

Chapter 8

Local Transport

This chapter discusses the core challenges for the regulation of local transport in Italy, including the general structure, the role of subsidies and the impact of EU regulations. A number of comparisons with other European countries are performed. The chapter presents the drivers for regulatory reform in local public transports, as well as the limits to the reforms. The regulatory framework of a set of selected Italian regions is presented in further detail, in terms of its interaction with the national level, the policies for minimum services, planning for services and investment, as well as implications from a competition perspective. The chapter also covers strategies to regulate service quality, as well as the role for consultation and regulatory impact analysis on policy development in this sector. Finally, the issues of the co-ordination within integrated transport systems are considered. A brief introduction to the Italian 2006 taxi reform is also presented.

Introduction

High-quality regulation allows public targets to be met without unjustified costs for enterprises and citizens. A quality regulation perspective needs to take into account the increased fragmentation of responsibilities between regulators at the European, national, regional and local levels. This fragmentation may create problems of overlapping regulations, lack of co-ordination and inadequacy with respect to market changes. Local public transport is an example of such interaction between regulators across levels of government. In the case of Italy, all three above-mentioned levels have competences in this area.

At European level, regulations impose the criteria of public services' financing and the liberalisation of services which can have an impact on cross-border trade (see section on the impact of EU regulation). At the national level, the transformation of the division of power between the State and the regions has not invalidated the principles defined by national legislation on the reform of local public transport, which remain the reference criteria for regional legislation as they reflect the State's exclusive legislative role for the supervision of competition. However, this interaction is not clearly defined, as evidenced by the number of regional laws invalidated by the Italian Constitutional Court and the uncertainty over the regime applicable to local public transport (whether the general rules govern local public services or sectoral services). These difficulties exist even at the sub-national level due to the dual regional and local nature of planning. This is particularly true of investments and services (see section on planning for services and investment), which involve the need for co-ordination at vertical and horizontal levels, for instance between different regions (see section on integrated transport systems). Finally, problems of regulator accountability can arise if planning is not adopted, competitive tenders are not organised or the definition of minimum service is not updated.

Moreover, transparent procedures of regulation sometimes are not adopted at all levels of regulation. Such procedures should include mechanisms of consultation based on objective criteria, and techniques of quality regulation, such as impact assessments and formal and substantial drafting, and *ex post* analysis to evaluate consistent adequacy of regulations (see section on ensuring transparency and consistency in the regulatory framework). The limits imposed by the sharing of competencies and regulatory processes have implications on the quality of regulations and result in increased disputes, thus hindering market mechanisms. For instance, the State's complaints against some regions which fixed time limits for initiating competitive bidding later than the deadline defined at national level (Italian Constitutional Court, judgement 80/2006) and the Veneto appeal against the taxi reform of 2006 (Italian Constitutional Court, judgement 452/2007) are meaningful. All these complaints are connected to an unclear sharing of competencies between the State and the regions.¹

Finally, information is rarely shared across different levels of government, considering that regions are not always fully aware of the measures adopted at a local level (see section on the interaction with the national level), the organisation of competitive tenders for local

public transport and the number of taxi licences issued being prime examples. The deficit of information also weighs on the relationship between operators and the public administration, considering the frequent lack of adequate instruments to monitor the fulfilment of qualitative and quantitative goals (see section on ensuring transparency and consistency in the regulatory framework).

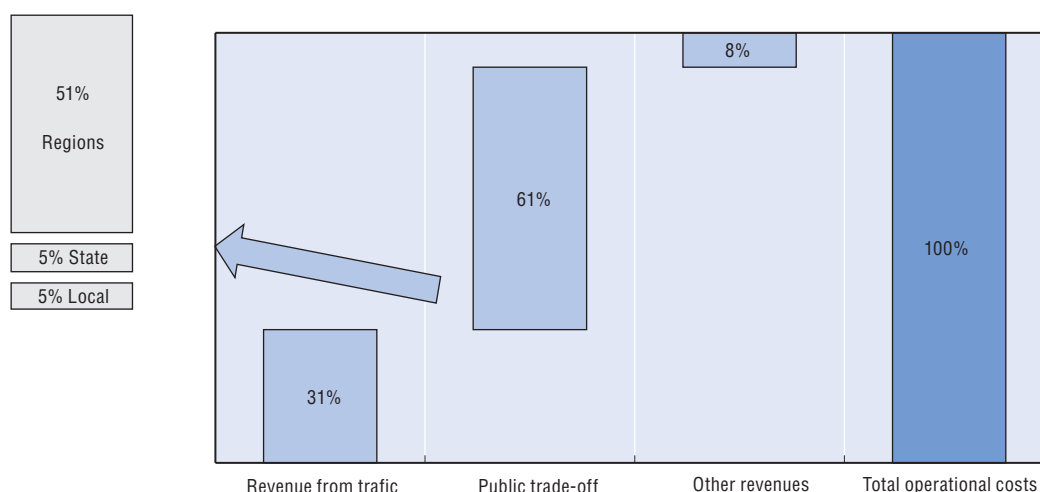
This chapter analyses the instruments adopted to obtain high-quality regulation, the co-ordination between the different levels of regulation, the concrete functioning of instruments to introduce competition and to guarantee the aims of public service. In particular, this chapter investigates how national and local authorities are addressing the reform process, notably in terms of monitoring, establishing criteria for bidding, organising local public services and collecting data. Issues may include the definition of a “minimum service” at the local level, and the size of area for bidding. The public means of transport presented in this chapter covers local railways, buses, tramways, the metro and transport by sea when relevant. In addition to the above, the issue of taxis, which is indirectly linked local public transport, is summed up in the section on integrated transport systems and co-ordination of horizontal services.

General structure of the regulatory framework for local transport

General economic structure, the role of subsidies

Local public transport is characterised by the presence of monopolistic operators through non-tendered concessions which are subsidised and for the most part publicly-owned. The objectives maximised by such operators are not necessarily only related to profit motives, but may also involve maximising transfer payments and ensuring certain levels of employment. With very few exceptions, financial performance has deteriorated over the recent period, and during the first half of the 1990s the amount of subsidies from public authorities covered as much as up to 71% of the operating costs of local public transport firms.² As shown in Figure 8.1, fares covered only 31% of the operating costs in 2005, while the remaining 61% was made up by public subsidies (51% from the region aiming to cover minimum service costs; 5% from the State through labour contracts; and 5% from local authorities for services other than minimum services).

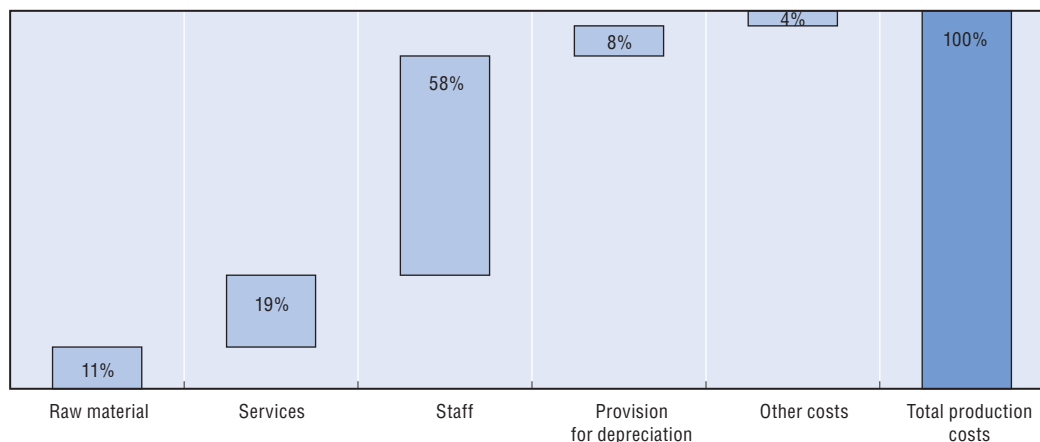
Figure 8.1. Coverage of local public transport operators' operating costs



Source: Asstra.

