

Country Reports

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Updates from Italy, Switzerland, Ireland



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Italy: Local public transport at a crossroad

The development of local public transport in Italy has suffered growing pressure since the outburst of the financial crisis. This country report describes the debate for reform in the country and the current situation. It concludes that urgent intervention is needed.

The vast majority of companies operating in the sector receive funds from both regional and state authorities. However, pressure to reduce budget deficits has imposed significant cuts to these transfers. This has resulted in increased prices, postponement of renovation of the fleet, reduction in the services offered and – to a more limited extent – cuts in the personnel¹.

To cope with these issues, a comprehensive reform of the sector has been in progress since 2014. A first attempt was reversed by judgment no. 251/2016 of the Constitutional Court. Since then, the Ministry of Transport has worked on a new proposal. On 11 April 2017 a draft reform was discussed in the Council of Ministers. It appears unlikely, however, that such a reform will be approved by the Italian Parliament before the next general elections (Spring 2018).

Recently, a new insolvency act has been enacted by means of law no. 155/2017. This reform, however, does not apply to public entities². Additionally, no specific provisions have been included to deal with ‘*società controllate*’ or ‘*partecipate*’, i.e. private law entities fully or primarily controlled or owned by the state or other public bodies.

Meanwhile, the situation in the industry has worsened. While some regions have promoted reforms³, other municipalities have deferred the adoption of much needed measures in the hope that additional regional or state funds could cover the imbalance of their local public transport companies. Among others, this has been the approach followed by the last administrations in Rome.

The situation of the municipal transport company, ATAC S.p.A. (‘ATAC’), reached the no-return point this summer. The Council in Rome therefore submitted a petition for a ‘*concordato preventivo in continuità*’ (i.e. a formal rescue procedure under the supervision of the local court), approved on 27 September 2017. The court appointed three independent experts with the task of drafting a rescue plan capable of making the service operate again, promoting new investments in the bus and underground fleet, and reducing/renegotiating the €1.3 billion debt.

The situation of ATAC is by

no means unique. Other entities, such as ANM in Naples, are facing liquidation⁴. The proposed reform of local public transport may facilitate the rationalisation of services and the reduction of purchase costs in the future. However, it can do little to turn around distressed entities. It is high time the government considers the adoption of statutory measures or guidelines to promote general rescue goals in this sector of the industry.

Footnotes:

- 1 As evidenced by the ‘Annual Report to Parliament’ published by the National Observatory on the Policies of the Local Public Transport. Available (in Italian) at: <<http://www.infoparlamento.it/wp-content/uploads/2017/07/Regioni-Osservatorio-politiche-del-transporto-19-luglio-2017-Riunione-tecnica-24-luglio-2017.pdf>> [Accessed: 3 November 2017].
- 2 Art. 2(1)(e) of law no. 155/2017.
- 3 See the actions adopted by Tuscany since the approval of regional law no. 65/2010.
- 4 P. Frattasi, ‘ANM, buco di 3 milioni al mese. «Società verso la liquidazione»’ (25 September 2017) *Il Mattino* <https://www.ilmattino.it/napoli/cronaca/anm_buco_di_3_milioni_al_mese_societa_verso_la_liquidazione-3261327.html> [Accessed: 3 November 2017].



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