

ANNEX

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI Framework

1. EXPENDITURE OVERVIEW

General SGEI government expenditure by functions (millions EUR)		
	2014	2015
Compensation for Services of General Economic Interest (1+2)	85.4367 ¹	29.0452 ²
(1) Compensation granted on the basis of the SGEI Decision	85.4367	29.0452
(2) Compensation granted on the basis of the SGEI Framework	0.0	0.0

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

• Social housing

Clear and comprehensive description of how the respective services are organized in Poland
The contents of the services entrusted as SGEI
The Wrocław Municipality entrusts to Wrocławskie Mieszkania its social housing tasks arising from the Act on Municipal Self-Government. The entrustment includes the tasks whose purpose is to ensure ongoing and uninterrupted fulfilment of collective community needs with respect to managing the municipality's housing stock used for the purpose of delivery of social policy and social aid objectives.
Form of entrustment
We wish to explain that the entrustment of management and administration of the municipality's housing stock is regulated by the following documents: <ul style="list-style-type: none">• Order No 6355/12 of the President of Wrocław of 21 December 2012, amending order No 2387/08 of the President of Wrocław of 2 January 2008 on the rules of assigning and accounting for delivery of the tasks entrusted to Wrocławskie Mieszkania Sp. z o.o., a limited liability company having its registered office in Wrocław, in accordance with the company's instrument of incorporation;• Rules for assigning and accounting for delivery of the tasks entrusted to Wrocławskie Mieszkania Sp. z o.o. having its registered office in Wrocław (Annex to Order No 6355/12);• Delivery instructions (the template specified in the Annex to the said Rules for assigning and accounting for the tasks entrusted to the Company);• The Articles of Association of Wrocławskie Mieszkania Sp. z o.o. of 2 October 2007. (Repertory A No 4798/2007), defining detailed conditions for delivery of the entrusted tasks.
Average duration of the entrustment

¹ All the data presented in this report were extracted from the SHRIMP application as at 27 June 2016.

² All the data presented in this report were extracted from the SHRIMP application as at 27 June 2016.

We wish to advise that the duration of the entrustment is 10 years.
Exclusive or special rights
We wish to note that no exclusive or special rights have been given to the undertaking.
Aid instruments
The compensation is granted in the form of a subsidy.
Compensation mechanism
<p>We wish to explain that the compensation value and payment terms are as laid down in the document "Rules for assigning and accounting for delivery of the tasks entrusted to Wrocławskie Mieszkania Sp. z o.o. having its registered office in Wrocław". In accordance with the Rules, each year the Company presents a calculation of the compensation for the management activities with respect to the municipal housing stock that are planned to be managed in the following settlement year alongside the cost of investments planned and an estimate, based on contracts signed, of the expected fees to be paid to contractors during that period. The calculation is negotiated, analysed and evaluated by specifically appointed statutory auditors.</p> <p>The compensation for the entrusted tasks is paid on a monthly basis.</p>
Arrangements for avoiding and repaying any overcompensation
<p>We wish to explain that the compensation is paid specifically for the completed tasks covering the management and administration of the municipal housing stock, and is settled on the basis of the "Delivery Instructions for the given year". The terms and value of compensation payment are checked each year. Each year, the Company provides information about the total SGEI compensation, the revenues obtained from other activities and the costs incurred. On the basis of the report received, the entrusting authority decides if the Company received the due compensation in accordance with the Commission's Decision.</p> <p>If the SGEI compensation paid in the previous year is more than 10 % higher than permitted, then the entire overcompensation needs to be repaid. If the overcompensation is not higher than 10 % of the average annual compensation, the overpayment is set off against the payments due for the next settlement period.</p> <p>If the Company fails to present the annual report by the stated deadline, the entrusting authority will suspend the compensation payment in the next settlement period.</p>
Transparency requirements
We wish to advise that the compensation in question is not higher than EUR 15 million.

Amount of aid granted	
Total amount of aid granted (in millions EUR) A+B+C	
2014	2015
2.9274	2.846
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2014	2015

0.0	0.0
B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2014	2015
0.0	0.0
C: Total amount of aid granted (in millions EUR) paid by local authorities	
2014	2015
2.9274	2.846
Share of expenditure per aid instrument	
2014	2015
Direct subsidy - 2.9274	Direct subsidy - 2.846
Additional quantitative information	
Not applicable	