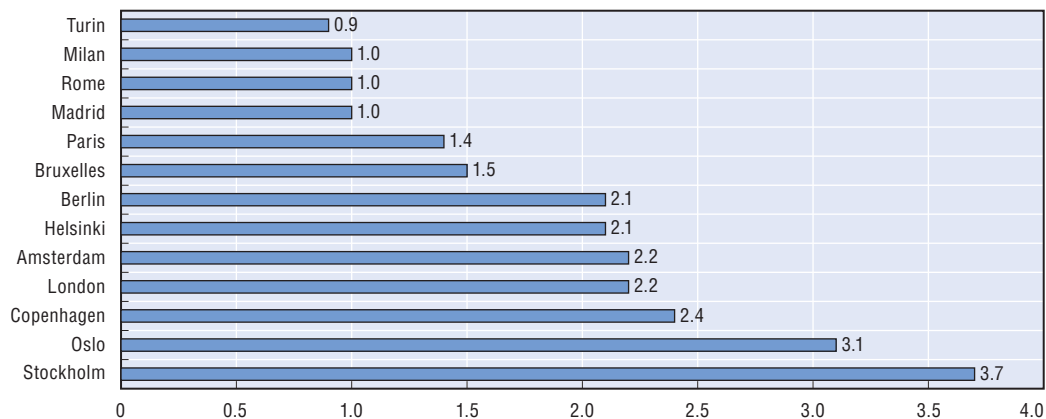
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This financial situation, which offers insufficient incentives towards efficiency is due, with few exceptions, to traditional monopoly protection, to the high share of labour costs in total production costs (on average 60% as shown in Figure 8.2) and to an increase in production costs, such as insurance and gas-oil prices, of 120% and 54% respectively over 1996-2007.³ These increases have not been compensated by a proportional increase in fares and public compensations (public financing increasing slower than inflation, respectively 16.5% and 30.5% over 1996-2007).⁴

Figure 8.2. **Structure of costs**

Source: Asstra.

Fares are lower than the European average (see Figure 8.3) and have not been raised to keep up with inflation trends.⁵ However, the criteria for updating fares are generally based on costs sustained by operators, and represent a form of *ex post* cost-plus regulation,⁶ which offers less incentives towards efficiency, than a pure price cap. This method is recommended at national level by Legislative Decree 422/1997⁷ and is required by several operators.⁸ Moreover, all operators suffer from fare evasion, which since 2005 has caused a loss of 6.5% of traffic revenues and an average total loss of EUR 140 billion annually.⁹

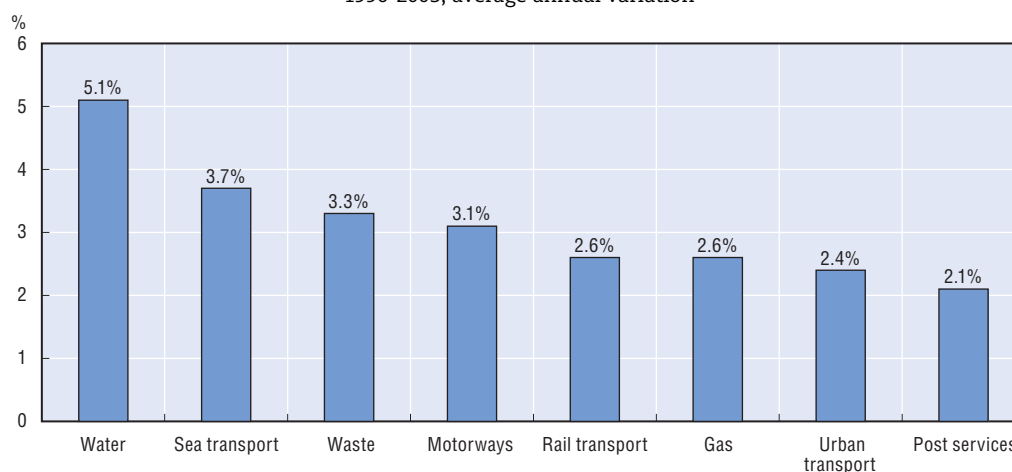
Figure 8.3. **Urban tariffs in large European cities**

Note: Price per 10 km or 6 miles or minimum 10 stops in euros. Data are for 2006.

Source: UBS, Prezzi e salari.

Figure 8.4. **Medium nominal increase in cost of main public utilities**

1996-2003, average annual variation



Source: Earchimede, data from the Ministry of Economics and Finance and Istat.

The local transport sector is still characterised by publicly-owned operators which operate under contracts directly awarded by the same local authorities that are their shareholders.¹⁰ National regulation, which only requires a transformation in joint-stock companies, which are private only in a formal sense, has contributed to delaying substantial privatisation: in Lombardy the two railway operators are publicly-owned companies (Trenitalia S.p.A. and LeNord S.r.l.); the company entrusted with metro services is public (ATM S.p.A.); and 11 bus service operators out of 102 are either publicly-owned or their shareholders are both private and public. In Veneto the two railway operators are publicly-owned companies, and shareholders are both private and public in the only firm operating in terms of local transport; 13 total or partial publicly-owned companies are in the bus sector and 26 are private. In Piedmont the two railway operators are publicly-owned companies, as well as the firm in charge of metro services. The number of firms acting in local public services that are owned by public authorities requires that bidding should not be organised by local authorities which are simultaneously contractor-regulator and owners of the operators. This is one of the points which has been stressed by policy analysts and policy makers in favour of a national independent regulator for transport without interfering with the existing division of powers between the State and regions as set out by the Italian Constitution. Moreover, instituting a national authority for transport could help set up uniform standards of efficiency and quality across the country, beyond regional regulations. It would also help to provide adequate information which would enable a yardstick for competition at local level.¹¹

Another critical point arises from the national regulation of local public services which imposes the separation between asset ownership for local authorities or publicly-owned companies which must remain public, and their management by publicly-owned companies with directly awarded contracts or by companies winning corresponding bids.¹² This regulation allows a double monopoly on infrastructures and services to be maintained. It does not provide sufficient incentives for expanding networks geographically. It also does not establish a clear division of responsibility between owner and manager: a problem of co-ordination could emerge, for instance, in order to incentivise the extension and maintenance of infrastructures.¹³

Finally, most of the 1 260 local public transport companies¹⁴ are below optimal size to allow for full exploitation of economies of scale and density. Of the local public transport operators, 45% have less than five employees, mostly acting in the route services through 1-5 buses.¹⁵ For instance, 79 local operators offer bus services in Piedmont, 39 in Veneto, 50 in Tuscany, 102 in Lombardy. This extreme fragmentation calls for merging firms acting in adjacent territories, in the case of small and medium cities, and for disaggregating services to be provided in larger cities.¹⁶

The subsequent inefficiencies of the sector do not only have a direct impact on citizens' well-being: they also block any policy aimed at limiting private traffic. They therefore make it impossible to solve problems of congestion and air pollution which primarily affect major cities. This maintains a vicious circle in which private traffic increases because no valid alternatives are provided by public transport, thus further increasing congestion and causing public transport to move more slowly. This in turn increases the number of public transport vehicles needed to sufficiently maintain regular service on lines, and the number of staff needed to serve more passengers. It also partly explains the lack of investment in tramways and metropolitan trains because public resources must be used for day-to-day management.¹⁷

Comparisons with other European countries

Italy is not the only country with a partial liberalisation of local public transport (LPT). In Europe, the UK is the only country with a completely free and open local transport market and where reform started in 1984. Local public transport in cities is organised on a competitive basis in few cases (Spain, Sweden, Denmark, and Finland). In the rest of Europe, the liberalisation process is still in its early days.¹⁸

Structural and performance indicators are available to compare public transport in Italy with other EU member states.¹⁹ Italy has the lowest rate of local railway transport among the countries examined (35%). The other markets tend to show a more balanced road/rail ratio: their average is 49% (Table 8.1). The supply of kilometres (bus) per inhabitant in Italy is slightly lower than the average of the other countries (30.8 km against 33.6 km), significantly below the UK (41.3 km) and Sweden (56.0 km). The commercial speed of Italian buses does not exceed 20.2 km/h, which tends to be lower than in other countries, and is close to German and Belgian standards.

Table 8.1. **Road/rail ratio**
Passengers per km (in %)

	Italy	UK	Germany	France	Sweden	Holland	Belgium	Average without Italy
Road	65	52	53	55	50	55	42	49
Rail	35	48	47	45	50	45	58	51

Source: EARCHIMEDE, 2005.

