

PRIME MINISTER'S OFFICE
DEPARTMENT FOR EUROPEAN POLICIES
Undersecretary of State

Prime Minister's Office
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Italian Permanent Representation to the
European Union
Rue de Marteau, 7-15
1000 Bruxelles

Subject: 2016 Biennial Report on Services of General Economic Interest (SGEI).

Please find attached the Report on Services of General Economic Interest for the period 1 January 2014 to 31 December 2015, 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, to be forwarded to the European Commission.

[Signature]

**PRIME MINISTER'S OFFICE
DEPARTMENT FOR EUROPEAN POLICIES**

**2016 SGEI REPORT
SERVICES OF GENERAL ECONOMIC INTEREST
TWO-YEAR PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2015**

**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

The 2016 Report is the second report on the implementation of the package of rules on state aid for the provision of Services of General Economic Interest (hereinafter SGEI). It deals with compensation exempt from the requirement of notification to the Commission, in accordance with Article 2 of Decision 2012/21/EU of 20 December 2011 (the 2012 SGEI Decision), on the application of Article 106(2) of the TFEU to state aid in the form of public service compensation granted to certain undertakings entrusted with the operation of Services of General Economic Interest. The report also provides information on compensation subject to the requirement of notification to the Commission in accordance with Point 7 of Communication 2012/C 8/03 of 24 December 2011 (the 2012 SGEI Framework), on the application of EU state aid rules to compensation granted for the provision of Services of General Economic Interest.

In order to provide accurate information on compensation in the relevant period for the purposes of the present report, the Italian authorities adopted Prime Ministerial Decree of 5 November 2015 (O.J. 13 of 18 January 2016), in application of Article 45-*bis*(3) of Law No 234 of 24 December 2012, implemented by Article 15 of Law No 115 of 29 July 2015.

This Prime Ministerial Decree provided rules on the methods for drawing up the biennial reports on compensation granted at state, regional, provincial and municipal level. Furthermore and for the sake of uniformity, it was decided that from 2016, the biennial reports should cover the period 1 January to 31 December.

The European Commission drew up a new format for the 2016 Report, together with new methods for gathering data, in order to improve the quality of information, including that of an economic nature.

This new format was, however, only communicated by the Commission close to the deadline for submitting the report, in other words when the authorities concerned had already collected and processed their information, or had already submitted their reports.

Nonetheless, to ensure that the information submitted was as complete as possible, the authorities reopened the procedures already closed and whenever possible provided the additional items required under the new format.

The authorities communicated the information and data on compensation in their sector where they considered such compensation fell within the scope of the rules on state aid.

It should be noted that the present report is the result of the submissions by the individual authorities involved.

The Department for European Policies (hereinafter DPE) as usual acted as general coordinator in drawing up the report.

In addition to describing the application of the SGEI Decision, the 2016 Report also provides details of government expenditure on the basis of the SGEI Framework in each of the two years covered.

Furthermore, the report lists the aid amounts granted within the state by the competent authorities, including at national level, describing any difficulties in application, including any complaints by third parties.

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 annual average traffic not exceeding the limit specified in Article 2(1)(d) of the 2012 SGEI Decision;
 - airports with annual average traffic not exceeding the limit specified in Article 2(1)(e) of the 2012 SGEI Decision;
 - air links to islands with annual average traffic above the limit specified in Article 2(1)(d) of the 2012 SGEI Decision and other air links where SGEI compensation falls within the 2012 SGEI Framework;
 - airports with annual average traffic above the limit specified in Article 2(1)(e) of the 2012 SGEI Decision where SGEI compensation falls within the 2012 SGEI Framework.
- Maritime links and ports:
 - maritime links to islands with annual average traffic above the limit specified in Article 2(1)(d) of the 2012 SGEI Decision and that fall within the 2012 SGEI Framework.
- Postal services:
 - postal services relating to SGEI compensation not exceeding EUR 15 million, in accordance with Article 2(1)(a) of the 2012 SGEI Decision;
 - postal services relating to SGEI compensation above EUR 15 million, falling within the 2012 SGEI Framework.

The 2016 Report also includes an appendix drawn up directly by the central authority for each sector giving a brief description of the operation and management of the following services:

- the National Health Service (SSN) and hospitals by the Ministry of Health;
- the Integrated Water Management Service (SII), by the Ministry of the Environment and Protection of Land and Marine Resources;
- the Waste Management Service, also by the Ministry of the Environment and Protection of Land and Marine Resources.

SOCIAL HOUSING (Point 2(2)(d)) - APPLICATION OF THE 2012 SGEI DECISION

1. EXPENDITURE OVERVIEW

General government expenditure by functions (EUR million) on the basis of the SGEI Decision and the SGEI Framework.		
	2014	2015
Compensation for Services of General Economic Interest (1+2)	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 APPLICATION OF THE SGEI DECISION 2012

Clear and comprehensive description of how the respective services are organised in Italy
Explanation of what kind of services in the respective sector have been defined as SGEI in Italy. Please list the contents of the services entrusted as SGEI as clearly as possible.
<p>The following aid instruments were used for social housing:</p> <p>Subsidised housing (<i>edilizia sovvenzionata</i>): Subsidised 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 (the IACP, currently referred to as ALER, ATEJR, Aziende Casa, ATC, etc.).</p> <p>This type of dwelling is built using public funding in all 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 130 for others.</p> <p>Assisted housing (<i>edilizia agevolata</i>) and agreed housing (<i>edilizia convenzionata</i>): These types of housing are executed by private entities (building cooperatives, building companies, or developers) with the help of public funding (capital grants or interest subsidies on reduced-rate mortgage loans; assignment of public land; rezoning of protected areas as residential). Assisted housing aims to provide affordable 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 subsidised housing are also eligible for such funding and may take part in the relevant programmes.</p> <p>Private Social Housing (EPS): Housing built using the Property Fund System (SIF) promoted by the National Residential Investment Fund (FIA) set up by CDP Investimenti SGR in accordance with the National Plan for Residential Building approved by Prime Ministerial Decree of 16 July 2009. Such housing is intended for rental or hire-purchase by those not eligible for traditional public housing but who cannot afford market prices. Rent is set at a level lower than the 'agreed' level and is defined in local agreements between tenants' representative organisations and landlords.</p>
Explanation of the (typical) forms of entrustment. If standardised templates for entrustments are used for a certain sector, please attach them.
<p>(Typical) forms of entrustment</p> <p>Regional laws govern forms of entrustment, supplemented where appropriate by resolutions of the</p>

regional council or parliament.	
<p>Entrustments are usually made 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 (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.</p>	
<p>Average duration of the entrustment</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), something confirmed by the survey carried out in the regions for the present report.</p> <p>Entrustments that are longer than 10 years generally account for at least 70 % of all entrustments across all regions with the exception of the Region of Lazio. The following data shows the results of the regional survey on the percentage of entrustments longer than 10 years:</p>	
Abruzzo	100
Basilicata	100
Calabria	100
Campania	100
Emilia Romagna	70
Friuli Venezia-Giulia	100
Lazio	30
Liguria	100
Lombardy	100
Marche	100
Molise	100
Piedmont	100
Apulia	100
Sardinia	100
Sicily	100
Tuscany	100
Umbria	100
Valle d'Aosta	Excl.
Veneto	100
Autonomous Province of Bolzano	Excl.
Autonomous Province of Trento	100
No entrustments were made directly by the state in the period covered by this report.	

Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
<p>Explanation whether (typically) exclusive or special rights are assigned to the undertakings.</p> <p>Entrustment of subsidised housing measures is generally assigned by the regional laws to public entities (municipalities and former Independent Institutes of Public Housing - IACP) using procedures that could be termed 'in-house' entrustment, although subject to formal agreements and economic management criteria.</p>
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
Direct subsidies, reduced development fees, tax breaks and other tax concessions.
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.
<p>Typical compensation mechanism.</p> <p>The methods of public financing are chosen based on the following criteria:</p> <ul style="list-style-type: none"> – 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: Subsidised housing rents are set by the regions, with a minimum level of EUR 20-50 for those below the poverty line, over which rent is paid in line with means, up to a maximum of EUR 130 per month, with some exceptions. Rents for agreed housing are set by the municipalities by means of special agreements with the implementing body, the municipalities themselves monitoring compliance with the agreements. <p>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 assisted building are set by the municipalities based on the sale price as stated in the relevant agreements with the implementing bodies.</p> <p>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 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 purposes.</p> <p>Granting of such benefits is legally subject to authorisation by the Commission in accordance with Article 108(3) of the TFEU.</p> <p>Although not directly related to the compensation mechanism, the Fund for assisted access to rented accommodation (Law No 431/1998) is also worthy of note. Aimed at those on very low incomes, the fund has recently been updated and provided with additional resources. Law No 80/2014 also recently provided incentives for the creation of local agencies to assist</p>

tenants in arrears to move from one dwelling to another, a measure not counted as compensation since it assists such tenants directly. A further income support instrument is a fund for tenants in arrears due to *force majeure* set up under Decree-Law No 102/2013, converted into Law No 124/2013.