- **Waste management**

Clear and comprehensive description of how the respective services are organized in Poland
The contents of the services entrusted as SGEI
<p>We wish to explain that the Act on municipal self-government of 8 March 1990 (Journal of Laws of 2016, item 446) imposes an obligation on municipalities to satisfy residents' collective needs with regard to, inter alia, maintenance of cleanliness and order. Municipalities' rights and obligations in this regard are laid down in the following acts:</p> <ul style="list-style-type: none"> • the Waste Act of 14 December 2012 (Journal of Laws of 2013, item 21, as amended); • the Act of 13 September 1996 on maintenance of cleanliness and order in municipalities (Journal of Laws 2016, item 250). <p>The purpose of the obligations imposed by these acts is to ensure satisfaction of the local community's needs, specifically maintenance of cleanliness and order in the local area and creation of conditions that facilitate this goal, including: establishing a waste management system including collection of waste from producers, its transport, recovery and disposal.</p> <p>At the same time, in accordance with Polish law, the own tasks of local self-government units also include establishing and managing regional installations for the processing of municipal waste (RIPOK) and points of selective collection of municipal waste (PSZOK).</p> <p>Accordingly, local self-government units grant compensations for the provision of municipal waste management services. In particular, these services include organisation and operation of the system of municipal waste collection, including operation of the system of selective collection of municipal waste and maintenance and operation of installations for recovery or disposal of municipal waste. In accordance with the Act on maintenance of cleanliness and order in municipalities, the services connected with maintenance and operation of regional installations for the processing of municipal waste as well as collection of municipal waste</p>

from property owners, or collection and management of such waste are entrusted, as a rule, separately (these services are entrusted on the basis of two separate pieces of legislation).

Form of entrustment

Own tasks of local self-government units in respect of waste management are predominantly carried out by municipal companies, which are treated as internal entities (municipality, as a local self-government unit, is their sole owner). A municipal company may also be established by more than one municipality. In such a case, each participating municipality is a "parent municipality" for such company. A direct entrustment to a municipal company of the tasks relating to satisfaction of residents' needs in the area of the parent municipality and definition of the rules for financing the company's activities is based on a resolution adopted by the municipality's executive body – the municipality council (where the company is to manage waste from multiple municipalities, which are joint owners of the company, a corresponding number of resolutions are needed) and on the company's instrument of incorporation (i.e. Articles of Association of the municipal company).

In several cases there is a model in place where the undertaking that is controlled by one municipality only is entrusted with management of waste originating from several municipalities. In such circumstances, the entrustment is based on agreements between the municipalities involved, where the municipality that owns the municipal company takes over from the other municipalities the obligations (i.e. their own tasks) to manage the waste on their respective territories and then requires the undertaking to manage the waste on its own territory and on the territories of the municipalities that are parties to the agreement.

All the detailed arrangements concerning the terms of service provision and compensation (its grant, components and rules for avoiding overcompensation) are usually laid down in implementing agreements or in the company's relevant internal acts (such as plans or regulations), adopted by the company's general meeting. All those documents contain provisions that are in keeping with the document issued by the Minister for Infrastructure and Development called "Guidelines on the rules for granting subsidies from operational programmes of the entities that carry out their obligations to provide SGEI as part of the municipality's own tasks in relation to municipal waste management"³.

In accordance with such Guidelines: "the obligation to provide SGEI is imposed on the municipal company by way of a resolution adopted by the municipality council on formation of or acquiring a stake in the company; the resolution shall stipulate that the object of the municipal company will be to carry out the municipality's own task in relation to satisfying the residents' needs encompassed by such task. In addition, the Articles of Association of the municipal company should provide that the company is responsible for performing the municipality's specific own task. The object of the municipal company should be reflected in a detailed description of the scope of its activities".

Local self-government units may also entrust their own waste management tasks to the entities that are "self-government budget institutions". In such cases, services that serve a general economic interest are also entrusted on the basis of a resolution adopted by the municipality's council.

Details of the obligation to provide SGEI imposed on the self-government budget institution may be specified in the Articles of Association or regulations approved by the municipality council. Alternatively, the municipality council may entrust the head of the municipality with the obligation to determine details of SGEI to be provided by the self-government budget institution.

Average duration of the entrustment

In the waste management sector, the average period of entrustment is about 20 years. The cases where a 10-year period is exceeded account for 54 % of all cases. These periods are long because provision of such entrusted services requires major investments (mainly investments into construction of regional installations

³ https://www.funduszeuropejskie.gov.pl/media/10377/wytyczne_odpady_221015.pdf

for the processing of municipal waste) that need to be depreciated over a longer time, and whose economic life is even 30 years.

Exclusive or special rights

In accordance with the Act on maintenance of cleanliness and order in municipalities and the Waste Act, municipalities are owners of the waste generated on their territories. This applies to the following categories of waste:

- mixed municipal waste;
- green waste;
- residues from the sorting of municipal waste to be landfilled.

By virtue of relevant resolutions, the municipalities which entrust waste management tasks undertook to direct the stream of such waste to the regional installations operating in the municipality's territory (region), which have the exclusive rights to manage such waste. Other waste types are sent to other installations.

Aid instruments

Due to the need to incur significant expenditures to cover the cost of construction of a new infrastructure or extend and adapt an existing infrastructure, at the beginning of provision of SGEI in waste management, companies need to resort to aid from local self-government units towards a part of the investment. That said, the key components of the compensation include: subsidies, capital injections, preferential loans and guarantees to cover capital expenditures.

In some cases, as an additional component, a subsidy may be granted each year to cover current losses should they occur.

