Subject: State aid SA.37373 (2013/N) – The Netherlands
Contribution to the renovation of ice arena Thialf in Heerenveen

Dear Sir,

1. SUMMARY

(1) The European Commission has assessed the plan of the Provincial Council of Fryslân to renew the ice arena Thialf in the municipality of Heerenveen, in The Netherlands. It has decided to consider the aid to be compatible with the internal market, pursuant to Article 107 (3) (c) of the Treaty on the Functioning of the European Union ("TFEU").

2. PROCEDURE

(2) On 18 September 2013, The Netherlands pre-notified the plans of the Provincial Council to renew the ice arena Thialf in Heerenveen. An informal exchange of information took place during a meeting of the Commission with the Dutch authorities on 14 October 2013. The scheme was subsequently notified on 30 October 2013.

(3) The Commission has also received three complaints concerning the proposed measure.

3. DETAILED DESCRIPTION OF THE AID MEASURE

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3.1. General provisions and objectives

(4) The Provincial Council of Fryslân (in Dutch "Provinciale Staten van de provincie Fryslân") wants to contribute with public funds to the renovation and improvement of the ice arena Thialf. The arena is situated in the municipality Heerenveen, part of the region South East Friesland (in Dutch "Zuid-Oost Friesland")\(^1\).

(5) The legal basis for the aid measure is the General Subsidy Regulation of the Province Fryslân 2006 ("Algemene Subsidieverordening Provincie Fryslân 2006").

(6) The aid beneficiary is Thialf Onroerend Goed (OG) B.V., which is responsible for the operation of the ice arena through its subsidiary Thialf B.V.. The municipality of Heerenveen has one third of the shares of Thialf OG B.V., whereas the Province has a two third share of the company. Therefore Thialf OG B.V., a private limited liability company, is 100% government-owned.

(7) The aid will address a number of problems\(^2\) that have come to the fore with regard to the Thialf ice arena, which was first constructed in 1967. Despite earlier infrastructure and modernisation work done in 1986, 2001 and 2004, the current ice arena is no longer suitable in terms of:

- a. Climate control and energy provisions;
- b. Training facilities;
- c. Facilities for the general public, the media and sponsors.

(8) In the present notification, the Dutch authorities argue that public support is necessary as the exploitation of ice arenas is subject to market failure\(^3\). In the notification, the Dutch authorities have put forward several reasons for the lack of market viability of ice arenas:

- a. Ice arenas are expensive to realise and maintain both in general terms and with regard to maintenance of the ice.
- b. Long track skating is a sport of limited size, which makes it impossible to cover the costs of the ice arena by offering training facilities to sports teams.
- c. The recreational usage of an ice arena is not a profitable activity either. The Dutch authorities estimate that (Thialf's) admission prices would have to increase by 800% to make a profit, with expected detrimental effects on the demand side.
- d. The particularities of an ice arena make it difficult to use the ice hall for other events during the ice skating season.

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\(^1\) The Dutch authorities have noted that Zuid-Oost Friesland is a Dutch region eligible for assistance under Article 107 (3) (c) of the TFEU.

\(^2\) A detailed overview has been provided in the study Coresta (2012). Nieuw Thialf Heerenveen. Masterdocument Vraagspecificatie.

\(^3\) A study, prepared for the Provincial authorities by the independent Mulier Centre for Research on Sports in Society ("Mulier study") notably explores the concept of market failure and shows that the large majority of ice skating infrastructure in The Netherlands and abroad have relied on infrastructure and/or exploitation support. See Bakker, S., Straatmeijer, J. & van der Poel, H. (2013). Overheidssteun voor ijsbanen. Een onderzoek naar de mate waarin ijsbanen worden gefinancierd met behulp van overheidssteun, in opdracht van de provincie Friesland. Utrecht: Mulier Instituut sociaal-wetenschappelijk sportonderzoek.
According to the Mulier study (see footnote 3), multifunctional arenas may overcome, to some extent, the market failures described in (7) and (8) by cross-subsidising the ice skating activities with more lucrative activities. However, the Provincial authorities do not wish to realise such a multifunctional arena in Heerenveen for a number of reasons, including notably, the following:

a. They do not wish to make the ice arena dependent of the success of other, commercial, activities.