Typical arrangements for avoiding and repaying any overcompensation.

Overcompensation and its 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 retrieve any overcompensation.

CONTROL OF COMPENSATION

(Article 5 of the SGEI Decision - subsidised and assisted 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 Ministerial Decree of 5 August 1994 and amendments; the system also relies on control of building types and limits on the surface area of dwellings by means of 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 subsidised and assisted 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 allowing reliable determination of compensation, the QTE contains all of the amounts derived from the various cost ceilings applied, organised by housing type (subsidised and assisted) 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. Due to decentralisation of functions, some regions have adopted other mechanisms or established and adopted other calculation methods. The QTE is however the most commonly used mechanism for calculating compensation. It is therefore the essential technical and economic document for a project from the time it is admitted for funding. The QTE expresses all of the metric and parametric data needed for executing the work. It must be completed in advance for admission to funding, during the awarding phase or for variations, 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 costs of housing work, 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 coming into force of the 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 framework for the state aid for the provision of SGEI in the housing sector: guidelines for the application of Commission Decision 2012/21/EU'.

<p>This document contains the guidelines for applying the SGEI Decision with a template for subsidised and assisted 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 subsidised housing with a 'permanent' service obligation, the budget contains projections over 30 years, or the average life cycle of a building.</p>	
<p>A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro 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).</p>	
<p>The replies submitted by the regions do not refer to compensation subject to transparency requirements.</p>	
<p>Amount of aid granted</p>	
<p>Total amount of aid granted (in EUR million). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)</p>	
2014	2015
59.93	114.88
<p>A: Total amount of aid granted (in EUR million) paid by national central authorities</p>	
2014	2015
23.15	70.82
<p>B: Total amount of aid granted (in EUR million) paid by regional authorities</p>	
2014	2015
36.78	44.06
<p>C: Total amount of aid granted (in EUR million) paid by local authorities</p>	
2014	2015
<p>Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)</p>	
2014	2015
<p>Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)</p>	
2014	2015

SGEI SOCIAL HOUSING . BIENNIAL REPORT 2014-2015 – SUMMARY OF DATA SUBMITTED BY THE REGIONS

REGION/AUTONOMOUS PROVINCE	TYPE OF SERVICE	TYPE OF ENTRUSTMENTS	DURATION OF ENTRUSTMENT	SPECIAL OR EXCLUSIVE RIGHTS	COMPENSATION MECHANISM	METHOD FOR AVOIDING OVERCOMPENSATION	OVERALL AMOUNT OF AID GRANTED	State/Reg.	RESOURCES TRANSFERRED IN 2015	RESOURCES TRANSFERRED IN 2014	AMOUNT GRANTED 2015	AMOUNT GRANTED 2014
PiEDMONT	- Subsidised building - Assisted building	- Memorandum of understanding - Regional tender	- Subsidised: permanent - Assisted: 10/25 yrs - Entrustments > 10 years: 100 %	- A.T.C. (local housing agency) - Municipalities	Cost ceilings and QTE (Technical and Economic Templates) and PEF (Budget)	- Subsidised: QTE (Technical and Economic Templates) and bid procedures for entrustment of contracts Assisted: QTE and PEF (Budget)	- PNEA (national plan for residential housing) - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b)	S S S	[see original for figures] [see original for figures] [see original for figures]		[see original for figures]	
VALLE D'AOSTA							- Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b)	S S	[see original for figures] [see original for figures]		[see original for figures]	
LOMBARDY	- Subsidised building - Assisted building	- Memorandum of understanding - Regional decree	- From 8 to 10 years - entrustment < 10 years: 100 %	No special or exclusive rights provided for	Contribution calculated based on admissible costs to avoid overcompensation	- TIR (Internal Rate of Return) - Checking of PEF (Budget)	- PNEA (national plan for residential housing) - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b)	S S	[see original for figures] [see original for figures]	[see original for figures]	[see original for figures] [see original for figures]	[see original for figures]
VENETO	- Subsidised building - Assisted building	- Memorandum of understanding - Regional tender	- Subsidised: permanent - Assisted: 8-25 yrs - Entrustments > 10 years: 100 %	- A.T.E.R. (regional enterprise for residential building)	Cost ceilings and PEF (Budget)	- Subsidised: QTE (Technical and Economic Templates) and bid procedures for entrustment of contracts Assisted: QTE and PEF (Budget)	- PNEA (national plan for residential housing) - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b)	S S S	[see original for figures] [see original for figures] [see original for figures]	[see original for figures]	[see original for figures] [see original for figures]	[see original for figures]
FRIULI VENEZIA-GIULIA	- Subsidised building	- Memorandum of understanding - Resolution of Regional Parliament	- Subsidised: permanent - Entrustments > 10 years: 100 %	- A.T.E.R. (regional enterprise for residential building)	QTE (Technical and Economic Templates) and PEF (Budget)	- Price sheet - Drafting of PEF (Budget)	- PNEA (national plan for residential housing) - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b)	S S S	[see original for figures] [see original for figures] [see original for figures]		[see original for figures]	
LIGURIA	- Subsidised building - Assisted building	- Memorandum of understanding - Additional instrument - Resolution of Regional Parliament - Regional tender	- Subsidised: permanent - Assisted: 10-30 yrs - Entrustments > 10 years: 100 %	- A.T.E.T. (regional enterprise for residential building) - Municipalities	Cost ceilings, QTE (Technical and Economic Templates) and PEF (Budget)	- Subsidised: QTE (Technical and Economic Templates) and bid procedures for entrustment of contracts Assisted: QTE and PEF (Budget)	- PNEA (national plan for residential housing) - Resolution of Regional Parliament No 255/2014 on energy efficiency - Executive Decree No 3183/2015 on small municipalities - Separated parents programme - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b) - Resolution of Regional Parliament No 1751/2014 on small municipalities	S S S S S R	[see original for figures] [see original for figures] [see original for figures] [see original for figures] [see original for figures] [see original for figures]		[see original for figures] [see original for figures] [see original for figures] [see original for figures]	[see original for figures] [see original for figures] [see original for figures]
EMILIA ROMAGNA	- Subsidised building - Assisted building	- Programme agreements - Regional tender	- Subsidised: permanent - Assisted: 10-25 yrs - Entrustments > 10 years: 70 %	- A.T.E.R. (regional enterprise for residential building) - Municipalities	Cost ceilings, QTE (Technical and Economic Templates) and PEF (Budget)	- Subsidised: QTE (Technical and Economic Templates) and bid procedures for entrustment of contracts Assisted: QTE and PEF (Budget)	- PNEA (national plan for residential housing) - Law No 80/2014 Art. 4(a) - Resolution No 2299 of 28.12.15 - Law No 80/2014 Art. 4(b)	S S S	[see original for figures] [see original for figures] [see original for figures]		[see original for figures]	
TUSCANY	- Subsidised building - Assisted building	- Regional Law - Resolution of Regional Parliament - Regional tenders	- Subsidised: permanent - Assisted: 10-30 yrs - Entrustments > 10 years: 100 %	- Exclusive: management entities part owned by the municipalities (subs.) - Special: building companies and cooperatives (assisted)	Overall surface area of project must fall within cost ceilings established by the region	Template: Conference of Regional Presidents Article 22 Regional Law No 25 of 29.6.2011 Resolution of Regional Parliament and Decree of Secretary General 2011	- Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b) Article 22 Regional Law No 25 of 29.6.2011 Resolution of Regional Parliament and Decree of Secretary General 2011	S S R R	[see original for figures] [see original for figures] [see original for figures]		[see original for figures] [see original for figures] [see original for figures]	[see original for figures] [see original for figures]
UMBRIA	- Subsidised building - Assisted building	- Additional instrument to programme agreement - Resolution of Regional Parliament - Instrument of Regional Parliament	- Subsidised: permanent - Assisted: 8-30 yrs - Entrustments > 10 years: 100 %	- Exclusive: A.T.E.R. (regional enterprise for residential building) - Special: building companies, municipalities and cooperatives, A.T.E.R.	Cost ceilings, QTE (Technical and Economic Templates) and PEF (Budget)	- Subsidised: QTE (Technical and Economic Templates) and bid procedures for entrustment of contracts Assisted: QTE and evaluation sheet	- PNEA (national plan for residential housing), - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b) Regional Law No 23 of 28.11.2003 (2014) Regional Law No 23 of 28.11.2003 (2015) Regional Law No 23 of 28.11.2003 (2015)	S S S R R R	[see original for figures] [see original for figures] [see original for figures] [see original for figures] [see original for figures]	[see original for figures]	[see original for figures] [see original for figures] [see original for figures]	[see original for figures] [see original for figures]
MARCHE	- Subsidised building - Assisted building	- Implementing agreements - Resolution of Regional Parliament	- Subsidised: permanent - Assisted: 10-25 yrs - Entrustments > 10 years: 100 %	- E.R.A.P.Marche (regional public housing body) - Municipalities	Cost ceilings, QTE (Technical and Economic Templates) and PEF (Budget)	- Subsidised: QTE (Technical and Economic Templates) and bid procedures for entrustment of contracts Assisted: QTE and PEF (Budget)	- PNEA (national plan for residential housing), Executive Decree of the Ministry for Infrastructure and Transport No 14693 of 19.2.2014 - Additional instrument, 24.4.2015 - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b)	S S S S	[see original for figures] [see original for figures] [see original for figures] [see original for figures]		[see original for figures] [see original for figures] [see original for figures]	
LAZIO	- Subsidised building - Assisted building	- Regional laws - Resolution of Regional Council or Regional Parliament - Regional tenders - Executive decrees/Decisions	- 8-30 yrs - Entrustments > 10 years: 30 %	- Exclusive: A.T.E.R. (regional enterprise for residential building) and municipalities - Special: building companies and cooperatives	Cost ceilings	Template: Conference of Regional Presidents guidelines, 10.7.2014	- Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b) Resolution of Regional Parliament No 2036/2000 (2014) - Resolution of Regional Parliament No 1012/2004 (2014) - Programme agreement between the Ministry for Infrastructure and Transport and the region of 19.4.01	S S R R R	[see original for figures] [see original for figures] [see original for figures] [see original for figures]		[see original for figures] [see original for figures] [see original for figures]	[see original for figures] [see original for figures]
ABRUZZO	- Subsidised building - Assisted building	- Programme agreements - Additional instrument	- Subsidised: permanent - Assisted: 10-25 yrs				- PNEA (national plan for residential housing), state resources - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b) - PNEA, regional resources	S S S R	[see original for figures] [see original for figures] [see original for figures] [see original for figures]	[see original for figures]	[see original for figures] [see original for figures] [see original for figures] [see original for figures]	[see original for figures] [see original for figures]