Compensation mechanism

In most of the cases, the companies that are entrusted with SGEI do not carry on other types of activity, therefore the calculation of the amounts needed to cover the net costs incurred by undertakings when providing SGEI, includes all their costs and revenues. In the cases where in addition to the entrusted SGEI the company carries on other business, separate accounting records need to be kept for SGEI.

In most of the cases, the methodology based on cost allocation is used to determine the amount of compensation that does not exceed the amount needed to cover the net cost of delivery of the entrusted services, taking into account a reasonable profit.

Typical arrangements for avoiding and repaying any overcompensation

The typical arrangement regarding avoidance of overcompensation is the provision (usually contained in the implementing agreements) that the compensation granted may not result in the undertaking that provides SGEI achieving a profit that exceeds a "reasonable profit". In the implementing agreements concluded after 30 January 2012, the return on capital is measured using the Internal Rate of Return (IRR), and its value corresponding to the "reasonable profit" is determined as a relevant mean swap rate from the last quarter of the year preceding the year when the implementing agreement was concluded, increased by 100 basis points.

In order to avoid overcompensation, each year the self-government unit that entrusts SGEI will check the value of the compensation due by calculating IRR in the entire entrustment period. The IRR is verified at the beginning of the entrustment period on the basis of the data from projections for the entire entrustment period. If for the entire entrustment period the IRR is below the "reasonable profit" mark, no adjustments are made. However, if the mark is exceeded, the undertaking that provides SGEI needs to repay the overcompensation,

i.e. the amount of the excess.	
During such annual verification, the self-government unit also determines if the amount of total compensation granted to the beneficiary for the provision of a specific SGEI will not exceed EUR 15 million, which is the annual average amount of entrustment.	
In order to avoid irregularities in calculating and verifying the amount of compensations, some self-government units contract the tasks to third parties or order a periodic audit to be performed.	
Transparency requirements	
In the years 2014-2015, no information needed to be published to meet the transparency requirement - in most of the cases, the companies entrusted with SGEI in relation to waste management do not carry on other activities, and in no case did the amount of compensation exceeded the annual average of EUR 15 million.	
Amount of aid granted	
Total amount of aid granted (in millions EUR) A+B+C	
2014	2015
73.166	19.517
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2014	2015
0.0	0.0
B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2014	2015
0.0	0.0
C: Total amount of aid granted (in millions EUR) paid by local authorities	
2014	2015
73.166	19.517
Share of expenditure per aid instrument	
2014	2015
direct subsidies - 51.16	direct subsidies - 9.418
compensation - 12.019	compensation - 9.415
guarantee - 5.97	loan - 0.676
loan - 2.72	tax exemption - 0.008
capital injection - 1.195	

loan of assets - 0.048	
tax exemption - 0.015	
Additional quantitative information	
2014	2015
In 2014, the aid in question was granted to 17 beneficiaries in connection with SGEIs related to waste management; the average value of the aid granted was EUR 4.304 million.	In 2015, the aid in question was granted to 7 beneficiaries in connection with SGEIs related to waste management; the average value of the aid granted was EUR 2.788 million.

- **Postal services**

Clear and comprehensive description of how the respective services are organized in Poland
The contents of the services entrusted as SGEI
Postal services are by law exempt from postal charges with respect to election packages and return envelopes in correspondence voting by persons other than the disabled.
Form of entrustment
The provision of the above postal services is entrusted under two acts and their several implementing regulations, i.e.
<ul style="list-style-type: none"> • the Election Code Act of 5 January (Journal of Laws No 21, item 112, as amended)⁴; <i>Article 53k of the Act imposes an obligation on the appointed operator, within the meaning of the Postal Law Act, to accept, transfer and deliver election packages and return envelopes, and exempts such mail from postal charges;</i> • of the Postal Law Act of 23 November (Journal of Laws item 1529, as amended)⁵ - Articles 178 and 192 determine the period when the Polish Post (Poczta Polska S.A.) fulfils its obligations as an appointed operator (see the section on the average period of entrustment for more details); • the Order of the Minister for Administration and Digitisation of 29 April 2013 on the conditions of performance of general services by the appointed operator (Journal of Laws, item 545); • the Order of the Minister for Administration and Digitisation of 30 April 2013 on the calculation of net cost of providing general services (Journal of Laws item, 544); • the Order of the Minister for Administration and Digitisation of 6 May 2013 on the methodology of setting the maximum annual charges for general services (Journal of Laws item, 543); • the Order of the Minister for Administration and Digitisation of 6 May 2013 on the maintenance of regulatory accounting by the operator appointed to provide general services and on the calculation of costs of general services (Journal of Laws, item 542).