b. They question the viability of a multifunctional arena in Heerenveen, given the limited population density in the region and the presence of existing facilities in the region.

c. Market parties have not picked up on the idea of a multifunctional complex in Heerenveen and are not expected to do so in the future.

d. The presence of a multifunctional arena might generate unwanted economic effects elsewhere in the region. The area does not have a shortage in terms of cultural, congress or retail facilities.

e. The current economic context makes it unfeasible to generate sufficient investments for a multifunctional complex.

f. An optimal exploitation of all possibilities of such an arena is expected to generate a low positive result.

By contributing to the renovation of the ice arena, the Dutch authorities wish, first of all, to ensure the continued availability of modern ice skating infrastructure for professional users. It is in particular the ambition of the authorities to make Thialf the fastest sea-level skating track of the world, thereby ensuring its continued "A" status at the International Skating Union ("ISU") (see also point (20) below).

Moreover, the Dutch authorities argue that this modernisation would increase the general attractiveness of ice skating in the Province and in The Netherlands. This will reflect on the amateur usage of the ice arena, which is the predominant type of usage at Thialf.

On top of this, the energy savings realised would ensure a more sustainable exploitation of the arena.

The Strategic Plan Thialf 2016 provides further details on the ways in which the ice arena may enlarge its social, societal and economic role. The economic impact of the renewal of Thialf has been measured by Consultancy firm AT Osborne in its business case, as well as in the analysis on the economic effects on the municipality Heerenveen by Ernst & Young. The Dutch authorities have highlighted in particular the expected impact on the employment in the region alongside the broader economic impact of the organisation of skating events.

In order to achieve their objectives, the Dutch authorities will renew a. the ice arena and b. the organisational and financial structure of Thialf.

### 3.2. Current characteristics of the Thialf ice arena

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4 The notification mentions potential energy savings of 50% and a CO2 reduction of 65%.
(15) Thialf is one of 23 ice arenas currently established in The Netherlands and one of the four ice arena locations in the Northern region that comprises the Frysln Province.

(16) The Thialf arena is predominantly used for long track (400 m) speed skating. This Olympic sports discipline is practiced in only a few countries but forms the most prominent winter sports activity in The Netherlands. According to the Dutch authorities, the importance of ice skating for The Netherlands is furthermore reflected in the dominant presence of Dutch companies in sponsorship agreements for international skating events.

(17) The ice arena Thialf currently encompasses the following facilities:

a. an ice hall with a 400 m track, a 333 m track, a 30x60 ice rink, a 30x30 track for children, and 11,000 seats;

b. an ice hockey hall\(^7\) with a 30x60 ice rink and 3,000 seats;

c. an entrance hall;

d. public catering facilities;

e. hospitality rooms with a capacity of around 1,050 persons and 27 office units;

f. various other rooms including dressing rooms, press rooms etc.;

g. two temporary facilities, erected on the Thialf grounds, i.e. a training hall for power training and an ice rink for inline skating.

(18) Thialf is used both for professional sports activities (training and competitions) and for recreational use (including educational use by schools).

(19) Recreational use of the ice arena is predominant. In the season 2011-2012, a total of 86,924 recreational ice skaters visited Thialf. There are no data available on the origin of these recreational users, but the Dutch authorities have asserted that the recreational users of ice arenas predominantly come from the same region. It is not common to travel far from home in order to go ice skating.

(20) Thialf is currently the only ice arena in The Netherlands that is recognised by the International Skating Union (ISU) with a so-called "A-status", which means that international competitions that are assigned by the ISU to The Netherlands take place at Thialf. The assignment of both national and international competitions is done by the national association Koninklijke Nederlandsche Schaatsenrijders Bond ("KNSB"). Up until now, these competitions took up a capacity of approximately 12 days per year.