SGEI SOCIAL HOUSING . BIENNIAL REPORT 2014-2015 – SUMMARY OF DATA SUBMITTED BY THE REGIONS													
REGION/AUTONOMOUS PROVINCE	TYPE OF SERVICE	TYPE OF ENTRUSTMENTS	DURATION OF ENTRUSTMENT	SPECIAL OR EXCLUSIVE RIGHTS	COMPENSATION MECHANISM	METHOD FOR AVOIDING OVERCOMPENSATION	OVERALL AMOUNT OF AID GRANTED		State/Reg.	RESOURCES TRANSFERRED IN 2015	RESOURCES TRANSFERRED IN 2014	AMOUNT GRANTED 2015	AMOUNT GRANTED 2014
MOLISE	- Subsidised building - Assisted building	- Agreement between regions and municipalities	- Subsidised: permanent - Assisted: 10 to 25 yrs - Entrustments > 10 years: 100 %	- Exclusive: I.A.C.P. (Independent Institutes for Public Housing) and municipalities	- Cost ceilings and QTE (Technical and Economic Templates) - PEF (Budget)	- Subsidised: QTE (Technical and Economic Templates) and bid procedures for entrustment of contracts Assisted: QTE and PEF (Budget)	- PNEA (national plan for residential housing) - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b) - Executive Decree No 38/2014 Montefalco Summit - Executive Decrees No 21/2014, No 37/2014, No 2/2015 Mafalda - Executive Decree No 11/2014, No 6/2015 Guardiafiera - Executive Decree No 18/2014, No 3/6/2014 Monacigliani	[see original for figures] [see original for figures] [see original for figures]	S S R R R R	[see original for figures]	[see original for figures]	[see original for figures] [see original for figures]	[see original for figures] [see original for figures] [see original for figures] [see original for figures]
CAMPANIA	- Subsidised building - Assisted building	- Agreement between regions and implementing bodies	- Subsidised: permanent - Assisted: 10 to 25 yrs - Entrustments > 10 years: 100 %	- No special or exclusive rights provided for	- Cost ceilings and QTE (Technical and Economic Templates) - PEF (Budget)	- Subsidised: QTE (Technical and Economic Templates) and bid procedures for entrustment of contracts Assisted: QTE and PEF (Budget)	- Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b) - Article 1 of Prime Ministerial Decree of 16.7.2009 - Article 13 of Regional Law No 1/2008	[see original for figures] [see original for figures] [see original for figures]	S S S R	[see original for figures] [see original for figures]		[see original for figures] [see original for figures]	[see original for figures]
APUGLIA	- Subsidised building - Assisted building	- Regional laws - Resolution of Regional parliament - Regional tenders - Executive Decision	- Subsidised: permanent - Entrustments > 10 years: 100 %	- A.R.C.A. (regional housing agency) - Municipalities	- Cost ceilings and QTE (Technical and Economic Templates) - PEF (Budget)	- Comparisons between TIR (Internal Rate of Return) as estimated in the PEF (Budget) and swap rate, increased by 100 basis points	- Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b)	[see original for figures] [see original for figures]	S S	[see original for figures]		[see original for figures]	
BASILICATA	- Subsidised building - Assisted building	- Memorandum of understanding - Resolution of Regional Parliament	- Subsidised: permanent - Assisted: 10-25 yrs - Entrustments > 10 years: 100 %	- A.T.E.R. (regional enterprise for residential building) - Municipalities	- Cost ceilings and QTE (Technical and Economic Templates) - PEF (Budget)	- Subsidised: QTE (Technical and Economic Templates) and bid procedures for entrustment of contracts Assisted: QTE and PEF (Budget)	- PNEA (national plan for residential housing) - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b)	[see original for figures] [see original for figures] [see original for figures]	S S S	[see original for figures]		[see original for figures]	
CALABRIA	- Subsidised building - Assisted building	- Regional tenders - Programme agreements	- Subsidised: permanent - Assisted: 10 to 25 yrs - Entrustments > 10 years: 100 %	- A.T.C. (local housing agency) - Municipalities	- Cost ceilings and QTE (Technical and Economic Templates) - PEF (Budget)	- Subsidised: QTE (Technical and Economic Templates) and bid procedures for entrustment of contracts Assisted: QTE and PEF (Budget)	- PNEA (national plan for residential housing) Programme Agreement of 28.6.2012 - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b)	[see original for figures] [see original for figures] [see original for figures]	S S S	[see original for figures]		[see original for figures]	
SICILY		- Municipal tenders	Duration not less than 25 years	- Not specified	Assisted rent not more than 70 % of agreed rent	- Bid procedures in which the contribution compensate controlled rent	- PNEA (national plan for residential housing) state resources - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b) Resolution of Regional Parliament No 116 of 21.4.2011	[see original for figures] [see original for figures] [see original for figures]	S S S R	[see original for figures] [see original for figures]		[see original for figures]	
SARDINIA	- Subsidised building - Assisted building	- Memorandum of understanding - Resolution of Regional Parliament - Executive Decision	- Subsidised: permanent - Assisted: 10-25 yrs - Entrustments > 10 years: 100 %	- Exclusive: A.R.E.A. (regional enterprise for residential building) and municipalities	- Cost ceilings and QTE (Technical and Economic Templates) - PEF (Budget)	- Subsidised: QTE (Technical and Economic Templates) and bid procedures for entrustment of contracts Assisted: QTE and PEF (Budget)	- PNEA (national plan for residential housing) - Law No 80/2014 Art. 4(a) - Law No 80/2014 Art. 4(b)	[see original for figures] [see original for figures] [see original for figures]	S S S	[see original for figures] [see original for figures]		[see original for figures]	
AUTONOMOUS PROVINCE OF BOLZANO			-				PNEA (national plan for residential housing)	[see original for figures]	S				
AUTONOMOUS PROVINCE OF TRENTO							PNEA (national plan for residential housing)	[see original for figures]	S				
TOTALS of which state of which regional								[see original for figures] [see original for figures] [see original for figures]		[see original for figures] [see original for figures] [see original for figures]	[see original for figures] [see original for figures] [see original for figures]	[see original for figures] [see original for figures] [see original for figures]	[see original for figures] [see original for figures] [see original for figures]