The analysis shows that LPT in Italy is highly fragmented. The cumulated share of the top five companies on the road market barely exceeds one fourth of the market, which differs from the other countries. In France, for instance, the same share reaches 82%, in Belgium and Sweden 77% and 72% of the domestic market (see Table 8.2). While the higher fragmentation of the market is not *per se* an element to avoid, it may not necessarily allow to take advantage of economies of scale while smaller operators are still in a monopolistic situation on local markets.

Table 8.2. **Market share of the top five bus companies**

In %							
Italy	UK	Germany	France	Sweden	Holland	Belgium	Average without Italy
27	66	37	82	72	49	77	64

Source: EARCHIMEDE, 2005.

The privatisation process in Italy is only partly advanced. In other countries, the presence of private operators is significant. Besides the extreme case of the UK, which shows an almost full privatisation (95%), the market is mainly private in Sweden (76%) and France (64%), and balanced in Germany (48%). In relative terms, the Dutch and Belgian markets are the only ones to have more public operators than in Italy. Despite the strong presence of public operators, public investment in renewing the bus fleet remains 26% below the average of the other countries, resulting in a relatively older fleet in Italy.

In terms of performance, the study focused on the road transport sector. Significant scope for improvement remains in terms of business profitability in Italy. Italy records the second highest production value per kilometre after Germany, but this is mainly due to the high contribution by the public (2.2 EUR/km/year), which is 57% higher than the average. The gross operative profit on production value does not exceed 6.5%, a figure nearly half that of France, the UK and Sweden. The operational income on production value is negative (-1.1%) in Italy, against an average of 3.5%.

Table 8.3 summarises the main performance indicators for the period considered. The Italian local bus industry is characterised by the second-highest operational cost (behind Germany), the highest unit labour cost and the second lowest labour productivity (behind Belgium). In addition, Italy shows the highest level of public subsidies, even if traffic revenues per km are not the lowest in Europe. One of the main factors leading to low traffic revenues refers to the low tariffs applied. This contributes to a revenue/cost ratio lower than elsewhere.

Table 8.3. **Performance indicators of the local bus industry**

	Average values, 2002-04							
	IT	UK	GER	FR	SWE	NL	BEL	φ
Public subsidies per km (EUR)	2.2	0.6	1.5	1.9	0.9	1.5	2.0	1.4
Traffic revenues per km (EUR)	1.08	1.49	2.39	1.14	1.07	0.98	1.00	1.34
Operating costs per km (EUR)	3.5	1.8	4.0	2.9	1.9	2.4	3.0	2.7
Labour costs per km (EUR)	2.3	0.8	2.1	1.6	1.1	1.7	2.0	1.6
Average product (vehicle-km) per employee	17 060	20 592	17 761	20 506	23 423	18 275	10 018	19 763
Standard ticket fare (EUR)	0.84	1.53	1.89	1.26	1.95	1.60	1.40	1.60
Monthly pass in capitals (EUR)	30.00	41.33	51.19	45.80	44.02	47.02	32.54	43.68
Revenue/cost ratio (%)	30.7	84.2	60.5	39.2	55.4	40.0	33.1	52.1

φ = Average, excluding Italy.

Source: EARCHIMEDE, 2005.

Drivers and limits of regulatory reform in local public transports

Attempts have been made to address national and regional regulation problems, with as yet unsatisfactory results. Significant changes started to take place in the relationship between the State and regions in terms of regulating local public transport. Mechanisms

for the sharing of powers between central and local governments were reshaped by Law 59, which introduced instruments for revising monopolistic systems through “rules for competition in the periodic awarding of service contracts” and “replacing the concessionary regime with the authorised regime”,²⁰ while regions and local authorities were charged with the functions and duties of administering rail, maritime and air services of local scope as a result of Legislative Decree 422/1997.²¹

Specifically, the reform introduced the following criteria:

- Shifting the planning competencies and the management of subsidies from the national to the regional level.
- The competitive tendering mechanism for the allotment of services.
- The contractual definition of relations between managers and public authorities whose budgets must be definite and able to meet the requirement of the 35% ratio of revenues to operating costs, not including infrastructures costs.
- A fare mechanism based, if possible, on price-cap methods.²²
- The elimination of unnecessary requirements to guarantee that the provision of minimum services refers to “activities qualitatively and quantitatively sufficient to meet citizens’ demand for mobility, the costs of which are met by the budget of the regions”.²³
- The compulsory transformation of operators into joint-stock companies.
- The drafting of a thrice-yearly plan for minimum services, defined by the region in agreement with local authorities after consulting with trade union associations and consumer organisations,²⁴ which are added to the Regional Transport Plan, the Catchment Plans adopted by the provinces, which define the traffic catchment areas for the transport network, the Urban Traffic Plans and the Mobility Plans, which define the necessary infrastructures and investments.²⁵
- The realisation of an integrated transport system.²⁶

These reforms have not yet been fully implemented. Plans are not always adopted or updated (section on planning for services and investment) financial stability is difficult to achieve (see section on the impact of EU regulation), as is the realisation of an integrated transport system (see section on integrated transport systems and co-ordination of horizontal services).

The major difficulties concern the introduction of competition “for” the market. The delay in the introduction of this reform is largely due to the uncertainty over the applicable regulation. The liberalisation process initiated at regional level was interrupted in 2001, when national legislators changed the general rules governing local public services, allowing contracts to be awarded without bidding procedures to companies that are entirely publicly-owned, a common case at the local level (Art. 35, Law 448/2001). This action introduced uncertainty over the regime applicable to local public transport at the national level, whether the general rules governing local public services or the sectoral ones apply. This uncertainty was only resolved in 2004 through further legislation (Law 308/2004), which clarified how the special rules defined by Legislative Decree 422 applied to local public transport. This clarification was also supported by a judgement of the Constitutional Court in 2006 (No. 80). However, the transitional period has been continually extended and the latest recorded extension was 31 December 2008. The original deadline for introducing competition “for” the market (31 December 2003) was initially shifted to 31 December 2005 (Law 27/2004), then to 31 December 2006 (Law 266/2005), and

31 December 2007 (Law 17/2007). The latter national regulation allows regions to introduce a further extension of directly awarded contracts to 31 December 2009: i) if the publicly-owned companies relinquish (through a competitive procedure) 20% of their capital or 20% of their services to companies in which the public authorities have no shareholding interest; ii) in the case of mergers of transport operators, which involves companies operating in the same region or in contiguous traffic catchment basins (Art. 18, Para. 3^{ter}, Law 17/2007).

As a result of the inadequacy of national regulation, tendering procedures have been implemented in few cases. Until now, only 20% of local public transport is the result of a tendering procedure.²⁷ During the period of uncertainty over the regime applicable to local public transport, a number of municipalities continued to award contracts directly to local public companies through in-house providing mechanisms. Other local public transport is still managed through non-tendered concessions as a result of the continued extension of the transitional period. Currently, the lack of sanctions in cases where contracts are awarded directly even after the transitional period, is an important element of uncertainty and of differentiation between the regions.²⁸ The transitional period for direct contracts would once again have been extended until 1 January 2009 (for road transport) and 1 January 2011 (rail transport) if the proposal of the working party (*Tavolo tecnico*) of the Presidency of the Council of Ministries had been accepted. The procedure of putting out to tender would have been significantly conditioned by the new regulation which requires regions not only to reorganise the optimal size of catchment areas and areas for bidding, but also to implement the social clause, which requires the incoming firm to employ all workers employed in the outgoing firm.²⁹

Moreover, competitive bidding would not be the only means of selection and the local authorities could choose to award contracts directly to a publicly-owned company or to a firm where shareholders are both public and private, the private firm being chosen through competitive bidding (a so-called double object competition). The same procedures would have been followed if the general reform of local public services had entered into force (the so-called Lanzillotta draft law). According to the Lanzillotta draft law, the Italian Antitrust Authority would have had to provide consent for every contract awarded directly. Neither of these proposals was adopted. However, the possibility to award contracts directly instead of through a competitive bidding system was removed from the second draft law and inserted in Law 133/2008, with substantial modification of the role of the Italian Antitrust Authority, which is limited to providing advice.³⁰ Although this general rule concerns local public services, it is expressly qualified as applicable to local public transport instead of regulation by sector. Consequently, the new regulation overturns the previous general rule based on competition “for” the market and opens the possibility to derogate this mechanism without cogent and effective limits (when competition is prevented by specific “economic, social, environmental and geomorphologic” characteristics of the market).³¹