(21) Professional sports trainings take place at Thialf as well. On a yearly basis, this type of usage amounts to around 340 hours. In past years, the ice arena has also been rented for summer trainings that took place every morning for a period of three weeks.

(22) With regard to paragraphs (20) and (21), however, two Dutch ice arena initiatives are currently being set up that introduce competition to Thialf in the area of high-level professional sports use (in Almere and Zoetermeer). Both with regards to professional trainings organised by the KNSB and The Dutch Olympic Committee* Dutch Sports Federation ("Nederlands Olympisch Comité*Nederlandse Sport Federatie" or

\(^7\) The ice hockey hall is owned by the entity Ice Hockey Hall Thialf BV (in Dutch "IJshockeyhal Thialf BV"), of which the municipality of Heerenveen owns 100% of the shares. The ice hockey hall forms a separate entity in both financial and organisational terms and is therefore not concerned by the present notification.
"NOC*NSF") and in view of the possible allocation of an ISU "A" status to these new initiatives, the usage of Thialf for high-level sports activities may diminish in the future\(^8\). The complaints received by the Commission (see point (3)) notably refer to these evolutions and their impact on the competitive environment in The Netherlands.

(23) Thialf is occasionally used for non-ice skating related purposes, but the revenues from these activities are limited.

### 3.3. Planned renovation of the skating infrastructure

(24) The aid for the renovation of Thialf will consist of a direct grant of EUR 50 000 000, covering the period 2014-2016.

(25) The subsidy will be used to renovate and improve the current Thialf facilities. This option has been deemed more cost-efficient than the construction of new facilities in Heerenveen or elsewhere.

(26) The renewal of the ice arena will not increase the arena's capacity in terms of recreational sports use.

(27) On the basis of a study of the renovation requirements\(^9\) ("Programma van Eisen" in Dutch), the costs for renovating the ice arena have been estimated at EUR 50 718 000\(^10\). Part of this will be put in the market as in the form of a so-called "energy package", enabling market investors to showcase innovative technical solutions. As a consequence, the costs of the renovation will be EUR 48 500 000. Including the costs of launching the procedure the total costs are estimated at EUR 50 million. The aid in other words corresponds to an aid intensity of 100%.

(28) Thialf OG B.V. will set up a European restricted procedure to select the building company that will renovate the infrastructure.

(29) Originally, the Provincial authorities planned to realise a second ice hall alongside the existing one, which would enable a separation of professional and recreational usage of the skating facilities. However, the available financial means are insufficient to build a second ice hall.

(30) The public procurement procedure will still provide for the possibility to submit a tender for such a two hall variant. In this scenario, the construction of the second hall would however occur through market investments. In the absence of suitable replies on this aspect, the works will remain limited to the renovation of the existing hall.

(31) The Dutch authorities have engaged themselves to notify the possible construction of a second hall to the Commission, insofar as it would imply the use of public means. The Dutch authorities have recognised explicitly that the use of reserves from Thialf OG BV would constitute public financing given that it is government-owned.

(32) In this regard, the Dutch authorities will amend the statutes of Thialf OG B.V. in order to clarify its primary objective, which is to own and maintain a sports accommodation in Heerenveen and to operate this accommodation by renting it out or by handing over its operation to a distinct third party. In this way, the Dutch authorities

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wish to emphasise that Thialf OG B.V. does not have as an objective to invest in ice arenas elsewhere nor to invest in any other activities. Its sole purpose is the maintenance of the present ice skating infrastructure, the renovation of which is the subject of the present notification.