AIR LINKS AND AIRPORTS: (Point 2, Items 3 and 4) - APPLICATION OF THE 2012 SGEI DECISION

1. EXPENDITURE OVERVIEW

General SGEI Decision and Framework government expenditure by functions (EUR million)		
	2014	2015
<i>Compensation for Services of General Economic Interest (1+2)</i>	€ 49 051 791.70	€ 49 711 495.20
(1) Compensation granted on the basis of the SGEI Decision	€ 17 084 311.40	€ 18 721 718.40
(2) Compensation granted on the basis of the SGEI Framework	€ 31 967 480.30	€ 30 989 776.80
<p>Compensation for public service obligations for air services considered SGEI in accordance with Article 106(2) of the TFEU, but which satisfy all four of the Altmark criteria, is granted for the routes Alghero to Rome Fiumicino and vice-versa, Olbia to Rome Fiumicino vice-versa, Olbia to Milan Linate vice-versa, for the following reasons:</p> <ol style="list-style-type: none"> 1) The beneficiary carriers are entrusted, by means of a suitable instrument (decree approving granting of aid), with fulfilment of public service obligations, which are clearly defined in the entrusting instrument and in the technical annex to the decree imposing the obligation. 2) The parameters for calculating the compensation are defined in advance in an objective and transparent manner in the tender specifications. 3) The compensation does not exceed the amount needed to cover the costs, in all or in part, incurred in fulfilling the public service obligations, allowing for revenue generated and a reasonable profit margin. 4) A number of valid bids were received for each of the tender procedures for the entrustment of each of the above routes; therefore, the choice of undertaking to fulfil the public service obligations was the result of a public tender procedure that allowed selection of the candidate able to provide the service at the lowest cost to the public. <p>There were no reports of compensation granted in the airport sector for SGEI satisfying the four Altmark criteria.</p>		

2. DESCRIPTION OF APPLICATION OF THE 2012 SGEI DECISION

- Air links to islands with annual average traffic not exceeding the limit specified in Item 3, Point 2 of Article 2(1)(d).

Clear and comprehensive description of how the respective services are organised in Italy
Explanation of what kind of services in the respective sector have been defined as SGEI in Italy. Please list the contents of the services entrusted as SGEI as clearly as possible.
<p>SGEI under this heading include air service links to and from islands with annual average traffic not exceeding 300 000 passengers in the two years prior the year of entrustment. These are often peripheral or developing regions. The services are provided on routes with low traffic densities that are nonetheless considered essential for the economic and social development of the regions in question. In such cases, as provided for under the EU rules for the sector (Article 16 of Regulation (EC) No 1008/2008), where other means of transport cannot ensure uninterrupted service at least twice daily, it is possible to impose public service obligations only insofar as they are necessary to ensure the provision of a service satisfying fixed standards of continuity, regularity, capacity and pricing, which standards the air carrier would not assume if it were solely considering its commercial interest. Air services constituting SGEI are identified by decree of the Minister for Infrastructure and Transport. Public service obligations, which are also imposed by ministerial decree, therefore aim to connect the geographical areas in question with the rest of the state territory.</p> <p>Should no EU air carrier accept the links in question without financial compensation, the air services are granted exclusively, using the tender procedures specified Article 16(10) and Article 7 of Regulation (EC) No 1008/2008.</p> <p>Where only one valid bid is received under the procedure, compensation for public service obligations constitutes state aid, since the fourth Altmark criterion has not been satisfied.</p> <p>The routes covered by this part of the report are as follows:</p> <ul style="list-style-type: none"> • Pantelleria to Palermo and vice-versa, Pantelleria to Trapani and vice-versa, Lampedusa to Palermo and vice-versa and Lampedusa to Catania and vice-versa; • Elba Marina di Campo to Pisa and vice-versa, Elba Marina di Campo to Florence and vice-versa, Elba Marina di Campo to Milano Linate and vice-versa; • Alghero to Milano Linate and vice-versa.
Explanation of the (typical) forms of entrustment. If standardised templates for entrustments are used for a certain sector, please attach them.
<ul style="list-style-type: none"> • Executive decree of the Directorate-General of Airports and Air Transport, entrusting an air service as a public service obligation. • 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 three and a half years (generally ranging from three to four years).
Explanation whether (typically) <i>exclusive or special rights</i> are assigned to the undertakings.
The air carrier is generally granted the exclusive right to operate the air service for the pre-determined period.

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.
<p>The maximum amount of annual compensation available under the tender is calculated using cost allocation methodology as follows:</p> $Cmp = Cp - Rp$ <p>Where</p> <p><i>Cmp = Compensation available under the tender</i></p> <p><i>CP = Presumed SGEI costs (including reasonable risk margin and profit margin) estimated based on the extent of the service.</i></p> <p><i>Rp = Presumed SGEI revenue.</i></p> <p>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 revenues effectively generated by the service, limited to the maximum amount indicated in the bid and in accordance with the requirements of the tender specifications.</p> <p>Under no circumstances may compensation exceed the level specified in the bid.</p>
Typical arrangements for avoiding and repaying any overcompensation.
<p>Determination of a ceiling for compensation and the criteria used for granting compensation avoid any overcompensation. In fact the air carrier selected cannot demand an amount exceeding the maximum agreed amount by way of compensation.</p> <p>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. Compensation is paid based on such analysis, in accordance with the following criteria:</p> <ol style="list-style-type: none"> 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. 3. If the costs of the service are higher than the revenue generated, compensation is in the amount of the difference, i.e. 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.
No aid exceeding EUR 15 million was granted.

Amount of aid granted	
Total amount of aid granted (in EUR million). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
€ 13 611 611.40	€ 15 200 618.40
A: Total amount of aid granted (in EUR million) paid by national central authorities	
2014	2015
€ 6 995 803.04	€ 8 001 255.41
B: Total amount of aid granted (in EUR million) paid by regional authorities	
2014	2015
€ 6 615 808.36	€ 7 199 362.99
C: Total amount of aid granted (in EUR million) paid by local authorities	
2014	2015
/	/
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
<p>The shares of expenditure for each aid instrument break down as follows:</p> <ul style="list-style-type: none"> • Routes: <ul style="list-style-type: none"> Pantelleria to Palermo and vice-versa Pantelleria to Trapani and vice-versa Lampedusa to Palermo and vice-versa Lampedusa to Catania and vice-versa – 66.6 % share paid by the state – 33.3 % share paid by the Region of Sicily, • Routes: <ul style="list-style-type: none"> Elba Marina di Campo to Pisa and vice-versa Elba Marina di Campo to Florence and vice-versa Elba Marina di Campo to Milan Linate and vice-versa – 58.82353 % share paid by the state – 41.17647 % share paid by the Region of Tuscany • Route: <ul style="list-style-type: none"> Alghero to Milan Linate: – 100 % share paid by the Region of Sardinia 	<p>The shares of expenditure for each aid instrument break down as follows:</p> <ul style="list-style-type: none"> • Routes: <ul style="list-style-type: none"> Pantelleria to Palermo and vice-versa Pantelleria to Trapani and vice-versa Lampedusa to Palermo and vice-versa Lampedusa to Catania and vice-versa – 66.6 % share paid by the state – 33.3 % share paid by the Region of Sicily, • Routes: <ul style="list-style-type: none"> Elba Marina di Campo to Pisa and vice-versa Elba Marina di Campo to Florence and vice-versa Elba Marina di Campo to Milan Linate and vice-versa – 58.82353 % share paid by the state – 41.17647 % share paid by the Region of Tuscany • Route: <ul style="list-style-type: none"> Alghero to Milan Linate and vice-versa: – 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)	
2014	2015
<ul style="list-style-type: none"> • Number of beneficiaries in the air transport sector operating in public service obligation mode: 3 • Average amount of aid: € 4 537 203.80 	<ul style="list-style-type: none"> • Number of beneficiaries in the air transport sector operating in public service obligation mode: 2 • Average amount of aid: € 5 066 873.00

- **Airports with annual average traffic not exceeding the limit specified in Article 2(1)(e) of the SGEI Decision 2012 (Item 4, Point 2).**

No reports were received of compensation for SGEI in the airport sector, except for those provided in the Autonomous Province of Bolzano.