⁴ Hereinafter referred to as the Election Code Act

⁵ Hereinafter referred to as the Postal Law Act

Average duration of the entrustment
In accordance with Article 178 of the Postal Law Act, the Polish Post acted as an appointed operator from 1 January 2013 to 31 December 2015 (for three years since the effective date of the Act). For the subsequent 10-year periods, the operator will be elected by the decision of the President of the Office of Electronic Communications (UKE) from amongst the postal operators identified in a competition announced by the UKE President (in accordance with Article 71 of the Postal Law Act).
Exclusive or special rights
<p>The exclusive and special rights granted to the appointed operator are based on the Postal Law Act and include:</p> <ul style="list-style-type: none"> the obligation and the right to obtain postal money orders with social insurance benefits, including old-age pensions, disability pensions and social assistance, as well as postal money orders in rural areas (Article 15 of the Postal Law Act); conferring the force of an administrative document on the recorded mail or a postal order issued by the post office of the appointed operator (Article 17 of the Postal Law Act); the right to issue (Article 24 of the Postal Law Act): <ul style="list-style-type: none"> postal stamps; postcards in the form of single cards made of stiff paper, with a pre-printed postal charge mark and a text containing the following words (including in different grammatical forms): "Poland" or "Republic of Poland"; envelopes with a pre-printed postal charge mark and a text containing the following words (including in different grammatical forms): "Poland" or "Republic of Poland";
<ul style="list-style-type: none"> the rights to install and use in rural areas or in the areas of dispersed urban development own letterboxes, upon prior agreement with the relevant municipality head (city major or city president), on the conditions agreed with the owner, perpetual usufruct holder or the owner-like possessor of the property (Article 40 of the Postal Law Act); the right to impose on the entities that operate regular public land, air, maritime or inland waterway transport services to transfer, for a charge, mail that is an object of the general service provided only by the appointed operator (Article 61 of the Postal Law Act); the right to impose on the operator of a railway, civil airport or a sea or inland port the obligation to ensure access for the appointed operator to the necessary space and equipment that facilitate loading and unloading, unless this would make their rational use difficult (Article 61 of the Postal Law Act); the right to impose on the owner, perpetual usufruct holder or owner-like possessor of the property the obligation to enable the appointed operator to install PO drop boxes and automatic postal devices for customers as well as to enable the appointed operator to operate and maintain such boxes and devices. The terms of using the property by the appointed operator are laid down in an agreement that should be signed within 30 days after the appointed operator requests that it be signed (Article 63 of the Postal Law Act); the right to impose on the entities from the public finance sector the obligation to enable the appointed operator to install, use and maintain post boxes and automatic postal devices for customers on the properties occupied and administered by such entities, provided that this would not limit the rational use of those properties; the appointed operator may use the properties, to the extent stated above, free of charge (Article 64 of the Postal Law Act);

- the right whereby a letter mailed at a Polish post office of the appointed operator has the same effect as presenting such letter to the court or complying with the service deadline (in the light of the provisions governing mail delivery on special terms).

None of the above exclusive and special rights affect the value of the compensation received by the Company.

Aid instruments

The compensation is granted in the form of a specific subsidy from the state budget.

Compensation mechanism

Compensation for the appointed postal operator is determined on the basis of the operator's lost revenues as a result of exempting mail from the fees that otherwise should be charged at the applicable rate (regulated tariff).

Detailed rules concerning the method of granting and accounting for subsidies are laid down in the Order of the Minister for Finance of 3 September 2010 on a detailed method and mechanism for granting and accounting for specific subsidies of the Minister for Finance (Journal of Laws No 166, item 1123) and the Order of the Minister for Finance of 17 September 2010 on specific subsidies to the postal services that are statutorily exempt from postal charges (Journal of Laws of 2014, item 1038, as amended). In accordance with the above pieces of legislation:

- subsidies are calculated on the basis of documented and duly recorded value of tariff revenues lost as a result of exemption from postal charges. The value of such lost revenues is calculated by multiplying the number of accepted and delivered items that are exempt from charges (of a specific type) and the price for the service (of a specific type) as laid down in the appointed operator's schedule of prices for general services;
- the subsidy rate is determined as 100 % of the basis of calculation of the subsidy referred to above;
- the total subsidy amount, which is the product of the subsidy rate and the total value of lost tariff revenues, may not exceed the subsidy amount specified in the budget act for the particular year;
- the subsidies for election packages and return enveloped in correspondence voting, within the meaning of the Election Code Act, shall be accounted for using the form determined in Annex 4 to the order on specific subsidies to the postal services that are statutorily exempt from postal charges.

Arrangements for avoiding and repaying any overcompensation

Except for the subsidy tranche of 1/12 of the subsidy amount planned to be granted to the postal operator in the given budget year, the subsidy is paid out ex post on the basis of a subsidy utilisation report prepared by the operator (by the 28th day of each month). Before being submitted to the minister in charge of communication, the subsidy utilisation report for the period from the beginning of the year until the end of the month preceding the month when the report was prepared is checked by the competent tax office. Furthermore, after the end of the calendar year, the operator is required to return any portion of the subsidy (compensation) that has not been used until the end of the budget year, by 31 January of the following year (Article 168 of the Act on Public Finance of 27 August 2009 (Journal of Laws of 2013, item 885, as amended). Any subsidies returned after the due date are subject to late interest payment at the rate determined for tax arrears, starting from the day following the deadline for returning the subsidy.