Legislative Decree 422/1997 has also regulated the transport financing system, recently modified in 2008. Until 1996, regional local public transport financing came from a National Fund for Transport (*Fondo nazionale trasporti*) instituted in 1981 and based on standardised costs of firms. This system was then suppressed in 1996 (Art. 3, Law 549/1995) because, in the absence of a definition of optimal cost levels, standardised costs were based on medium costs calculated through historical costs. This in fact amounted to a reward for inefficiency. The National Fund was then substituted by a Regional Common Fund (*Fondo comune regionale*), based on regional financing and on a share of the inland duty on gasoline. According to Legislative Decree 422/1997, each region must create a Fund for Transport to

finance minimum services, with their own and national resources (Art. 20, Para. 1); other local public transport can be instituted and financed by municipalities and provinces. Subsequent to this reform, more than half of the financing of local public transport came from regional resources to a minimum service (53.9%). The remaining funds are transferred from the state to regions (20.4%) or directly to *Ferrovie dello Stato S.p.A.* (26.3%, according to Art. 8 and 9, Legislative Decree 422).

However, the sector is still characterised by operators who do not attain economic and financial stability and are demanding new central financing. The 2008 financial law changed the financing system: ordinary statute regions have no more national economic transfers, but a share of the inland duty on gas-oil for haulage (Art. 1, Para. 298, Law 244/2007) and an additional share of the inland duty on gas-oil for haulage delivered in the regional area. Economic resources for *Ferrovie dello Stato S.p.A.* services are still provided by the State and a new Fund to Promote and Sustain Local Transport Development has been created (*Fondo per la promozione e il sostegno dello sviluppo del trasporto locale*, Article 1, Paragraph 304).³² As of 2011, these economic resources will be shared on the basis of “*premieria*” criteria (i.e. funds are awarded on the basis of how well the participants have attained certain targets), aiming to incentivise efficiency, efficacy and the quality of services, public mobility and environmental protection.³³ This constitutes an important step in the application of Art. 119 of the Italian Constitution, requiring regions and local authorities to finance public functions through autonomous resources, and a rise in the financing sector of EUR 400 million in 2008 compared with 2007 (EUR 273 million “for running costs”, EUR 125 million for new investments and EUR 2 million for the National Observatory on Local Public Transport).

Impact of EU regulation: Public service financing and awarding of contracts in EU law

Public transport has traditionally been characterised by extensive public involvement in the form of financing and management. Consequently, the European Community intervention in this area has focused on modernising and standardising relations between operators and public authorities and on defining liberalisation instruments.

The search for a criterion to distinguish between justifiable financial assistance regarding public service obligations and assistance considered as a State aid has been a key aspect of EU regulation. Traditionally, European regulation required that all accounts of activities with public service obligations be kept separate from the accounts of any other activities belonging to a particular enterprise. The compensation from public authorities must only reflect the costs directly related to the public service obligation. Further, the compensation method must be predetermined. Case law has established criteria whereby compensation for public service obligations does not constitute State aid when granted in compliance with a series of provisions principally aimed at evaluating the impact of competition but which fail to satisfy the requirements of predictability and legal certainty. These provisions were set out by the EU Court of Justice (2003 Judgment, *Altmark Trans GmbH*):

- The recipient undertaking is actually required to discharge public service obligations and those obligations have to be clearly defined.
- Second, the parameters on the basis of which the compensation is calculated have been established beforehand in an objective and transparent manner.
- The compensation does not exceed what is necessary to cover all or part of the costs incurred in discharging public service obligations, taking into account the relevant receipts and a reasonable profit for discharging those obligations.

- Where the provider of public service obligation is not chosen in a public procurement procedure, the level of compensation has been determined on the basis of an analysis of the costs which a typical undertaking would have incurred in discharging those obligations. This is under the assumption that this undertaking is well-run and adequately provided with means of transport so as to be able to meet the necessary public service requirements, and takes into account the relevant receipts and a reasonable profit for discharging the obligations. In some cases, contributions can be considered as State aid since they do not meet the above criteria. Community law considers public service compensation to be exempt from prior notification when it relates to air or maritime links to islands whose traffic does not exceed 300 000 passengers/year³⁴ and public service compensation for public transport or for complying with tariff obligations paid in accordance with Regulation 1 370/2007.

European rules on transport liberalisation have not traditionally been applicable to local public transport because of its limited influence on cross-border trade. However, a number of countries have opened local and long-distance transport to competition “for” the market and community institutions have consequently realised that the provisions laid out above are no longer valid. Regulation 1 370 of 23 October 2007³⁵ acknowledges this, but does not fully draw the implications of the change. In fact, competition “for” the market is not considered a general method to award services, because competitive bidding is compulsory only in cases of “gross cost contracts” which are entirely financed by public authorities who assume all the entrepreneurial risk (services concessions contracts). For “net cost contracts”, the European rules permit local authorities to provide transport services directly themselves or to award contracts directly “to a legally distinct entity over which the competent authority (...) exercises control similar to that exercised over its own departments”, “unless prohibited by national law”.³⁶ This is the case of the Italian Legislative Decree 422, requiring a competitive-aware procedure. This regulation allows member states to decide if competitive bidding procedures are to be used for regional and long-distance rail transport services when contracts involve small amounts (EUR 1 million) or short distances (300 000 kms per year). Additionally, it permits existing contracts to run their normal course and allows the rights of workers in individual companies to be respected through a “social clause”. This clause implies that where the conclusion of a public service contract may entail a change of public service operator, it should be possible for the competent authorities to ask the chosen public service operator to apply the provisions of Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the member states relating to the safeguarding of employees’ rights in the event of transfer of undertakings, businesses or parts of undertakings or businesses. This directive does not preclude member states from safeguarding transfer conditions of employees’ rights other than those covered by Directive 2001/23/EC and thereby, if appropriate, taking into account social standards established by national laws, regulations or administrative provisions or collective agreements or agreements concluded between social partners (Preface, Section 16, Regulation 1 370).

Despite the flexibility of European regulation, it is important to stress that these regulations should be considered as minimum liberalisation standards and not goals.³⁷ The above-mentioned limits of national and European regulation has almost certainly contributed to discourage bolder regional decisions, as expressly mentioned by Tuscany in the context of this study. However, these regulations should not be used as a justification for postponing regional decisions related to liberalisation and modernisation.

Regulatory framework for local transport in a set of Italian regions within a national context

Interaction with the national level

All 15 ordinary statute Italian regions have adopted regulation consistent with the criteria of Legislative Decree 422/1997. This is also the case for the regions with a special statute: Aosta Valley and Friuli Venezia Giulia. Sardinia only did so in 2005, and Sicily and the autonomous provinces of Trento and Bolzano are still pending. The situation regarding the application of Legislative Decree 422/1997 is more fragmented; for example, the Transport Plan was adopted in 16 regions with varying contents, while it is not provided for in Lombardy and Aosta Valley.³⁸

With the reform of Title V of the second part of the Constitution, regional competence in the field of local public transport was transformed from “concurring” into “residual exclusive”,³⁹ with the central government retaining its powers in the field of safety, while a concurrent competence of the State and regions was introduced regarding the regulation of “major transport and navigation networks”.⁴⁰ This change in the division of powers has not invalidated the principles defined by Legislative Decree 422, which remain the reference criteria for regional legislation as they reflect the State’s exclusive legislative competence regarding the supervision of competition.⁴¹ On this basis, the Constitutional Court ruled as invalid those parts of the regional laws of Liguria, Veneto and Calabria in which they set a time limit for initiating competitive bidding procedures for awarding service contracts which was later than the deadline defined at national level by National Regulation 422.⁴²

The Italian Constitutional Court decisions have contributed to clarifying the share of competencies between the regions and the State. However, elements of uncertainty remain between regions and local authorities. For example, Veneto considers critical that local authorities have the competence to draw up minimum service contracts, but the financial resources concerned are determined by the region.