The data provided in the table below therefore apply only to SGEI provided by the ABD Airport SpA undertaking that manages Bolzano Airport (annual average traffic not exceeding 200 000 passengers). The information provided by the Autonomous Province of Bolzano on the SGEI is reproduced verbatim below.

Clear and comprehensive description of how the respective services are organised in Italy
Explanation of what kind of services in the respective sector have been defined as SGEI in Italy. Please list the contents of the services entrusted as SGEI as clearly as possible.
Company objects: the objects of the undertaking are the study, development, design, production, adaptation, management, maintenance and use of facilities and infrastructure for the performance of airport activities, as well as the performance of connected and ancillary activities, including agricultural activities, although not as the undertaking's main activity, and in particular the redevelopment, renovation and management of Bolzano Airport.
Explanation of the (typical) forms of entrustment . If standardised templates for entrustments are used for a certain sector, please attach them.
The form of entrustment in this case is the service contract between the Autonomous Province of Bolzano and the undertaking ABD Airport SpA.
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 entrustment in the present case has a duration of three and a half years (from 1 July 2012 to 21 December 2015)
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
The airport management undertaking is providing the SGEI on an exclusive basis for the duration of the service contract.
Which aid instruments have been used (direct subsidies, guarantees, etc.)?

Direct grant by the Autonomous Province of Bolzano.
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 amount of compensation needed to cover, in all or in part, the costs incurred in fulfilling the public service obligation is calculated using an objective method specified in the contract. Payment is made in the form of monthly instalments of 90 % of 1/12 of the set amount. At the end of each year of service, the province determines the balance payable by checking the analytical accounting records submitted by the airport management undertaking ABD Airport SpA.
Typical arrangements for avoiding and repaying any overcompensation .
See previous point.
A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro 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 aid in question does not exceed EUR 15 million.

Amount of aid granted	
Total amount of aid granted (in EUR million). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
€ 3 471 700.00	€ 3 521 100.00
A: Total amount of aid granted (in EUR million) paid by national central authorities	
2014	2015
/	/
B: Total amount of aid granted (in EUR million) paid by regional authorities	
2014	2015
€ 3 472 700.00	€ 3 521 100.00
C: Total amount of aid granted (in EUR million) paid by local authorities	
2014	2015
/	/
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
The aid is granted in full by the Autonomous Province of Bolzano (Province with special autonomy); therefore the share is fully paid by the province itself.	The aid is granted in full by the Autonomous Province of Bolzano (Province with special autonomy); therefore the share is fully paid by the province itself.
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2014	2015
/	/

AIR LINKS AND AIRPORTS: (Point 3, Item 1) No V and No VI - APPLICATION OF THE 2012 SGEI FRAMEWORK

3 DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

- **Air links to islands with annual average traffic above the limit specified in Article 2(1)(d) of the SGEI Decision (Point 3, Item 1, No V), and other air links for which SGEI compensation falls within the 2012 SGEI Framework.**

Clear and comprehensive description of how the respective services are organised in your Member State
Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.
<p>The SGEI considered in the present section are air services to and from airports serving peripheral and developing regions as well as islands with passenger traffic above the limit specified in Article 2(1)(d) of the 2012 SGEI Decision. The services are provided on routes that are considered essential for the economic and social development of the regions in question. In such cases, as provided for under the EU rules for the sector (Article 16 of Regulation (EC) No 1008/2008), where other means of transport cannot ensure uninterrupted service at least twice daily, it is possible to impose public service obligations only insofar as they are necessary to ensure the provision of a service satisfying fixed standards of continuity, regularity, capacity and pricing, which standards the air carrier would not assume if it were solely considering its commercial interest. Air services constituting SGEI are identified by decree of the Minister for Infrastructure and Transport. Public service obligations, which are also imposed by ministerial decree, therefore aim to guarantee the territorial continuity of the geographical areas in question with the rest of the state.</p> <p>Should no EU air carrier accept the links in question without financial compensation, the air services are granted exclusively, using the tender procedures specified Article 16(10) and Article 7 of Regulation (EC) No 1008/2008.</p> <p>Where only one valid bid is received under the procedure, compensation for public service obligations constitutes state aid, since the fourth Altmark criterion has not been satisfied, and the required notification to the European Commission must be made (using the SANI 2 procedure).</p> <p>The routes covered by this part of the report are as follows:</p> <ul style="list-style-type: none">• Cagliari to Rome Fiumicino and vice-versa• Cagliari to Milan Linate and vice-versa• Bolzano to Rome Fiumicino and vice-versa.
Explanation of the (typical) forms of entrustment . If standardised templates for entrustments are used for a certain sector, please attach them.
Executive decree of the Directorate-General of Airports and Air Transport granting an air service as a public service obligation. 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 three and a half years (generally ranging from three to four years).
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
The air carrier is generally granted the exclusive right to operate the air service for the pre-determined period.
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.
<p>The maximum amount of annual compensation available under the tender is calculated as follows: $Cmp = Cp - Rp$ Where <i>Cmp = Compensation available under the tender</i> <i>CP = Presumed SGEI costs (including reasonable risk and profit margin) estimated based on the size of the service.</i> <i>Rp = Presumed SGEI revenue.</i></p> <p>It should be noted with regard to the methodology used to calculate the net costs necessary for fulfilling the public service obligation related to the SGEI that a methodology based on cost allocation is used since net avoided cost methodology would be difficult to apply in the case of air transport.</p> <p>In particular, the use of this latter method of calculation would involve analysis and correct estimation of the difference between the costs necessary for operating the air links without public service obligations and relevant income from ticket sales.</p> <p>In the air transport sector, liberalised in accordance with Regulation (EC) No 1008/2008, such income and more particularly such costs vary greatly since they are closely linked, specifically with regard to the analytical components of costs, to the characteristics of the carriers themselves (traditional or low-cost).</p> <p>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 revenues effectively generated by the service, limited to the maximum amount indicated in the bid and in accordance with the requirements of the tender specifications.</p> <p>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.</p>
Typical arrangements for avoiding and repaying any overcompensation.
<p>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.</p> <p>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. Compensation is paid based on such analysis, in accordance with the following criteria:</p> <ol style="list-style-type: none"> 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,

<p>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.</p> <p>3. If the costs of the service are higher than the revenue generated, compensation is in the amount of the difference, i.e. costs (including a reasonable profit margin) minus revenues, although within the limit of the compensation established in the bid.</p> <p>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.</p>	
<p>A short explanation of how the transparency requirements (see paragraph 60 of the 2012 SGEI Decision) 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 Italy (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. national, regional or local level).</p>	
<p>In the case of the links from Cagliari to Rome Fiumicino and vice-versa and Cagliari to Milan Linate, the information requested in paragraph 60 of the 2012 SGEI Framework is available from the documentation posted by the Sardinia transport information system at: http://www.sardegnaemobilita.it/index.php?xsl=1079&tipodoc=1,3&catrif=1234&v=9&c=6626&catrif=1234&n=10&o=&b=&s=33&va=&p=1&f=10</p> <p>No formal concession by executive decree was made since, to date, the European Commission has not responded to the SANI 2 notification previously sent by the Ministry of Infrastructure and Transport.</p> <p>With regard to the Bolzano to Rome Fiumicino and vice-versa route, the information requested above is available from the documentation posted on the following sites:</p> <p>a. www.mit.gov.it/mit/mop_all.php?p_id=14124 b. https://www.enac.gov.it/La_Regolazione_Economica/Trasporto_Aereo/Continuit-13-territoriale/Oneri_di_servizio_pubblico/Provincia_Autonoma_di_Bolzano/index.litml</p> <p>For the purpose of providing comprehensive information, it should also be noted that the said route was operated by the carrier Darwin Airlines without a formal concession by decree. This was because, following the SANI 2 notification, the European Commission stated that it could not assess the matter due to the fact that Darwin Airlines was a Swiss undertaking, which prevented the Commission from determining whether the aid was compatible with the market. It should also be noted that the carrier terminated its contract because it considered that the route was not economically viable and ended the service on 18.06.2015.</p>	
Amount of aid granted	
Total amount of aid granted (in EUR million). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
€ 31 967 480.30	€ 30 989 776.80
A: Total amount of aid granted (in EUR million) paid by national central authorities	
2014	2015
/	/
B: Total amount of aid granted (in EUR million) paid by regional authorities	
2014	2015

€ 31 967 480.30	€ 30 989 776.80
C: Total amount of aid granted (in EUR million) paid by local authorities	
2014	2015
/	/
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
The aid specified in this section is paid fully by the regional bodies involved (Region of Sardinia and Autonomous Province of Bolzano)	The aid specified in this section is paid fully by the regional bodies involved (Region of Sardinia and Autonomous Province of Bolzano)
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2014	2015
<ul style="list-style-type: none"> – number of beneficiaries: 2 – average amount of aid: € 10 655 826.77 – size of undertaking: large undertaking (Alitalia SAI SpA and Darwin Airlines SA) 	<ul style="list-style-type: none"> – number of beneficiaries: 2 – average amount of aid: € 10 329 925.60 – size of undertaking: large undertaking (Alitalia SAI SpA and Darwin Airlines SA)

➤ **Airports with annual average traffic above the limit specified in Article 2(1)(e) of the 2012 SGEI Decision (Point 3, Item 1, No VI)**

There were no reports of compensation for SGEI of this type.