In addition, the operator is required to make adjustments to the subsidy (in accordance with the Order of the Minister for Finance of 3 September 2010 on a detailed method and mechanism for granting and accounting

for specific subsidies), if:

- the goods for which the subsidy was granted have been returned to the undertaking;
- the sales value or volume has been corrected for a reason other than the one specified above;
- a change has been made to the subsidy rate for the period for which subsidies had been previously accounted for;
- irregularities have been identified in the subsidy utilisation report.

Subsidies are accounted for in respect of the month in which the circumstances arose that justified the adjustment.

Transparency requirements

Not applicable - the only beneficiary of the aid (Polish Post) received compensation of PLN 210,881.00 (approx. EUR 66,000 at the average NBP rate prevailing at the date of payment of the subsidy) for the provision of SGEI.

Amount of aid granted

Total amount of aid granted (in millions EUR) A+B+C

2014	2015
0	0

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

2014	2015
0.0	0.0066

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

2014	2015
0.0	0.0

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

2014	2015
0.0	0.0066

Share of expenditure per aid instrument

2014	2015
Not applicable	direct subsidies - 0.0066

Additional quantitative information

2014	2015
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Not applicable	In 2015, the aid in question was only granted to the Polish Post.
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- **Milk bars**

Clear and comprehensive description of how the respective services are organized in Poland
The contents of the services entrusted as SGEI
Subsidies to the meals sold in milk bars are an element of the state's social policy. As part of this policy, Polish authorities provide the persons and families at risk of poverty, marginalisation and social exclusion with access to relatively cheap and healthy meals. This goal is not pursued by typical, commercial, profit-oriented catering enterprises, which apply high catering margins. Accordingly, an instrument has been implemented to facilitate access to inexpensive meals. The task is delegated to the undertakings that operate self-service, alcohol-free, generally accessible mass catering establishments, which sell all-day dairy, vegetarian meals (Article 6(17) of the Social Aid Act of 12 March 2004 (Journal of Laws of 2015, item 163, as amended), namely milk bars ("bary mleczne"). The subsidy eligibility conditions are defined in a way to facilitate access to catering services for low-income customers. In order to encourage undertakings to take on this task, Article 7a of the Social Aid Act provides for granting specific subsidies to meals sold in milk bars.
Form of entrustment
<p>We wish to explain that for the period from 1 January 2014 to 31 March 2015, the conditions for granting aid were set forth in the Order of the Minister for Finance of 20 December 2010 on the rates, method and mechanism of granting and accounting for specific subsidies to meals sold in milk bars (Journal of Laws No 254, item 1705, as amended). Since 1 April 2015, the aid conditions have been governed by the Order of the Minister for Finance of 30 March 2015 on specific subsidies to meals sold in milk bars (Journal of Laws, item 461).</p> <p>In each case, service entrustment follows the same mechanism (no individual negotiations will be entered into with undertakings). After the undertaking has filed with the Head of the Tax Chamber the request referred to in the Order of the Minister for Finance and after the method of recording the subsidy has been agreed, then in accordance with the Order of the Minister for Finance the undertaking has the right to receive the subsidy (if the Head of the Tax Chamber has not signed any agreement or has not issued any decision in this regard), provided that the undertaking meets all the conditions specified in that Order. The Head of the Tax Chamber takes decisions on settlement of the subsidised services provided by the undertaking in a particular month and on disbursement or a refusal to disburse the funds.</p>
Average duration of the entrustment
We wish to explain that the service in question is entrusted for a period not longer than a year. In this context, it should be noted that under Article 7a of the Act on Social Aid, subsidies to meals sold in milk bars may be granted at the undertaking's request up to the balance of the budget earmarked for this purpose under the Budget Act for the particular year. As a consequence, the entrustment period for each undertaking is no longer than a year (or shorter, if the funds earmarked for that purpose under the Budget Act have been used up earlier). In the subsequent budget year, the entrustment period may be renewed at the undertaking's request.
Exclusive or special rights
The Polish authorities do not grant exclusive or special rights to the proprietors of milk bars.
Aid instruments
The compensation is granted in the form of a specific subsidy from the state budget.
Compensation mechanism

We wish to explain that in accordance with the Order of the Minister for Finance of 30 March 2015 on specific subsidies to meals sold in milk bars, the undertaking shall notify the Head of the Tax Chamber, by 30 November of the year preceding the year in which the undertaking intends to sell subsidised meals, of their intention to carry on the subsidised activity and shall agree with the Head of the Tax Chamber a method of maintaining the quantity and value register and a method of preparing and keeping the recipe cards for the subsidised meals. At the same time, by the 10th day of the month preceding the subsidy month, the undertaking shall provide the Head of the Tax Chamber with information about projected subsidy amount for the next month, and the Head of the Tax Chamber shall in the same month confirm the projected subsidy amount (the data are available in the Bulletin of Public Information of the given Tax Chamber).