However, the new delegation of specific competencies to regions has not been accompanied by adequate instruments for monitoring policy developments, thus creating an important gap of information. At the national level there is no information about the number and nature of local operators, delimitation of minimum services, quality of services, competitive biddings, planning procedures and no database on regional regulation exists.⁴³ This lack of information influences the quality of the National Transport Plan⁴⁴ and does not permit the monitoring of the use of public financing.⁴⁵ This situation could be reversed with the entry into force of the National Observatory on Politics of Local Public Transport (*Osservatorio nazionale sulle politiche del trasporto pubblico locale*) of the Ministry of Infrastructures and Transport, where the Ministry, regions, municipalities and provinces (Art. 1, Para 300, Law 244/2007) are all represented. The Observatory, which is aimed at verifying the evolution of this sector and reporting on this to the Parliament, must organise a public database and an electronic system linked with those at the regional level.

Another critical point between the State and regions is due to the initial uncertainty over the regime applicable to local public transport, which contributed to the use of directly awarded contracts instead of competitive bidding, for instance in the municipalities of Rome, Alessandria, and Asti.⁴⁶

Finally, all regional law imposes the so-called social clause through a reference to national regulation Art. 26 of Royal Decree 148/1931.⁴⁷ This regulation, which requires the

incoming firm to employ all the workers of the ongoing operator and to confirm the original economic rights, works together to increase labour costs which represent 60% of total production costs. It also acts as an important barrier to entry and represents one of the obstacles to the proper functioning of tendering procedures. It also has negative consequences limiting the efficiency of operators and generating costs for public administrations.⁴⁸ In fact, regions are completely free to decide these matters, because both national and European regulation (Directive 2001/23/EC) enable but do not impose the social clause. While the general interest requirement of protecting employment cannot easily be met without distorting the market, other options could have been considered, such as the use of workers who are not necessary to local public transport in order to increase the quality of the service,⁴⁹ or a transparent financing of social support schemes protecting workers from the risk of unemployment.⁵⁰

Minimum services

The minimum services awarded by local authorities through public service contracts must be guaranteed for all citizens and financed by the regional budget. For these reasons, the identification by regions of activities to be considered as minimum services is crucial. A too broad delimitation could overburden operators' budgets with implications in the end for regional budgets. However, a too narrow delimitation could also compromise the universality of services. However, the regions with an ordinary statute have confirmed the current definition of minimum services without any further analysis to identify those activities that are not necessary to consumers or which could be assured in a more efficient way.⁵¹ According to regional regulation, activities considered as minimum services are determined by region and local authorities through a Service Conference (*Conferenza di servizi minimi*) in Tuscany,⁵² and in Veneto,⁵³ and through a Programme Agreement (*Accordo di programma*)⁵⁴ in Molise.⁵⁵ Two Service Conferences were convened in Veneto in 1998 and 2002, but no data are available on the implementation of the mentioned regulation in other regions.

Moreover, minimum services must be regulated by a regional thrice-yearly plan. A Plan for Minimum Services was adopted in Molise (according to Art. 12, Regional Law 19/2000), but not in Veneto, nor in Tuscany and no data are available concerning other regions.

As specified above, the European regulation implies that the method for compensating public service should be determined in advance and "in such a way that no compensation payment may exceed the amount required to cover the net financial effect on costs incurred and revenues generated in discharging the public service obligations, taking account of revenue relating thereto kept by the public service operator and a reasonable profit".⁵⁶ However, these rules are not fully applied at regional level in Italy. According to regional regulations, in Tuscany, Veneto, Piedmont and Lombardy, accounts concerning minimum services must be separated from those of other activities. However, in Veneto, the *Giunta* decides the amount to be financed in terms of euro/km on the basis of the cost/km determined by public regulation.⁵⁷ Ninety five per cent of the funds are paid in advance through monthly instalments and the final 5% upon receipt of the annual statement of services completed. In Piedmont, minimum services financing is shared between municipalities and provinces on the basis of services planned and every three years the goal accomplishments are checked.⁵⁸

Finally, according to Art. 19 of Legislative Decree 422, regional economic transfers must stay within a 35% ratio of revenues from services to operating cost less the costs of

infrastructure. This principle is generally confirmed by regional regulation,⁵⁹ but is not always enforced.

Planning for services and investment

Regional and local planning concerning investment and services are used as instruments to achieve an appropriate level of supply of services, in line with demand for mobility and with political aims concerning the development of the sector. Although services and investment planning have common objectives, they are implemented independently and are not always co-ordinated. At the national level it is difficult to plan investments because of the lack of information about plans adopted at the regional and local levels, their content and the effective need for infrastructures. The problem of information increased over 1944-2001 and 2006-08 when national regulatory powers concerning services were separated from the infrastructure powers, pertaining respectively to the Ministry of Transport and the Ministry of Infrastructure. The financial law of 2008 established a unique ministry for services and infrastructures.⁶⁰

Regional and local plans are not always adopted or up to date. For instance, the Regional Transport Plan for Tuscany (*Piano regionale della mobilità e della logistica*) was adopted in 2004.⁶¹ However, the Provincial Catchments Plan, which defines the traffic catchment areas for the transport network, has not been adopted nor is it regulated by the regional law. In Veneto, the Regional Transport Plan⁶² was adopted by the *Giunta* in 2005, but has not yet been approved by the Regional Council. Otherwise, Catchment Plans⁶³ have only been adopted for Belluno, Padua, Rovigo, Treviso, Venice, Verona and Vicenza. So far, three plans for the acquisition of buses and one for investment in technology have been approved according to Art. 18 of Regional Law 25/1998. Investment plans financed by the region are carried out through Programme Agreements (*Accordi di programma*) concluded between the regions, provinces and municipalities.⁶⁴ In Piedmont, the first Regional Plan for Transport was adopted in 1979, the second in 1997 and the third in 2004, but none were approved by the Regional Council. The new plan covers 2007-09. In Lombardy, no Regional Transport Plan was adopted after that of 1982 and the region has never marked the boundaries of traffic catchment areas.

Competitive aspects

A major obstacle to the proper functioning of tendering procedures is due to the potential conflict of interests that may arise in the frequent cases where municipalities issuing calls for tender and selecting the winning bidders are also shareholders in one of the participating firms. In fact, the compulsory transformation of operators into joint-stock companies imposed by Legislative Decree 422/1997 only created a formal separation between the public entity's role as owner and that of a regulator. Moreover, for competitive bidding to be successful it is crucial to correctly define the traffic areas. Specifically, adopting automatically the territorial boundaries of the contracting municipalities or provinces should be avoided; these areas should be defined case by case and should be large enough to achieve economies of scale. Combining of lots could also lead to set up larger operators, but could cut down the number of operators able to participate in the bidding. In any case, the number of bidders could be higher than those of lots. A limitation in the number of participants to the tender could also result in combining different transport services, especially when qualification for railways services is requested.⁶⁵ Moreover, the social clause mentioned earlier is to be noted as among obstacles to the proper functioning of tendering procedures (see section on the interaction with the

national level). In the railway sector, the fact that bidders are frequently required to have rolling stock available when it is not made available to them by the administration is an important obstacle to the participation of new entrants with regard to the tendering procedures.⁶⁶ Therefore, the calls for tender must not impose the availability of rolling stock as a qualification to compete and must allow the winning bidder sufficient time to purchase or lease the necessary equipment, which is mostly owned by Trenitalia S.p.A., the publicly-owned firm incumbent in national transport services.⁶⁷

All these factors have contributed to the limited participation in biddings, as shown in Table 8.4, and to the frequent adjudication in favour of the incumbent (Table 8.4 and 8.5).⁶⁸

Table 8.4. Competitive bidding procedure at regional level (2005)

Regions	Tenders	Participation of former monopolistic companies (%)
Friuli V. Giulia	04	100
Aosta Valley	06	100
Piedmont	01	100
Liguria	04	75
Lombardy	36	78
Emilia Romagna	08	100
Tuscany	14	100
Marche	05	100
Umbria	03	100
Lazio	05	100
Apulia	07	100
Basilicata	02	50
Total	95	

Source: Italian Antitrust Authority, Decision I657, Point 50.