4. COMPLAINTS BY THIRD PARTIES

The following litigation involving complaints by third parties before national courts was reported for 2014:

- A complaint was made to the Regional Administrative Court (TAR) of the Region of Sardinia by the air carrier Meridiana Fly against the Autonomous Region of Sardinia and the Ministry of infrastructure and Transport. Specifically, the carrier requested cancellation of the Decision by the Region of Sardinia launching the tenders for the exclusive entrustment of the air links between the airports of Cagliari, Alghero and Olbia with Rome Fiumicino and Milan Linate, and suspension of its effectiveness pending a ruling. The carrier believed that the clauses contained in the tender would not have allowed a realistic and economically sustainable bid to be made. The carrier also objected to some aspects of fares and complained that the public-service obligation had been imposed for too long a period. The TAR rejected Meridiana's application for a suspensive measure and found in favour of the state on the main issue, halting proceedings since their outcome could no longer provide a tangible benefit to the plaintiff.
- A complaint was made to the Regional Administrative Court (TAR) of the Region of Sardinia by the air carrier New Livingston against the Autonomous Region of Sardinia and the National Civil Aviation Body (ENAC) requesting cancellation and revocation of the Decision by the Region of Sardinia launching the tenders for imposing a public-service obligation on the route Alghero-Rome Fiumicino and vice-versa, and suspension of its

effectiveness pending a ruling.

In fact, the Region of Sardinia had already issued a Decision terminating the entrustment of the service to New Livingston SpA, the undertaking that had initially been awarded the European contract, since it had failed to present the final financial guarantee as provided for in the tender.

The TAR of the Region of Sardinia dismissed the complaint by New Livingston in full (the service in question therefore being entrusted to Alitalia CAI SpA from 6 June 2014)

2. MISCELLANEOUS QUESTIONS

- There were no reports of any particular difficulties in applying the 2012 SGEI Decision in relation to air links to islands with annual average traffic not exceeding the limit specified in Article 2(1)(d) of the Decision.
- Neither were there reports of difficulties in applying the Decision in relation to airports with annual average traffic not exceeding the limit specified in Article 2(1)(e).
- The main difficulties encountered in applying the SGEI Framework related to the cases in a sole bid is presented following the launch of the European tender in accordance with Article 17 of Regulation (EC) No 1008/2008.

In such cases if the aid measure does not fall within the scope of Article 2(1)(d) of the SGEI Decision, it must be notified (using SANI 2) to the European Commission, which will then decide if the aid is compatible with the market. Given that the so-called ‘stand-still clause’ requires that the service must not start pending a Decision by the Commission, this necessarily implies **considerable formal delays in the procedure for granting exclusive rights for the route and therefore also in operating the route in question.**

The case described in Article 16(12) of the said Regulation (sudden interruption of service by the EU air carrier selected in a European tender procedure) is another instance of the conflict between the procedural timetables specified in Regulation (EC) No 1008/2008 and the deadlines for compliance with the notification requirement under the 2012 SGEI Framework.

Article 16(12) provides that pending a new tender procedure, the Member State concerned may select a different EU air carrier to operate the public-service obligation for a period of up to seven months. For the reasons stated above, this period would clearly be insufficient for the purposes of concluding a full new tender procedure.

MARITIME LINKS TO ISLANDS AND PORTS Point 3, Item 1), No V and No VI – APPLICATION OF THE 2012 SGEI FRAMEWORK

1. EXPENDITURE OVERVIEW

General SGEI government expenditure by functions (EUR million)		
	2014	2015
<i>Compensation for Services of General Economic Interest (1+2)</i>		
(1) Compensation granted on the basis of the SGEI Decision		
(2) Compensation granted on the basis of the SGEI Framework		

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

Clear and comprehensive description of how the respective services are organised in Italy

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

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.

The agreement relating to the public-service obligations undertaken by the Compagnia italiana di Navigazione involves the following links:

Naples – Palermo (winter season)

Genoa – P.Torres (winter season)

Genoa – Olbia – Arbatax

Naples – Cagliari

Cagliari – Palermo

Cagliari – Trapani

C.Vecchia – Cagliari – Arbatax

C.Vecchia – Olbia (winter season)

Isole Tremiti

Naples – Cagliari (cargo)

Livorno or Genoa – Cagliari (cargo)

Ravenna – Catania (cargo).

The agreement relating to the public-service obligations undertaken by the Compagnia delle Isole involves the following links:

Ferry routes:

Milazzo – Vulcano – Lipari – Rinella – Panarea –

Ginostra – Stromboli – Naples and vice-versa

Milazzo – Vulcano – Lipari – Rinella – Salina and vice-versa

Milazzo – Vulcano – Lipari – Salina – Panarea – Ginostra – Stromboli and vice-versa

Milazzo – Vulcano – Lipari – Salina – Rinella – Filicudi – Alieudi and vice-versa

Lipari – Vulcano – Milazzo and vice-versa

Palermo – Ustica and vice-versa

Trapani – Favignana – Levanzo – Marenimo and vice-versa

Trapani – Favignana – Levanzo – Trapani

Trapani – Pantelleria and vice-versa

Porto Empedocle – Linosa – Lampedusa and vice-versa.

Hydrofoil lines:

Milazzo – Vulcano – Lipari – Rinella – Salina and vice-versa

Milazzo – Vulcano – Lipari – Salina – Panarea – Ginostra – Stromboli and vice-versa

Milazzo – Vulcano – Lipari – Salina – Rinella – Filicudi – Alieudi and vice-versa

Lipari – Vulcano – Milazzo and vice-versa

<p>Lipari – Rinella – Salina – Lipari Ustica – Palermo and vice-versa Trapani – Favignana – Levanzo – Marettimo and vice-versa Trapani – Favignana – Levanzo – Trapani Marettimo – Levanzo – Favignana – Trapani and vice-versa.</p>
<p>Explanation of the (typical) forms of entrustment. If standardised templates for entrustments are used for a certain sector, please attach them.</p>
<p>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. These forms and criteria seemed suitable for ensuring that the procedures in question complied with the principles of competition, transparency and non-discrimination required under EU law.</p>
<p>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.</p>
<p>Eight years in the case of Tirrenia and 12 years for SIREMAR.</p>
<p>Explanation whether (typically) exclusive or special rights are assigned to the undertakings.</p>
<p>The Compagnia italiana di Navigazione SpA and Compagnia delle isole SpA undertakings were not assigned any exclusive or special rights.</p>
<p>Which aid instruments have been used (direct subsidies, guarantees, etc.)?</p>
<p>Direct subsidies.</p>
<p>Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.</p>
<p>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.). Any risk involved in 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 service providers therefore essentially involves full assumption of risk by the operators, accompanied by a fixed amount of compensation that does not guarantee full coverage of costs.</p>
<p>Typical arrangements for avoiding and repaying any overcompensation.</p>
<p>The agreement contains 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 admissible for compensation. The supervisory authorities perform annually 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. Any overcompensation is deducted from the subsequent subsidies paid to the undertakings.</p>
<p>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</p>

<p>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 Italy (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).</p>	
<p>http://www.mit.gov.it/mit/mop_all.php?p_id=14853 for the agreement ‘Convenzione Rep. 54’ with Tirrenia Compagnia italiana di Navigazione. http://www.mit.gov.it/mit/mop_all.php?p_id=14854 for the agreement ‘Convenzione Rep. 55’ with SIREMAR.</p> <p>The competent office of the Ministry of Infrastructure and Transport publishes all payment orders relating to the individual subsidy instalments on the ‘Amministrazione Trasparente’ (transparent government) section of its institutional site.</p> <p>At the time of writing the site is closed for complete updating. It is therefore not possible to give links for the measures mentioned above, including those relating to the two subsidies that may be changed in the near future.</p>	
Amount of aid granted	
Total amount of aid granted (in EUR million). ¹ This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
128 380 537	128 380 537
A: Total amount of aid granted (in EUR million) paid by national central authorities	
2014	2015
128 380 537	128 380 537
B: Total amount of aid granted (in EUR million) paid by regional authorities	
2014	2015
C: Total amount of aid granted (in EUR million) paid by local authorities	
2014	2015
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
128 380 537	128 380 537
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2014	2015

¹ In accordance with Point 62(b) of the 2012 SGEI Framework.