After the end of the month in which the undertaking sold subsidised meals, the undertaking shall request the Head of the Tax Chamber to pay the subsidy for the previous month, along with a subsidy calculation. The Head of the Tax Office checks the subsidy calculation and forwards the request to the Head of the Tax Chamber, who in turn will decide whether or not the subsidy will be granted.

In this context, we wish to explain that any milk bar proprietor may submit a subsidy request. The subsidy is granted for the meals prepared using the ingredients specified in an annex to the foregoing Orders of the Minister for Finance. The subsidy accounts for 40 % of the ingredients, increased by a catering margin, excluding the value of natural losses and the value of ingredients used to prepare meals other than those consumed by the milk bar guests. At the same time, the proprietor of the milk bar is required to apply a low catering margin (which ensures that the price of the subsidised meal is kept low, as market margins are much higher). Furthermore, the undertaking is required to maintain a quantity and value register for the ingredients used to prepare meals in the milk bar, evidencing the value of the ingredients used and the amounts of subsidies claimed; the register needs to be agreed between the undertaking and the Head of the Tax Chamber to ensure transparency of the subsidy process.

Arrangements for avoiding and repaying any overcompensation

We wish to explain that each month the Head of the Tax Office verifies the subsidy amount based on the calculations presented by the undertaking. Each undertaking is required to maintain a separate quantity and value register of the ingredients used to prepare the subsidised meals and to maintain recipe cards. Before starting the sales of subsidised ingredients, the undertaking agrees the above register with the Head of the Tax Chamber to ensure correct calculation of the subsidy and to avoid overcompensation. An adjustment to the registered quantity or value of the ingredients used results in an adjustment of the subsidy to be paid, and any excessive subsidy or subsidy used contrary to its purpose (as identified during the inspection) needs to be returned together with interest.

Transparency requirements

We wish to advise that no compensation higher than EUR 15 million has been granted under the programme in question.

Amount of aid granted

Total amount of aid granted (in millions EUR) A+B+C

2014	2015
3.110	2.366

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

2014	2015
3.110	2.366

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

2014	2015
0.0	0.0
C: Total amount of aid granted (in millions EUR) paid by local authorities	
2014	2015
0.0	0.0
Share of expenditure per aid instrument	
2014	2015
direct subsidies - 3.110	direct subsidies - 2.366
Additional quantitative information	
2014	2015
In 2014, subsidies were granted to 98 undertakings.	In 2015, subsidies were granted to 63 undertakings.

- **Management of municipal property**

Clear and comprehensive description of how the respective services are organized in Poland
The contents of the services entrusted as SGEI
<p>The Municipality of Wrocław entrusts to Wrocławskie Inwestycje ("WI" or the "Company") public service tasks that are intended for ongoing and uninterrupted satisfaction of collective public needs with respect to the management and delivery of construction processes covering municipal buildings, structures, roads, civil engineering facilities, parking lots, stadiums and other sports facilities as well as organisation of road traffic. These tasks are defined in the Annex to the Order No 2170/15 of the President of Wrocław of 4 December 2015, amending Order No 2888/08 of the President of Wrocław of 7 March 2008 on the rules of assigning and accounting for delivery of the tasks entrusted to Wrocławskie Inwestycje Sp. z o.o., a limited liability company having its registered office in Wrocław, in accordance with the company's instrument of incorporation⁶.</p>
Form of entrustment
<p>We wish to explain that the entrustment of the services in question is evidenced by the following documents:</p> <ul style="list-style-type: none"> • Order No 2170/15 of the President of Wrocław of 4 December 2015, amending Order No 2888/08 of the President of Wrocław of 7 March 2008 on the rules of assigning and accounting for delivery of the tasks entrusted to Wrocławskie Inwestycje Sp. z o.o., a limited liability company having its registered office in Wrocław, in accordance with the company's instrument of incorporation (hereinafter referred to as Order No 2170/15); • Rules for assigning and accounting for the tasks entrusted to Wrocławskie Inwestycje Sp. z o.o. (Annex to Order No 2170/15); • Delivery Instructions (the template specified in the Annex to the said Rules for assigning and accounting for the tasks entrusted to the Company).