Table 8.5. Competitive bidding procedures in municipalities' chief town

Values (in %)		
Number of bidders		
Less than three	Three	More than three
69.6	15.2	15.2
Number of foreign bidders		
No one	One	At least two
86.1	11.1	2.8
Reduction		
Less than 1%	1%-5%	At least 5%
65.4	30.8	3.8
Selecting procedure		
Competitive bidding	Direct awarding contract	In house providing
46.4	25.8	27.8
Adjudication to former companies		
Yes	Yes, with other operators in temporary association (<i>raggruppamento temporaneo di imprese</i>) or consortium	Total
58.	19.5	100.0

Source: Bank of Italy, February-March 2007.

In Tuscany, bidding is only one of the forms indicated by regional law to choose service providers. Tuscany was the first Italian region to experiment with competitive bidding for ten extra-urban services in 1998. Nevertheless, the bidding which was characterised by a 30-40% reduction and only one incumbent participated, was contested by some incumbents and cancelled by the Regional Administrative Court (*Tribunale amministrativo regionale*). Veneto Regional Law 25/1998 imposed competition “for” the minimum services or competition to choose private shareholders, but allowed for the postponement of biddings until 2003 in the case of the transformation of operators into joint-stock or co-operative companies (Art. 22). The transitional period was then continually extended following the opportunity made possible by the national legislation: first to December 2006, then to December 2007 and finally to December 2008.⁶⁹ As a consequence, all local public transport activities were awarded without bidding procedures to the previous “concession” holder. Until now, the only tender procedure used for the attribution of railway services, excluding infrastructures, was “Lotto 2”, which covers 76% of the total annual railways (11 714 478 km). Only one bid was presented by a temporary group of companies (*raggruppamento temporaneo di imprese*) between Italian public-owned companies. This system enables firms to present a joint offer when they do not individually have the requisite application criteria.⁷⁰ Molise regional law imposed a competitive bidding to choose service operators and private shareholders in 2004, but this method has not yet been applied: “concessions” for route transport have been extended and bridge contracts (*contratto ponte*) have been approved in other transport sectors. The criteria for competitive bidding established in the regional law⁷¹ can create obstacles for newcomers: the demand for experience in local public transport in the preceding three years (at least 400 000 km), availability of technical equipment and a preceding three-year transport activities’ invoice of not less than 35% of the auction’s value. Although Piedmont regional law⁷² provided only for competitive bidding to select local public services operators, only 2% of the services were allotted by tender. Ninety six per cent of the existing contracts of services were extended. In Lombardy too, competition “for” the market is the only way to select a transport operator.⁷³ Of the provincial capitals, 15 have organised competitive bidding for local public transport (except railways), while the other 30 maintain a concession regime. Competition “for” the market of railways was experienced for only 6% of these services; the fact that the only tender concluded has been won by a *raggruppamento temporaneo di imprese* between the three main operators is considered by this region as an argument against a further utilisation of the competition for the market.

Improving service quality through quality regulation

Local public transport always faces a risk, in case of a too low service quality. If local transport moves too slowly compared with the rest of the traffic, it risks losing clients, with implications in terms of productivity and financial outcomes. In fact, in the last five years the medium speed of local transport has fallen from 16.2 km/h in 2002 to 14.1 km/h in 2007, whereas the speed of private transport increased from 23.3 to 25.3 km/h.⁷⁴ The use of local public transport has fallen from 13.6% (in 2002) to 11.5% (2007).

The national regulations also aim at increasing the quality of local public services, with several instruments used for that purpose. New national regulations established a closer relationship between Public Services Contracts and the Public Services Charters.⁷⁵ The Contracts set the quality and quantity standards which are then adopted and specified by the Charters. The two combined result into commitments to consumers. Consumers

and operators' associations must be consulted before adopting the Public Services Charter, as well as in the periodical revisions of standards, and municipalities must monitor the respect of Contracts and Charters with the participation of consumers' associations.⁷⁶ According to the only data available, in Veneto, Tuscany and Molise all transport operators adopted a Public Services Charter (in Piedmont this was the case for the main operator of the Turin area (GTT S.p.A).⁷⁷ as well as for Trenitalia S.p.A. However, it is not clear whether these commitments for quality proceed in applying traditional regulation or the new rules. However, the new regulation mentioned above is too recent to be assessed in terms of its impact.

No data are available on the use of incentives to stimulate quality standards and their impact. In Veneto, for instance, the allocation of 1% of funds for route and lagoon transport depends on the attainment of a 35% ratio between revenues and costs or on an improvement in this ratio compared with the previous year; and the allocation of 2% of the funds is related to the respect of quality standards.

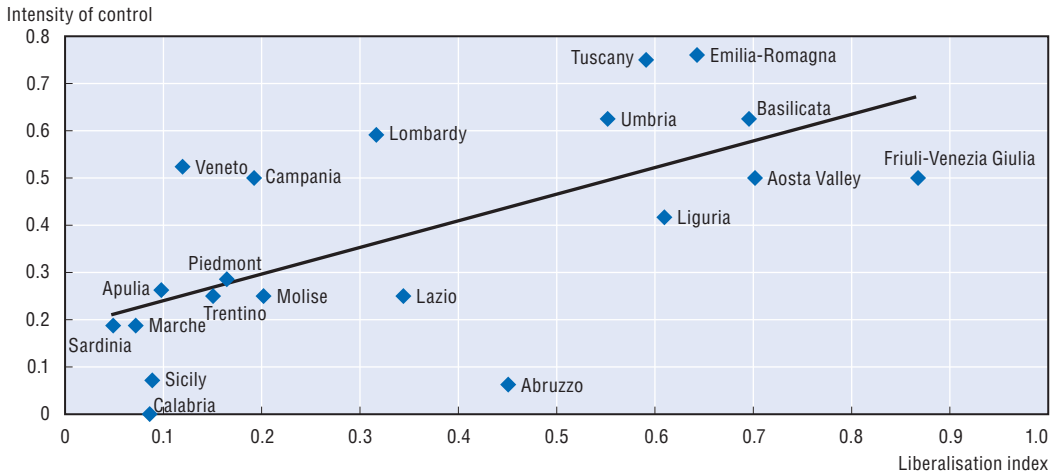
The crucial element is the monitoring of commuters' satisfaction and the quality of services, which are not even imposed by the new national rules. In general, some form of inspection is organised in three-fourths of the municipalities. However, monitoring service quality and users' satisfaction are often carried out by the operators; one-tenth of municipalities had not established any type of sanction in case of lack of performance.⁷⁸ According to a Bank of Italy analysis, accountability for efficiency and quality of services increase with liberalisation, although the evidence is rarely publicly available. In Tuscany a Regional Observatory of Local Public Transport (*Osservatorio sul trasporto pubblico locale*) was instituted to monitor and spread yearly data on the quality of services, demand for transport, company efficiency, safety, environmental impact, competitive biddings.⁷⁹ In addition, a Contact Centre was set up to receive complaints for inefficiencies in services. In Piedmont, the Regional Observatory for Mobility (*Osservatorio regionale della mobilità*) monitors the quality of services and collects data on supply and demand, which must be presented annually to the regional *Giunta* and *Consiglio* and to associations of unions, operators and consumers (Art. 13, Regional Law 1/2000). No monitoring quality system had been organised in Molise and no data are available in other regions (except for an experimental quality monitoring carried out in the Venice basin, introduced by Decision of the *Giunta* 3 859/2004).