(33) In preparation of the public procurement procedure and subsequent renovation of Thialf, the Province Fryslân has agreed to provide limited preliminary financing through loans. In case of a positive Decision by the Commission, these amounts will be deducted from the grant of EUR 50 million. In case the renovation project is abolished, the loans will be reimbursed by Thialf OG B.V. This preliminary financing is only used for preparatory activities such as the launching of the procurement procedure. It relates to a relatively small amount (currently EUR 1 million). The loan is moreover granted on market terms, with an interest rate set at 10,56%\textsuperscript{11}. Therefore, the Commission considers that this preliminary financing is not in contradiction with the so-called stand still clause, whereby the aid granting body commits not to grant any aid until the Commission has cleared it.

3.4. Planned operation and use of the renovated ice arena

(34) In terms of the organisational and financial structure of the ice arena, the Dutch authorities wish to create a distinction between the ownership and operation of the infrastructure. Thialf OG B.V. will therefore organise a separate European restricted procedure to select the party that will operate the renewed Thialf complex.

(35) The Dutch authorities have confirmed that the tender procedure regarding the operator agreement will be based on objective requirements to be established in advance. The price paid for the exploitation of the ice arena will be one of the criteria applied.

(36) The operating company that will be chosen on the basis of these criteria will pay an exploitation fee to Thialf OG B.V., which will be used to finance the maintenance of the infrastructure and the capital charges.

(37) The operating company will be subject to a number of usage obligations. In this way, the Dutch authorities aim to ensure that the arena remains predominantly used for ice skating purposes. The arena will in particular have to be made available for:

a. International and national competitions;

b. Training for professional skating teams from The Netherlands or abroad;

c. Training for amateurs, in particular those from within the region;

d. Recreational sports use;

e. Skating in a school context.

(38) The relative weight of each of the usage types described in paragraph (37) has not yet been determined. Yet the Dutch authorities have guaranteed that the renewed arena will be used for more than 80% for skating purposes. Within the boundaries of this

\textsuperscript{11} This rate of 10,56% corresponds to the highest reference rate as set out in the Communication from the Commission on the revision of the method for setting the reference and discount rates (OJ of 19.1.2008, pp. 6-9). It equals the base rate of 0,56% (Commission notice on current State aid recovery interest rates and reference/discount rates for 28 Member States applicable as from 1 November 2013, OJ of 25.10.2013, p. 6), to which 1000 basis points are added (as applied to companies with low creditworthiness and low collateralisation).
framework of usage obligations, the exploitation can be organised in view of revenue maximisation.

(39) In their reply to tender, the candidate operating companies will have to present a plan of operation regarding the fulfilment of the obligations described in paragraph (37).

4. ASSESSMENT OF THE AID MEASURE

4.1. Existence of aid

(40) According to Article 107 (1) TFEU, "Save as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market".

(41) In order to be classified as State aid, the measure must in other words fulfil the following cumulative conditions: 1) it must be granted through State resources; 2) it has to confer a selective economic advantage to undertakings; 3) this advantage must distort or threaten to distort competition; and 4) the measure must affect intra-Community trade.

State resources

(42) The renovation of the ice arena is fully financed by public funds. Provincial authorities like the Provincial Council are public authorities and part of the State. Their resources are thereby deemed attributable to the State.

A selective economic advantage to undertakings

(43) The Court has defined the term “undertaking” broadly to include “every entity engaged in an economic activity, regardless of the legal status of the entity and the way in which it is financed”.

(44) The Commission considers both the construction and operation of an infrastructure constitute as an economic activity in itself if that infrastructure is, or will be, used to provide goods or services on the market. The Commission in other words considers that there is a link between the managing and operating of infrastructure and its construction or development, a view that has been confirmed by the Court in the Leipzig/Halle airport judgment.

(45) The ice arena will be accessible, against a price, by both non-professional users and professional users. Such professional users may include professional skating teams that make use of Thialf's training facilities, but also those undertakings that would rent the facilities for the organisation of non-sports events. The exploitation of a sports

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infrastructure like Thialf is therefore an economic activity. In this way, the economic character of both its renovation and its subsequent exploitation is established.