⁶ http://wrosystem.um.wroc.pl/beta_4/webdisk/179660/2170zp15.pdf

Average duration of the entrustment	
We wish to advise that the entrustment ends on 31 December 2023.	
Exclusive or special rights	
We wish to note that no exclusive or special rights have been given to the undertaking.	
Aid instruments	
The compensation is granted in the form of a subsidy.	
Compensation mechanism	
We wish to explain that the compensation value and payment terms are as laid down in the document "Rules for assigning and accounting for delivery of the tasks entrusted to Wrocławskie Inwestycje Sp. z o.o. having its registered office in Wrocław". In accordance with the Rules, each year the Company presents a calculation of the compensation for the next settlement year with respect to the services delivered as part of the entrustment as well as information on the fees payable to Contractors during that period, estimated on the basis of continued agreements and new tasks proposed. The calculation includes, inter alia, a summary of operating and financial expenses incurred during the performance of SGEIs. The calculation should be reasonable in the context of the market environment. The calculation is negotiated, analysed and evaluated by specifically appointed experts.	
Arrangements for avoiding and repaying any overcompensation	
<p>We wish to explain that the compensation for performance of the task is paid specifically for the completed services. The terms and value of compensation payment are checked each year. Each year, the Company provides information about the total SGEI compensation, the revenues obtained from other activities and the costs incurred. On the basis of the report received, the entrusting authority analyses and evaluates the expenditures to see if they were purposeful and if their value corresponded to the scope of the tasks performed. The entrusting authority also checks if the Company received the compensation in accordance with the European Commission's Decision.</p> <p>If the SGEI compensation paid in the previous year is more than 10 % higher than permitted, then the entire overcompensation needs to be repaid. If the overcompensation is not higher than 10 % of the average annual compensation, the overpayment is set off against the payments due for the next settlement period.</p> <p>If the Company fails to present the annual report by the stated deadline, the entrusting authority will suspend the compensation payment in the next settlement period.</p>	
Transparency requirements	
Not applicable The amount of compensation granted to WI for the provision of SGEI did not exceed EUR 15 million on average per annum.	
Amount of aid granted	
Total amount of aid granted (in millions EUR) A+B+C	
2014	2015
2.984	3.889
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2014	2015

0.0	0.0
B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2014	2015
0.0	0.0
C: Total amount of aid granted (in millions EUR) paid by local authorities*	
2014	2015
2.984	3.889
Share of expenditure per aid instrument	
2014	2015
direct subsidies - 2.984	direct subsidies - 3.889
Additional quantitative information	
2014	2015
Not applicable	

• Rejuvenation
Clear and comprehensive description of how the respective services are organized in Poland
The contents of the services entrusted as SGEI
<p>The Municipality of Wrocław entrusts to Wrocławska Rewitalizacja the Municipality's own tasks within the meaning of the Act on Municipal Self-Government of 8 March 1990 (Journal of Laws of 2013, item 594, as amended) which are important to the development of the city of Wrocław, and are designed to prepare and carry out rejuvenation of the city involving a comprehensive, coordinated process of spatial, technical, social and economic changes to take place over many years and on a designated area so that the area can recover from its crisis condition, which is to be achieved by according it a new functional quality to promote its development based on characteristic endogenous conditions.</p> <p>The entrustment includes particularly the services in the area of:</p> <ul style="list-style-type: none"> • constant monitoring of rejuvenation problems; • developing the concept of rejuvenation processes; • preparing rejuvenation processes for delivery; • delivering rejuvenation processes.
Form of entrustment

<p>We wish to explain that the entrustment of the service is evidenced by the following documents:</p> <ul style="list-style-type: none"> • Order No 4486/12 of the President of Wrocław of 8 May 2012 on the rules for assigning and accounting for delivery of the tasks entrusted to Wrocławska Rewitalizacja Sp. z o.o., having its registered office in Wrocław, in accordance with its instrument of incorporation; • Rules for assigning and accounting for delivery of the tasks entrusted to Wrocławska Rewitalizacja Sp. z o.o. having its registered office in Wrocław, in accordance with its Articles of Association ("Annex to the Order of the President of Wrocław); • Delivery instructions (the template specified in the Annex to the said Rules for assigning and accounting for the tasks entrusted to the Company); • Articles of Association of Wrocławska Rewitalizacja Sp. z o.o. of 12 August 2011, amended by the notarial deed of 3 November 2014. (Repertory A No 3745/2014), defining detailed conditions for delivery of the entrusted tasks).
<p>Average duration of the entrustment</p>
<p>We wish to advise that the duration of the entrustment is 10 years.</p>
<p>Exclusive or special rights</p>
<p>We wish to note that no exclusive or special rights have been given to the undertaking.</p>
<p>Aid instruments</p>
<p>The compensation is granted in the form of a subsidy.</p>
<p>Compensation mechanism</p>
<p>We wish to explain that the compensation value and payment terms are as laid down in the document "Rules for assigning and accounting for delivery of the tasks entrusted to Wrocławska Rewitalizacja Sp. z o.o. having its registered office in Wrocław, in accordance with its instrument of incorporation". In accordance with the Rules, each year the Company presents a calculation of the compensation for the next settlement year with respect to the services delivered as part of the entrustment as well as information on the fees payable to Contractors during that period, estimated on the basis of continued agreements and new tasks proposed. The calculation is negotiated, analysed and evaluated by specifically appointed experts.</p>
<p>Arrangements for avoiding and repaying any overcompensation</p>
<p>We wish to explain that the compensation for performance of the rejuvenation services is paid specifically for the completed tasks. The compensation for the individual tasks and the payment dates are laid down in the Delivery Instructions document. The payment is made on the basis of VAT invoices, after signing the hand-over certificate. The terms and value of compensation payment are checked each year. Each year, the Company provides information about the total SGEI compensation, the revenues obtained from other activities and the costs incurred. On the basis of the report received, the entrusting authority analyses and evaluates the expenditures to see if they were purposeful and if their value corresponded to the scope of the tasks performed. The entrusting authority also checks if the Company received the compensation in accordance with the European Commission's Decision.</p> <p>If the SGEI compensation paid in the previous year is more than 10 % higher than permitted, then the entire overcompensation needs to be repaid. If the overcompensation is not higher than 10 % of the average annual compensation, the overpayment is set off against the payments due for the next settlement period.</p> <p>If the Company fails to present the annual report by the stated deadline, the entrusting authority will suspend the compensation payment in the next settlement period.</p>