No data are available on the perception of quality in each region. However, quality has generally been falling over 2005-07 (Figure 8.6): the worst judgments relate to tramways and buses (less than 6 on a scale of 1 to 10); railway services are considered sufficient, while the perception of metro quality is positive (7.23 in 2007).⁸⁰

Ensuring transparency and consistency in the regulatory framework through consultation and impact assessment

In general, regions declared that they use consultation methods in the production of local transport regulation. In Tuscany local authorities, unions and consumer associations are consulted for the identification of minimum services and in the regional planning procedure through the Minimum Services Conference (*Conferenza dei servizi minimi*).⁸¹ In Veneto, the stakeholders are consulted when the Regional Transport Plan is adopted⁸² and must be heard by the Permanent Observatory for Mobility (*Osservatorio permanente della mobilità*), which aims to monitor the evolution of the sector with the principal objective of helping the regional and local planning tasks.⁸³ Moreover, local authorities are usually

Figure 8.5. Liberalisation and monitoring of efficiency and quality of services in provincial capitals

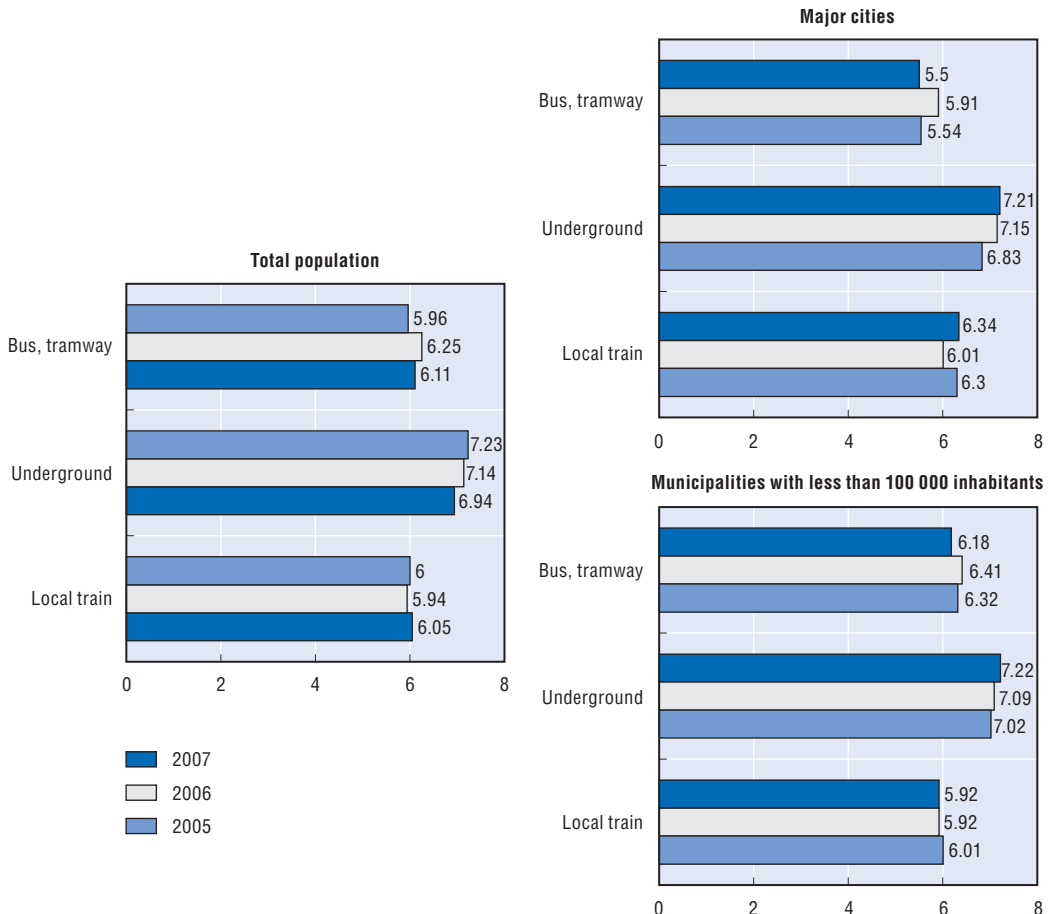


Note: Controls of running and information duty equal to value 1 if frequency is at least annual and concerns at the same time efficiency and quality of services. Customer satisfaction equals to value 1 when inspections are carried out and made public at least annually and controls are not carried out by operators.

Source: Bank of Italy, March-April 2007.

Figure 8.6. Customer satisfaction

Average of scores from 1-10



Source: Isfort, Observatory Audimob.

heard during the investment plans procedure, but not users. In Molise, consumers and transport operators participated in the Regional Transport Plan⁸⁴ and Regional Minimum Plan procedures, but not in those aimed at the adoption of the Provincial Catchment Plans⁸⁵ and the regional Investment Plan for rolling stock. In Piedmont, regional transport planning procedure provided for the consultation of unions, transport operators and consumer associations,⁸⁶ as well as for provincial transport planning procedure (Art. 5, Para. 7); unions and consumers associations, as well as local authorities are all consulted with regard to the tariff system defined by the *Giunta* (Art. 12, Para. 1). In Lombardy, unions and economic organisations representing a range of social and cultural categories at the regional level are consulted with regard to the Regional Transport and Mobility Plan, which directs infrastructures and services transports.⁸⁷ Associations representing economic and social interest in the sector are consulted during the planning procedure to adopt a Provincial Catchment Plan for Mobility and Transport (*Piani provinciali di bacino della mobilità e dei trasporti*),⁸⁸ and the thrice-yearly Plans for Minimum Services (*Programmi triennali dei servizi minimi*) are adopted by provinces after consulting unions and consumers.⁸⁹ No consultation of operators and consumers is provided for Urban Traffic Plans (*Piani urbani del traffico*).⁹⁰ The thrice-yearly Plan for Railway Services (*Programma triennale dei servizi ferroviari*) was adopted following consultation with the Council for Mobility and Transport (*Consulta della mobilità e dei trasporti*), which represents local public authorities, operators, trade unions and consumer associations mostly at the regional level.⁹¹

For the regulation of transport, drafting and impact assessments are used in Veneto, but not in Tuscany, (although this region introduced impact assessment in 2001 on an experimental basis and on a permanent basis as of 2006). In Piedmont and Lombardy drafting is used, but not impact assessment procedures. No data are available on the use of *ex post* analysis to evaluate consistent adequacy of regulation.

Integrated transport systems and co-ordination of horizontal services

The increase of transport externalities in terms of pollution and traffic congestion requires disincentives for private transport. One solution is to internalise the costs associated with private transport, for instance, through a payment mechanism for users. Another option is to improve the quality and accessibility of public transport. This can be done through the introduction of an integrated transport system, jointly considered in the following as informative integration, physical integration and tariff integration. According to a study on 69 Italian local public transport operators over 1991-2002, the introduction of an integrated tariff system increased demand on average by 2% in the short term and 12% in the long term. The example of Rome is of interest: the introduction of a new integrated fare system (Metrebus) had the effect of raising public transport use by more of 6% in two years. The impact of the integrated transport scheme is enhanced, when specific features are involved to make it more attractive for potential users: the provision for a single integrated ticket, in addition to a seasonal ticket, together with zonal pricing in urban areas. All these could increase demand by 7% in the short-run and 34% in the long-run. Another feature is the extension on the area of validity of the integrated ticket for urban and intercity services which results in a 5% increase in the number of passengers in the short-run and 25% increase in the long-run.⁹² However, the introduction of integrated systems was generally delayed in Italy compared with other European countries: with the exception of Lombardy and the Bozen province in the 70s, the majority of operators only started operating such integrated systems in the 90s.

The 1997 reform introduced the goal of a transport system to be characterised by physical and tariff integration, which had to be taken into account by regions in planning procedures, in marking boundaries of minimum services, and by local authorities in the granting of services.

At present, Molise and Veneto do not have an integrated transport system. In Veneto, the tender scheduled for route, railways and lagoon transport for Padua, Treviso and Venice will aim to fill this gap.⁹³ In Tuscany, regional planning had been an incentive for transport integration, through an integrated system of railways and integrated rail and transport services in order to provide links with integrated parking, railway stations, urban centres and with other infrastructural and technological utilities, such as button-operated traffic lights at pedestrian crossings. The region considers that all these projects have stimulated the use of public rather than private transport. Moreover, there are incentives to use low environmental impact rolling stock. In 1996 Piedmont introduced a tariff zone for the Turin area and some integration of railways, and over 1995-97 route tariffs were applied in the provinces of Alessandria, Cuneo and Novara. In addition, the Regional Transport Plan 2007-09 provided for a transport system which was as integrated as possible within different services: regional tariffs per km of minimum services; uniform tariffs for extra-urban transports; integrated tickets for urban areas. Finally, some infrastructural interventions helped to improve an integrated system, such as the MOVlinea project, aimed at modernising and securing local public transport stops and the MOVicentro project, with infrastructures to support integrated transport system. Lombardy does not really have an integrated transport system, although planning for local public services must take railway services planning into account. Moreover, the extra-urban lines are managed through agreements between provinces.