POSTAL SERVICES (Point 2, Item 5, No I) – APPLICATION OF THE 2012 SGEI DECISION

1. EXPENDITURE OVERVIEW

General SGEI government expenditure by functions (EUR million)		
	2014	2015
<i>Compensation for Services of General Economic Interest (1+2)</i>		
(1) Compensation granted on the basis of the SGEI Decision		1 081 860 000.00
(2) Compensation granted on the basis of the SGEI Framework		

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

Clear and comprehensive description of how the respective services are organised in Italy
<p>Explanation of what kind of services in the respective sector have been defined as SGEI in Italy. Please list the contents of the services entrusted as SGEI as clearly as possible.</p> <p>Postal sector services considered SGEI are as follows:</p> <ol style="list-style-type: none"> universal postal service; mailing of electoral material from candidates at a reduced tariff, abolished by Decree-Law No 66/2014 of 24 April 2014, amended and converted into Law No 89/2014 of 23 June. <p>In accordance with Article 3 of Legislative Decree No 261/1999 of 22 July, as amended by Legislative Decree No 58/2011 of 31 March, the universal service, including the cross-border service, includes:</p> <ol style="list-style-type: none"> the collection, transportation, sorting and distribution of mail items of up to 2 kg; the collection, transportation, sorting and distribution of mail parcels of up to 20 kg; services relating to registered and insured mail. <p>Article 2(f) of Legislative Decree No 261/1999 defines mailing as the moment at which the provider of postal services takes charge of the item in question; in addition to dispatches of correspondence, books, catalogues, newspapers, periodicals and other similar items, the definition also applies to dispatches of parcels containing goods with or without commercial value.</p> <p>Article 2(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.</p> <p>Article 2(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.</p> <p>In accordance with Article 17 of Law No 515/1993 of 10 December, mailing of electoral material at a reduced tariff (abolished by Decree-Law No 66/2014 of 24 April 2014, amended and converted into Law No 89/2014 of 23 June) means the mailing of electoral material by candidates for an election at a lower postal tariff benefitting from assistance, up to a maximum number of items per candidate equal to the total number of electors registered in the relevant electoral district, and per electoral list equal to the total number of electors registered in the relevant constituency. This tariff may be used solely in the 30 days prior to the voting date and grants the right to obtain delivery of leaflets to recipients by the postal administration, using procedures and with delivery times equivalent to those currently applying to weekly periodicals.</p> <p>Explanation of the (typical) forms of entrustment. If standardised templates for entrustments are</p>

used for a certain sector, please attach them.
<p>- Poste Italiane was entrusted under Article 23(2) of Legislative Decree No 261/1999 as amended by Legislative Decree No 58/2011.</p> <p>- No standardised templates are used.</p>
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.
<ul style="list-style-type: none"> – 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). The Ministry for Economic Development must verify every five years, 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 letters a) to f) of Article 3(1) 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 five-yearly procedure for verifying that the entrustment of the universal postal service to Poste italiane SpA complies with the criteria contained in Article 3 of Legislative Decree No 261/1999 was concluded by Decree of the Minister for Economic Development of 25 August 2016. The Decree will be published in the Official Journal and made available on the ministerial website.
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
<p>In accordance with Article 4 of Legislative Decree No 261/1999, the following services are entrusted exclusively for public order reasons to the provider of the universal service (Poste italiane):</p> <ul style="list-style-type: none"> – services involving notification of acts by postal means and postal communications relating to judicial acts as specified in Law No 890/1982 of 20 November and amendments; – services involving notification of acts by postal means as specified in Article 201 of Legislative Decree No 285/1992 of 30 April.
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
Direct state intervention.
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 regulator AGCOM is currently performing a verification for the years 2013 and 2014 based on the net avoided cost method as required under the new EU framework for state aid in the form of compensation for SGEI, which came into force on 31 January 2012 (O.J. C8 of 11 January 2012).
Typical arrangements for avoiding and repaying any overcompensation.
The above-mentioned verification by the AGCOM for the years 2013 and 2014 on the duty deriving 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 that ensures the absence of risks of overcompensation.

Should any overcompensation be revealed by the outcome of these verifications, the Ministry of the Economy and Finance will have to recover the relevant amounts from Poste italiane.	
A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro 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 Italy (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 ministerial website.	
Amount of aid granted	
Total amount of aid granted (in EUR million). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
In fiscal year 2014 no amount was transferred to Poste italiane on account of the universal service obligation.	EUR 1 081 860 000.00
A: Total amount of aid granted (in EUR million) paid by national central authorities	
2014	2015
No amount	<p>EUR 321 600 000.00 in reimbursement of the costs of performing the universal service for the postal sector in the year 2012;</p> <p>EUR 351 600 000.00 in reimbursement of the costs of performing the universal service for the postal sector in the year 2013;</p> <p>EUR 277 440 000.00 in reimbursement of the costs of performing the universal service for the postal sector in the year 2014;</p> <p>EUR 131 220 000.00 in reimbursement of the costs of performing the universal service for the postal sector in the first half of 2015.</p> <p>Total EUR 1 081 860 000.00</p>
B: Total amount of aid granted (in EUR million) paid by regional authorities	
2014	2015
C: Total amount of aid granted (in EUR million) paid by local authorities	
2014	2015

Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2014	2015

POSTAL SERVICES – Point 3, Item 1 – APPLICATION OF THE SGEI FRAMEWORK
3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

Clear and comprehensive description of how the respective services are organised in Italy
<p>Explanation of what kind of services in the respective sector have been defined as SGEI in Italy. Please list the contents of the services entrusted as SGEI as clearly as possible.</p>
<p>Postal sector services considered SGEI are as follows:</p> <ul style="list-style-type: none"> 3. universal postal service; 4. mailing of electoral material from candidates at a reduced tariff, abolished by Decree-Law No 66/2014 of 24 April 2014, amended and converted into Law No 89/2014 of 23 June. <p>In accordance with Article 3 of Legislative Decree No 261/1999 of 22 July, as amended by Legislative Decree No 58/2011 of 31 March, the universal service, including the cross-border service, includes:</p> <ul style="list-style-type: none"> d) collection, transport, sorting and distribution of mail items of up to 2 kg; e) collection, transport, sorting and distribution of parcel items of up to 20 kg; f) services relating to registered and insured mail. <p>Article 2(f) of Legislative Decree No 261/1999 defines mailing as the moment at which the provider of postal services takes charge of the item in question; in addition to dispatches of correspondence, books, catalogues, newspapers, periodicals and other similar items, the definition also applies to dispatches of parcels containing goods with or without commercial value.</p> <p>Article 2(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.</p> <p>Article 2(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.</p>
<p>Explanation of the (typical) forms of entrustment. If standardised templates for entrustments are used for a certain sector, please attach them.</p>
<ul style="list-style-type: none"> - 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.
<p>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.</p>