Transparency requirements	
Not applicable The amount of compensation granted to Wroclawska Rewitalizacja Sp. z o.o. for the provision of SGEI did not exceed EUR 15 million on average per annum.	
Amount of aid granted	
Total amount of aid granted (in millions EUR) A+B+C	
2014	2015
0.3218	0.4206
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2014	2015
0.0	0.0
B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2014	2015
0.0	0.0
C: Total amount of aid granted (in millions EUR) paid by local authorities	
2014	2015
0.3218	0.4206
Share of expenditure per aid instrument	
2014	2015
direct subsidies - 0.3218	direct subsidies - 0.4206
Additional quantitative information	
2014	2015
Not applicable	

- **Management of parking lots**

Clear and comprehensive description of how the respective services are organized in Poland
The contents of the services entrusted as SGEI

<p>The Municipality of Kraków entrusts to Miejska Infrastruktura Sp. z o.o. its own public service tasks consisting in operation of the parking policy of the entrusting authority and management of the paid parking zone. The entrusted services include in particular:</p> <ul style="list-style-type: none"> managing the city's facilities that are used for implementation of the parking programme, including construction of new facilities; managing the paid parking zone.
<p>Form of entrustment</p>
<p>We wish to explain that the entrustment of the service is evidenced by the following documents:</p> <ul style="list-style-type: none"> Resolution No XCIV/1392/13 of the Kraków City Council of 18 December 2013 establishing a one-person limited liability company (with the scope of services defined in the document); Resolution No LIII/723/12 of the Kraków City Council of 29 August 2012 on adoption of the parking programme for the city of Kraków and management of the paid parking zone (with the scope of services defined in the document); Agreement of 2 June 2014 on provision of public services involving management of the paid parking zone and implementation of the parking programme (the agreement provides for the conditions of granting compensation).
<p>Average duration of the entrustment</p>
<p>We wish to advise that the duration of the entrustment is 10 years.</p>
<p>Exclusive or special rights</p>
<p>We wish to note that no exclusive or special rights have been given to the undertaking.</p>
<p>Aid instruments</p>
<p>The compensation is granted in the form of a subsidy.</p>
<p>Compensation mechanism</p>
<p>We wish to explain that the cost allocation methodology was used in this case. A separate accounting register is maintained for SGEI and other activities conducted by the service provider.</p>
<p>Arrangements for avoiding and repaying any overcompensation</p>
<p>We wish to explain that in order to avoid overcompensation, a mechanism of annual clearance of the entrusted services was put in place. The purpose of the mechanism is to check if the profit achieved on the activity is not higher than the reasonable profit.</p>
<p>Transparency requirements</p>
<p>Not applicable The amount of compensation granted to Miejska Infrastruktura Sp. z o.o. for the provision of SGEI did not exceed EUR 15 million on average per annum.</p>
<p>Amount of aid granted</p>
<p>Total amount of aid granted (in millions EUR) A+B+C</p>

2014	2015
2.9275	0.0
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2014	2015
0.0	0.0
B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2014	2015
0.0	0.0
C: Total amount of aid granted (in millions EUR) paid by local authorities	
2014	2015
2.9275	0.0
Share of expenditure per aid instrument	
2014	2015
direct subsidies - 2.9275	0.0
Additional quantitative information	
2014	2015
Not applicable	

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

In the reporting period, the Polish authorities did not grant any aid under the 2012 SGEI framework

4. COMPLAINTS BY THIRD PARTIES

The Office for Competition and Consumer Protection does not have any information to suggest that in the years 2014-2015 any litigations were started in response to complaints by third parties concerning SGEIs.

5. MISCELLANEOUS QUESTIONS

A.

We wish to note that in individual cases the organisers of the services reported problems with a correct definition of the services (pointing to difficulties with distinguishing a public service from a service of general economic interest). Furthermore, some organisers had doubts as to whether the payment made to the undertaking that provided SGEIs should be treated as remuneration (revenue that reduces the compensation value) or as a component of the compensation. Due to the lack of detailed guidance in this regard, we note the need for clarifying whether and in what circumstances the remuneration paid for the service should be regarded as a component of the compensation.

B.

We wish to advise that in the reporting period no aid was granted under the 2012 SGEI Framework.

C.

We have no other comments.