

Statistical information on
services of general economic interest (SGEI)
covering the years 2009 - 2011

Commission Decision (842/2005)

Finland

12 January 2012

Article 2(1)(a)

Public service compensation granted to undertakings with an average annual turnover before tax, all activities included, of less than EUR 100 million during the two financial years preceding that in which the service of general economic interest was assigned, which receive annual compensation for the service in question of less than EUR 30 million.

Object/EUR/year	2009	2010	2011 (est.)
Pilotage ¹	4 200 000	4 200 000	4 200 000
Passenger ferry services in Kvarken ²			
State	250 000	250 000	250 000
Regional and local authorities	120 000	120 000	120 000
Meritaito Ltd ⁵			23 000 000
Tunturiverkko Oy ³			100 000
Int'lization services provided by Finpro ry ⁴	21 895 000	21 145 000	21 632 000
Aquaculture operations of FGFRI ⁶	1 400 000	1 400 000	1 400 000
Total	27 865 000	27 115 000	50 702 000

¹ One service provider as beneficiary

² Part-financing provided by the State. Regional and local authorities accounted for EUR 120 000 of the financing of the procurement of services each year.
One service provider

³ One beneficiary

⁴ A maximum of 50% of the overall cost of each project is provided as aid. One beneficiary. The sum of EUR 100 000 shown for Tunturiverkko Oy is the sum secured for 2011.

⁵ The general grant covers 80% of wage and salary costs, statutory non-wage labour costs, premises rents and other compulsory expenditure.
The general grant also covers 50% of the other expenditure specified by the Ministry.

6 Finnish Game and Fisheries Research Institute

Article 2(1)(b)

Social housing

Public service compensation granted to social housing undertakings carrying out activities qualified as services of general economic interest by the Member State concerned, irrespective of the size of the compensation

A) Interest subsidy loans and social housing

Interest subsidy loans for social housing may be granted to municipalities, corporations owned by municipalities or non-profit corporations. There are about 500 non-profit corporations in Finland.

Interest subsidy loans for social housing

Project/EUR/year	2009	2010	2011 (est.)
Outstanding interest subsidy loans ¹			
Ordinary	4 578 000 000	5 045 000 000	6 000 000 000
Intermediate	13 000 000	365 000 000	900 000 000
Interest subsidy lending ²			
New construction (loan amounts)			
Ordinary	816 000 000	770 000 000	820 000 000
Intermediate	550 000 000	560 000 000	0
Guarantee loans	0	0	20
Renovation (loan amounts)	131 000 000	138 000 000	80 000 000
Interest subsidies paid ³			
Ordinary	40 500 000	18 900 000	19 000 000
Intermediate		500 000	1 000 000
Start-up grants	68 600 000	69 000 000	25 000 000

¹ The annual housing starts involving interest subsidy lending are regulated by means of approval authorisation in each year's Budget. The fact that in the future most of the lending for social housing will be in the form of interest subsidy lending will increase outstanding loan amounts.

² Interest subsidy is paid for the amount in excess of the deductible interest so that in the first year, 95% of the interest exceeding the deductible interest is paid as interest subsidy and the subsidy will decrease each year during the loan period and, in new construction, will reach zero after 23 years. This means that the average compensation depends on interest rates and loan amounts at the time. The annual amounts of interest subsidy lending are regulated by means of approval authorisation in each year's Budget. This has an indirect effect on the amount of interest subsidies paid in subsequent years.

³ **Maximum annual compensation for services of general economic interest and any unlimited or specific guarantees**

Interest subsidy is paid for the amount in excess of the deductible interest so that in the first year, 95% of the interest exceeding the deductible interest is paid as interest subsidy and the subsidy will decrease each year during the loan period and, in new construction, will reach zero after 23 years. The average compensation depends on interest rates and loan amounts at the time. Interest subsidy loans for social housing are equipped with collateral security provided by the State. This has, at least in principle, an impact on loan margins.

Average margin of interest subsidy loans

Project/year	2009	2010	2011 (est.)
Margin	0.67%	0.67%	0.65%
Margin for intermediate arrangement	1.69%	0.99%	-

Additional information on social housing

Social housing production involving interest subsidy lending (number of dwellings)

Project/year	2009	2010	2011 (est.)
New construction (dwellings)			
Ordinary	9 925	8 654	6 400
Intermediate	4 050	3 379	0
With guarantee loans			100
Renovation (dwellings)	4 700	2 600	2 500
Total	18 675	14 633	9 000

B) Grants aimed at improving the housing conditions of special groups

A housing project involving interest subsidy lending may only be provided with an investment grant for special groups if the dwellings to be built are intended for a specific purpose laid down in the law. The grant is provided as a percentage of approved project costs and the percentage depends on the special housing needs of the target group. Furthermore, there is an upper limit to the percentage covered.