(46) The users of the ice arena can also be considered undertakings if they carry out economic activities. Non-professional users do not qualify as undertakings within the meaning of Article 107, but the professional users of the ice arena can be considered undertakings, as they for instance organise competitions, sell broadcasting rights, and conclude sponsoring agreements with regard to these events.

(47) The measure targets only the ice arena in Heerenveen and in this way grants Thialf OG B.V. a selective advantage.

(48) The infrastructure is subsequently put at the disposal of an undertaking, which will let it to various types of users against remuneration. Although the procurement procedure minimises any potential advantage to the selected operator, the facts of the case do not allow the Commission to ensure that the operator will pay a consideration comparable to what would apply on normal market terms. An advantage to the operator of the renovated ice arena cannot be excluded.

(49) The renting of the arena may furthermore constitute aid for the users, insofar as they are undertakings (see point (46)) and if the rent they pay is below the level that would apply for the use of similar facilities on normal market terms. The Dutch authorities impose usage obligations with which the operating company will have to comply to ensure that several types of users will be able to benefit from the ice skating facilities. However, the Dutch authorities have explained that there will be no usage requirements linked to a specific professional sports user. The Thialf arena is open to all professional users on the basis of a market oriented fee. The same goes for other users (e.g. when organising business events). However, the facts of the case do not provide sufficient evidence that the fee paid by undertakings using the infrastructure would in no case be lower than the fee for the use of comparable infrastructure under normal market conditions. It can therefore not be excluded that an advantage may be granted to users in some cases.

(Potential) distortion of competition

(50) At the infrastructure level, state aid can only be excluded if the circumstances correspond to normal market conditions\(^{14}\). Given that Thialf OG B.V. will make use of a restricted European public procurement procedure to select the building company, this condition is fulfilled.

(51) Nevertheless, the aid measure will alter existing market conditions at the level of the operation and use of the renovated arena. The availability of upgraded ice skating infrastructure would allow both the operating company and the users of the ice arena (including professional users) to benefit from facilities that would not be available on market terms. This operating company and at least some of the professional users of the upgraded infrastructure are in competition with other undertakings. Therefore the measure distorts or threatens to distort competition in the sense of Article 107(1) TFEU.

Effect on trade between Member States

(52) Regarding a possible effect on trade and competition in the internal market, the envisaged commercial exploitation has a predominantly local character. The nearest border, with Germany, is around 95 km away and recreational ice skaters tend to visit a nearby arena. Recreational use will be dominant in the renovated ice arena and it is therefore unlikely that the operation of the Thialf arena will have a strong cross-border effect in this respect.

(53) However, the arena will have the capacity to host international competitions as well. It is one of the objectives of the aid measure to ensure continued "A status" at the ISU, which allocates competitions between its member countries. More generally, the market for organising sports and other events is open to competition between venue providers and event organisers, some of which operate in several Member States or belong to international groups. Therefore, the notified measure has at least a potential effect on trade between Member States.

Conclusion on the existence of state aid

(54) On the basis of the paragraphs (42)-(53), the Commission therefore considers the contribution to the renovation of the Thialf ice arena to be state aid in the sense of Article 107 (1) TFEU. The beneficiaries of this aid include Thialf OG and possibly the operating company of the arena and its professional users. The extent of the potential advantage which the operator and the users of the arena receive, if any, is uncertain. However, if the aid can be considered compatible with the internal market, on the basis of the assessment under 4.2. below, it is not necessary to make a definitive finding about the existence of aid to the operating company and the professional users.

4.2. Compatibility

(55) In the absence of horizontal or sectorial guidelines covering this type of aid, the notified measure may be compatible with the internal market pursuant to Article 107 (3) (c) TFEU. This is the case if the aid measure pursues a policy objective of common interest, is necessary and proportionate and does not cause undue distortion of competition.