<ul style="list-style-type: none"> – 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). The Ministry for Economic Development must verify every five years, 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 letters a) to f) of Article 3(1) 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 five-yearly procedure for verifying that the entrustment of the universal postal service to Poste italiane SpA complies with the criteria contained in Article 3 of Legislative Decree No 261/1999 was concluded by Decree of the Minister for Economic Development of 25 August 2016. The Decree will be published in the Official Journal and made available on the ministerial website.
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
<p>In accordance with Article 4 of Legislative Decree No 261/1999, the following services are entrusted exclusively for public order reasons to the provider of the universal service (Poste italiane):</p> <ul style="list-style-type: none"> – services involving notification of acts by postal means and postal communications relating to judicial acts as specified in Law No 890/1982 of 20 November and amendments; – services involving notification of acts by postal means as specified in Article 201 of Legislative Decree No 285/1992 of 30 April.
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
Direct state intervention.
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 regulator AGCOM is currently performing a verification for the years 2013 and 2014 based on the net avoided cost method as required under the new EU framework for state aid in the form of compensation for SGEI, which came into force on 3 January 2012 (O.J. C8 of 11 January 2012).
Typical arrangements for avoiding and repaying any overcompensation.
<p>The above-mentioned verification by the AGCOM on the duty deriving 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 that ensures the absence of risks of overcompensation.</p> <p>Should any overcompensation be revealed by the outcome of these verifications, the Ministry of the Economy and Finance will have to recover the relevant amounts from Poste italiane.</p>
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 Italy (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).
Amount of aid granted
Total amount of aid granted (in EUR million). This includes all aid granted in your territory,

including aid granted by regional and local authorities. (A+B+C)	
2014	2015
In fiscal year 2014 no amount was transferred to Poste italiane on account of the universal service obligation.	
A: Total amount of aid granted (in EUR million) paid by national central authorities	
2014	2015
In fiscal year 2014 no amount was transferred to Poste italiane on account of the universal service obligation.	<p>EUR 321 600 000.00 in reimbursement of the costs of performing the universal service for the postal sector in the year 2012;</p> <p>EUR 351 600 000.00 in reimbursement of the costs of performing the universal service for the postal sector in the year 2013;</p> <p>EUR 277 440 000.00 in reimbursement of the costs of performing the universal service for the postal sector in the year 2014;</p> <p>EUR 131 220 000.00 in reimbursement of the costs of performing the universal service for the postal sector in the first half of 2015;</p>
B: Total amount of aid granted (in EUR million) paid by regional authorities	
2014	2015
C: Total amount of aid granted (in EUR million) paid by local authorities	
2014	2015
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2014	2015

APPENDIX

DESCRIPTION OF THE NATIONAL HEALTH SERVICE AND HOSPITALS

The Ministry of Health states that the Italian National Health Service (SSN) cannot be considered an SGEI in accordance with the applicable EU rules since it is a public service not subject to the forces of a competitive market, as comprehensively explained in the 'First biennial report on Services of General Economic Interest SGEI 2014'.

The purpose of the SSN is to achieve the objectives laid down in Law No 833/1978 of 23 December, in accordance with the fundamental principles of universality, equality and fairness of access to all services and in application of Article 32 of the Constitution ('The Republic protects health as a fundamental individual right and collective interest and guarantees free care to those without means'). It must be considered a system based on the principle of solidarity and therefore not of a commercial nature.

Specifically, the hospitals and other public entities belonging to the SSN are directly funded through social expenditure and other state and regional resources, providing a comprehensive service to those registered in the system. They may therefore not be considered commercial undertakings for the present purposes.

DESCRIPTION OF INTEGRATED WATER MANAGEMENT SERVICE

Although the Integrated Water Management Service (SII) may be considered an SGEI, it is not subject to rules on state aid and is therefore exempt from the requirement of notification. This status is confirmed by the fact that the service is regulated and controlled by an independent authority (the Electricity, Gas and Water Authority – AEEGSI). The SII is also characterised by special structural elements (the existence of natural and legal monopolies, the absence of competitive markets with similar liberalised services, the fact that water is considered a fundamental public good, etc.) that justify its exclusion from the scope of the so-called 'Concession Directive' (**Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts**), which states that: 'Concessions in the water sector are often subject to specific and complex arrangements which require a particular consideration given the importance of water as a public good of fundamental value to all Union citizens. The special features of those arrangements justify exclusions in the field of water from the scope of this Directive.' No provision is made for compensation and the AEEGSI lays down the methodology to be applied nationally to water charges.

(Resolutions AEEGSI No 664/2015/R/IDR and No 643/2013/R/IDR of 27/12/2013 – downloadable in document form from: <http://www.autorita.energia.it/it/docs/15/664-15.htm>; www.autorita.energia.it/it/docs/13/643-13.htm).

Rules for the sector prevent the service provider from gaining any economic and competitive advantage, since the methodology adopted:

1. neutralises any possible fiscal advantage or disadvantage;
2. does not give operators any economic or competitive advantage where state funding is provided for the performance of the work, the funding instead improving environmental protection by allowing full and immediate completion of necessary and urgent work, with fewer costs passed on to end users;
3. makes it a legal requirement that only the costs required to provide the service may be covered.

A brief description of the Integrated Water Management Service follows.

The SII is a public service established in accordance with Article 141(2) of Legislative Decree No 152/2006, which states that ‘integrated water management consists of a series of public services involving collection, conveyance and distribution of water for civil uses, as well as sewerage and waste water treatment, and must be managed in accordance with the principles of efficiency, effectiveness and cost-effectiveness, in compliance with national and EU rules. The present provisions also apply to industrial uses of water managed within the water supply service.’

The current organisational and regulatory structure of the SII (under Legislative Decree No 152/2006) provides for clear separation of strategic and control functions – carried out by the state – from executive and management functions, carried out at the local level of the so-called ‘best territorial division’ (ATO) and entrusted to industrial entities in accordance with the applicable regulatory requirements on entrustment of public services. The following specific provision applies to the organisation of the SII.

- Local authorities should be aggregated at ATO level, as identified by the regions using physical, demographic, and technical parameters, taking account of the water catchment area, location of resources and their necessary destination, the need for a single managements structure and feasibility in terms of scale.
- The national regulator is the Electricity, Gas and Water Authority (AEEGSI) in accordance with Decree Law No 201/2011 of 6 December, amended and converted into Law No 214/2011 of 22 December and Prime Ministerial Decree of 20 July 2012.
- The local regulator in accordance with Article 147 of Legislative Decree No 152/2006 is the ATO governing body (EGATO), set up under region regional law, in which all of the local authorities falling within a given ATO must participate on a compulsory basis. The ATO governing body is also charged with:
 - a) drawing up an ATO plan (under Article 149 of Legislative Decree No 152/2006), including a survey of infrastructure, a work programme, a management and organisational structure, and a budget, this plan being the planning and programming instrument for the provision of the service, the execution of necessary work, ordinary and extraordinary maintenance of facilities, management of the service and achievement of adequate levels of service;
 - b) entrustment of the service to a single manager (under Article 149-bis of Legislative Decree No 152/2006) by one of the following means: in-house entrustment; entrustment via a public-private partnership, with choice of private partner by tender procedure; entrustment to a third party by public tender.
- Entrustment of the service is regulated by a suitable agreement, concluded in accordance with a template (standard agreement) approved by the AEEGSI, with an average duration of between 20 and 30 years. The standard agreement can be downloaded from:
<http://www.autorita.energia.it/it/docs/15/656-15.htm>
- The manager entrusted with the SII:
 - a) receives all municipal water management infrastructure (water pipelines, sewerage, treatment plants and other publicly owned water management infrastructure) under free concession (in accordance with Article 143 of Legislative Decree No 152/2006) for the full duration of the entrustment;
 - b) charges tariffs in accordance with the national rates established by resolution of the AEEGSI.

DESCRIPTION OF THE WASTE MANAGEMENT SERVICE

The urban waste management service is considered an SGEI since it is offered to all citizens within a competitive operating environment involving both public and private entities and aims to achieve objectives involving social equity and cohesion.

Although the urban waste management service may be considered an SGEI, it is not subject to rules on state aid and is therefore exempt from the notification requirement.

This status is confirmed by the specific territorial organisation of the service, as established by Article 200 of Legislative Decree No 152/2006, the so-called 'Environmental Code'.

Article 200 provides for organisation of the service on the basis of the 'ideal territorial divisions' (ATO) defined by the regions and governed by an ATO governing body – or where this body has not already been set up, by the municipalities – which draws up an ATO plan and entrusts the service in accordance with the plan and with the applicable national and EU rules on entrustment of local public services.

The service contract between the entrusting entity and the entrusted undertaking, under Article 203 of Legislative Decree No 152/2006, provides *inter alia* for the obligation to ensure the financial equilibrium of management, quality of service and tariffs as determined by the ATO governing body – or where this body has not already been set up, by the municipalities – based on the national rates adopted by Presidential Decree No 158/1999 governing the general criteria for determining cost components and the relevant tariffs.

The said tariff is made up of a fixed charge based on capital expenditure and relevant amortisation and a variable charge based on the quantity of waste to be collected, services provided and maintenance costs, in such a way that capital expenditure and operating costs are fully covered.

Any national or EU aid is not allocated to the undertakings managing the service but to the regions providing for planning actions in the form of regional waste plans, or to the municipalities actually organising the service.

The mechanisms described above imply that the forms of financing applicable to the waste management sector may not be considered compensation and that the waste management service and is therefore exempt from the requirement of notification.