Investment grants provided for special groups

Social housing production involving interest subsidy lending

Project/year	2009	2010	2011 (est.)
Grants (EUR million)	110 000 000	110 000 000	110 000 000
Number of new dwellings	4 152	3 677	3 600

The size of the grant depends on approved costs and the special group involved. This is because the maximum percentages vary by group .

The maximum percentages are as follows:

- 1) max. 10 per cent if the housing conditions are poor and the income exceptionally low;
- 2) max. 25 per cent if the resident requires more than a usual amount of support services;
- 3) max. 40 per cent when arranging housing also requires a substantial amount of special facilities or equipment in the residential building or dwelling;
- 4) max. 50 per cent when arranging housing requires the facilities and equipment referred to above and intoxicant, mental or other similar problems have caused long-term homelessness or when arranging housing requires exceptionally extensive support services and exceptional or expensive facilities or equipment in the residential building or dwelling on account of the mental disability of the residents.

C) Social housing loans granted by the State

ARAVA loans are no longer granted and they have been replaced with interest subsidy loans. At the end of 2011, outstanding ARAVA loans totalled about EUR 8.0 billion. This total will gradually decrease as social housing will increasingly be financed with interest subsidy lending.

ARAVA compensation is based on reduced interest payable on ARAVA loans. At present, ARAVA compensation is determined by the difference between a deductible interest of 3.4 per cent and the average rate of the last three years of the ten-year government bonds and the deductible interest added to it, which is based on a gradually increasing interest (amounting to five per cent of the difference in the first year). Maximum interest is six per cent.

Calculated reduced interest rates on ARAVA loans

<i>Project/year</i>	2009	2010	2011 (est.)
Reduced interest on ARAVA loans	0	0	0

Annual maximum compensation

The reduced interest on ARAVA loans is based on the difference between the ARAVA rate and market rate, which increases gradually during the loan period and, in new production, reaches full level after 23 years. Thus, the average compensation depends on interest rates and loan amounts at the time.

ARAVA rental housing stock

ARA dwellings (dwellings financed with ARAVA and interest subsidy loans that are subjected to restrictions) totalled 447 000 at the end of 2010.

Changing the terms of ARAVA loans for a specific period	2009	2010	2011 (pending)
Number of loans concerned	6	12	0
Number of loans concerned, combined capital	EUR 2.2 million	EUR 4 million	0
Reduced interest	2%	2%	

Financial assistance	2009	2010	2011 (pending)
Beneficiaries receiving assistance	20	13	4
Total assistance	about EUR 2.0 million	about EUR 0.5 million	about EUR 0.2 million
Average assistance/beneficiary	EUR 98 000	EUR 37 000	EUR 6 000

Partial loan forgiveness*	2009	2010	2011 (pending)
Beneficiaries whose loans have been partially forgiven	4	9	13
Amounts of loans forgiven	About EUR 0.2 million	EUR 0.6 million	EUR 0.7 million
Average amount forgiven/beneficiary	EUR 50 000	EUR 66 000	EUR 54 000

* There have been empty dwellings in the ARAVA rental buildings concerned for many years.

Partial transfer of housing loans to State for residential buildings to be demolished	2009	2010	2011 (pending)
Beneficiaries whose loans have been partially transferred	2	1	0
Amounts transferred	About EUR 0.1 million	About EUR 0.2 million	0
Average amount of loans transferred/beneficiary	EUR 50 000	EUR 20 000	0

Demolition assistance	2009	2010	2011 (pending)
Beneficiaries	11	10	0
Average assistance/beneficiary	EUR 57 000	EUR 37 000	0 €
Total amount of demolition assistance	About EUR 0.63 million	About EUR 0.37 million	0

Article 2(1)(c):

Maritime links to islands

Public service compensation for maritime links to islands, granted in accordance with the procedure laid down in Regulation (EEC) No 3577/92, on which annual traffic during the two financial years preceding that in which the service of general economic interest was assigned does not exceed 300 000 passengers.

There are 11 beneficiaries providing the services

Activity/EUR/year	2009	2010	2011 (est.)
Commuter ferry services in the archipelago ¹	8 670 000	8 267 000	8 667 000
of which provided as grants	900 000	900 000	900 000

¹ A total of EUR 7 767 000 was allocated for procuring commuter ferry services in the archipelago in 2007 of which EUR 748 000 was aid. The appropriation could be used for procuring commuter ferry services in the archipelago and fuel for services connected with them. Aid for operators managing transport links in the archipelago could also be granted from the appropriation, as laid down in government decree (371/2001). There have been a total of 9 beneficiaries.