(56) With regard to the achievement of a policy objective of common interest, the construction (or renovation) of venues for sport and other public events and supporting different types of activities to the benefit of the general public can be considered a State responsibility towards the general public. The Amsterdam Declaration on Sport and Article 165 TFEU both acknowledge the social significance of sport: "The Union shall contribute to the promotion of European sporting issues...".

(57) Thialf's use for non-ice skating activities remains limited. Nevertheless, a variety of (mostly ice skating) activities take place at the arena. After the renovation, up to date

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ice skating infrastructure will be accessible to both professional and recreational users, including in an educational context. The renovation of the ice arena must therefore be regarded as satisfying policy objectives of public interest.

(58) The aid is necessary as it addresses the specific problem of under-investment in sports infrastructure. As the Dutch have argued, the exploitation of ice arenas is not possible without public support, at least in the case of stand-alone ice arenas. Compared to other sports, the typical market and public interest for ice skating are lower, resulting in lower market revenue, whereas the (maintenance) costs are high. The existing ice skating facilities have become outdated, but private investors are not willing to take up the risks associated with renovating and exploiting Thialf.

(59) Moreover, the usage obligations with which the operating company will have to comply ensure that several types of users will be able to benefit from the ice skating facilities. The renovation, with public support, of the ice arena will therefore benefit professional and amateur sports as well as the general public.

(60) By making use of European restricted procurement procedures for respectively the renovation and subsequent exploitation of the ice arena, the Dutch authorities have ensured that the aid measure is proportionate. Within the framework of the usage obligations, the operating company is enticed to aim for revenue maximisation and to propose an exploitation fee in line with market conditions. In the absence of specific usage requirements linked to a particular user, the possible advantage given to professional users does not appear to be disproportionate either to the objectives of common interest pursued or the operation of the arena.

(61) There is some duplication with existing and planned ice arenas elsewhere in The Netherlands. However, as the Dutch authorities have asserted, the recreational sports capacity of Thialf will not increase. Moreover, the catchment area of the ice arena is not expected to become larger as a result of the renovation, as ice skaters typically travel to a nearby skating facility. In this sense, the renovated ice arena will form a complement rather than a substitute for other ice skating infrastructures in The Netherlands or in other Member States.

(62) Different types of professional users will also be able to benefit from the ice arena Thialf. The possible set-up of new ice arenas in The Netherlands may introduce competition in this area, in particular for the provision of training facilities and international competitions. Nevertheless, this is not likely to affect the competition in these areas from a cross-border perspective. As referred to in point (20), ISU assigns international skating competitions between participating countries. Subsequently, the national organisations decide where, within the borders of that country, the competition will take place. The renovation of Thialf will therefore not affect the possibility of ice arenas in other countries to organise ice skating competitions.

(63) Given the limited use of Thialf for non-sports activities (such as events), the impact in this market also remains low.

(64) The assessment in paragraphs (61)-(63) shows that the aid will not affect trading conditions to an extent contrary to the common interest. The complainants have not provided any information that would be capable of altering this conclusion.

(65) The Commission therefore concludes that the public financing of the renovation of the Thialf ice arena in Heerenveen, including its spill-over effects on the operating company and professional users, pursues acknowledged public policy objectives, is
necessary and proportionate and does not affect trade and competition between Member States to an extent contrary to the common interest, according to Article 107 (3) (c) TFEU.

5. **CONCLUSION**

(66) The Commission has accordingly decided to consider the aid to renew the ice arena Thialf in the municipality of Heerenveen to be compatible with the internal market pursuant to Article 107 (3) (c) of the Treaty on the Functioning of the European Union.

If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site: [http://ec.europa.eu/competition/elojade/isef/index.cfm](http://ec.europa.eu/competition/elojade/isef/index.cfm).

Your request should be sent by encrypted e-mail to stateaidgreffe@ec.europa.eu, by registered letter or by fax to:

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Yours faithfully,  
For the Commission

Joaquin ALMUNIA  
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