODUCTS**

2. EXPENDITURE OVERVIEW

Total SGEI government expenditure on the basis of the SGEI Decision and the SGEI Framework by legal basis (millions EUR)		
	2018	2019
<i>Total compensation for Services of General Economic Interest (1+2)</i>		
1) Total compensation granted on the basis of the SGEI Decision		
2) Total compensation granted on the basis of the SGEI Framework	71 m	41 m

3. Description OF THE APPLICATION OF THE 2012 Decision

Clear and comprehensive description of how the respective services are organized in your Member State

Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list **the contents of the services entrusted as SGEI** as clearly as possible.

Refund to Poste Italiane SpA. of the tariff reductions applied for the dispatch of publishing products

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

Refunds provided for in Article 2(4) and (5) of Decree-Law No 244 of 30 December 2016, converted into Law No 19 of 27 February 2017.

Average duration of the entrustment (in years) and the proportion of entrustments **that are longer than 10 years** (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.

Refunds provided for 3 years under Article 2(4) and (5) of Decree-Law No 244 of 30 December 2016, converted into Law No 19 of 27 February 2017.

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

No

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)?

Refund of tariff reductions applied by Poste Italiane.

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

Net avoided cost method used.

Typical arrangements **for avoiding and repaying any overcompensation.**

Net avoided cost method

A short explanation of how the **transparency requirements** (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

Publication of the amounts paid on the website of the Publishing Information Department
www.informazioneeditoria.gov.it

Amount of aid granted

This includes all aid granted (in millions of EUR) in your country, including aid granted by regional and local authorities. (A+B+C)

2018	2019
71 m	41 m

A: Total amount of aid granted (in millions EUR) paid by national central authorities ¹³

2018	2019
71 m	41 m

B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴

C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵

2018	2019

Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)

2018	2019

Additional quantitative information (e.g. Number of beneficiaries per sector, average aid amount, size of the undertakings)¹⁶