The rationalisation of local public transport is crucial not only to integrate services at regional level, but also to co-ordinate neighbouring regions' services. In fact, catchment areas need not correspond precisely to regional administrative zones. However, no regional regulations provided for a compulsory co-ordination, and *de facto* co-ordination between different regions' transport plans is rare. There are no examples in Tuscany or in Veneto. Co-ordination between plans are being experimented in Piedmont, for instance through the 2007 agreement with Liguria to improve railways and route transport connection. In Lombardy, agreements (*Protocolli di intesa*) exist with Piedmont and Emilia-Romagna for joint planning of inter-regional railways transports.

Italian taxi reform of 2006

Taxi services illustrate another important aspect of local transport, which is subject to extensive regulations.⁹⁴ In Italy, taxi regulation is imposed at national (Law 21/1992) and local levels (municipal rules approved by regions). The change in the division of powers between the State and regions due to the 2001 constitutional reform has not infirmed the principles defined by national legislation, as they reflect the State's exclusive legislative role regarding the supervision of competition. On this basis, in 2006 a new law, called the Bersani Law,⁹⁵ introduced a reform of the taxi service, which the Constitutional Court considered coherent with national exclusive competences on competition, rejecting Veneto's appeal.⁹⁶

In sum, the reform allows municipalities to:

- Provide temporary or seasonal licences in order to cope with special circumstances.
- Issue new licences to be awarded through tenders to qualified people.
- Establish a committee to monitor the services' regularity and efficiency aimed to adapt offer to demand.

- Organise additional shifts for taxis in order to increase the overall number of available cars at peak times and regulate the price of taxi services for specific routes so as to avoid the misuse of market power with respect to inexperienced customers.

The Bersani law intended to create instruments to increment the offer and quality of the services, but have not completed the liberalisation of the sectors. In fact, both the limits on licence numbers and the requirement that each individual can hold only one taxi licence are maintained. In addition, Law 21/1992 requires taxis to be organised solely as artisans or co-operatives, as anything else is considered an unjustified barrier to entry by the Italian Antitrust Authority.⁹⁷

The reform created strong protest by taxi drivers, which led the government to modify the content of the 2006 reform. Municipalities also created obstacles to its enforcement. Reactions were mostly due to the fact that licences, which are in theory issued for free according to Law 21/1992, are now traded at a very high price on the second market. A preliminary assessment, notwithstanding the lack of a systematic analysis on this topic, would tend to put the value of a licence at EUR 200 000 in Milan in 2003 and EUR 300 000 in Florence in 2006.⁹⁸ Consequently licences are considered a sort of pension insurance for the drivers, which they can sell at retirement. Any increase in the total number of licences is considered a reduction of the capital value of this implicit pension. The Bersani Law took this critical point into account, and provided that at least 80% of the income from any tender should be used to compensate the holders of existing licences issued by the same municipalities. This has not eliminated opposition, so much so that temporary licences or exceptional tenders were not organised in Milan. Another correction to the loss of income could be derived from competitive prices, because demand is very sensitive to price change. However, the use of this instrument is impeded by regulation and by operators: on the one hand only Rome established maximum – and not fixed tariffs – for specific routes, on the other hand this flexibility was scarcely used.⁹⁹ In any event, to fully address this issue, correct information on taxi drivers' income would be required. However, this information cannot be collected as this professional category is exempted from the obligation to issue receipts for tax purposes.

In general, supply and demand adjustment is very limited. The average number of taxis per 10 000 inhabitants is 20.8 in major cities (with a resident population exceeding 500 000),¹⁰⁰ 12.2 in medium cities (250 000 to 500 000 inhabitants) and 3.4 in small ones (population below 250 000). Licences have mostly been issued in the last twenty years.¹⁰¹ Only four municipalities have created committees to monitor this activity. With the exception of Pavia, consumers are generally less represented than operators in these committees:¹⁰² for instance, the monitoring committee for Rome is composed of nine representatives of taxi drivers and three for consumers. Local regulation does not mention the monitoring of the quality and quantity of supply, nor the characteristics and satisfaction for demand. Most recent decisions on issuing licences had to be adopted without considering the supply and demand.¹⁰³

Reforms adopted at the local level after the Bersani Law primarily concerned the diversification of services. In Rome, additional shifts were organised; the possibility to use driver substitution was increased and a price for airports was set. According to a Bank of Italy analysis, these instruments could have increased services by 2 500 taxis at peak times. The municipality issued 1 400 new licences for free in 2007 and another increment of 500 is planned for June 2009. Milan introduced new shifts, driver substitution and fixed tariffs on specific routes. However, in the larger cities these reforms have usually been

accompanied by a rise in recorded tariffs: 12.6% in Milan in 2007 and 18% in Rome in 2008. Additional practices are also reported to increase the costs for consumers.¹⁰⁴

The use of new possibilities introduced by the reform remains generally limited.¹⁰⁵ In addition, a monitoring of the impact of the reform is challenging as regions are not aware of data held at municipal level. This was the case in Lombardy regarding, for instance, temporary licences, the number of taxis per inhabitant or waiting times. Neither can municipalities evaluate the adequacy of their decisions which were taken due to the lack of permanent instruments for market analysis and follow up.¹⁰⁶

Conclusions

This chapter analysed the local transport sector in Italy from a quality regulation perspective, assessing the impact of liberalisation policies. The analysis reveals a piecemeal approach in which nationally held principles, such as competition, face difficulties to be implemented at local level. This may relate to the specific features of the sector, the lack of capacity in some of the regional administrations which may face challenges to organise full bidding. The situation is also made complex by the interplay of national and local regulations, for example the social clause, which limits in effect many of the efficiency enhancing properties of competitive bidding. In general, it is desirable that there be clarification in the share of competencies and their fulfilment between the State, regions, provinces and municipalities. Furthermore, national regulations may also suffer from incoherence, as several policy objectives may be pursued at the same time as part of a public service. *The need for competition for the market may be balanced with other considerations.*

The analysis reveals that current trends for local transport were not entirely favourable in recent years, due to challenges in improving quality standards. While this situation may change in the future due to rapidly increasing prices for private transport due to the increase in petrol prices over the long term, this would require more integrated policy approaches towards local public transport. The analysis reveals that there is scope for further integration in local transport schemes at local level, as well as for better co-ordination between municipalities, across regions. The instruments for monitoring are also limited at national level, as it is often difficult to collect data from municipalities. General agreements between the national and local levels have not been reached on this issue in the recent period. While the use of consultation was widespread, impact assessment remains experimental and is often not widely used to support planning and transport decisions.

Policy options

The institution of an independent national authority for transport

The institution of a national regulatory authority, which would be independent from national but also local governments could help streamline the regulatory framework in the light of the positive experience of the telecommunication and energy sectors for which such agencies were instituted in 1990. This reform has been solicited repeatedly from different parties in the policy debate¹⁰⁷ and was referenced as part of existing draft laws concerning independent authorities in 2007. In fact, a national independent regulator would increase the regulation of efficiency and quality through a constant monitoring of market trends. It would offer the possibility to oversee decision making on the basis of an adequate stock of information and would also permit to overcome disparities in regulation between regions. Moreover, this reform would have the advantage of eliminating the risk

of conflicts of interest generated by the fact that at the local level, authorities are often contractors and owners of service operators.

To modernise the method of setting local public transport revenues and financing

The deterioration in the financial performance of local public transport operators has called for increased public subsidies. However, these public subsidies have been insufficient to resolve the financial difficulties, thus resulting in a lowering of the quality of services. A key element is related to traditional monopoly protection which may reduce incentives to efficiency. However, numerous other factors are involved in this situation. First, fares are fixed without consideration of the quality and quantity of services provided. They are also lower than the European average. A reform introducing a price-cap method for minimum services and other transport activities could stimulate efficiency and guarantee revenues for companies. Second, the area of minimum services, which is financed by public authorities and must be guaranteed to all citizens could be determined and updated through a periodical analysis of the need of the market to respond to changing conditions. Third, public financing could be limited to cover public services obligations, as imposed by European regulation. This could apply in particular to the amount required to cover the net financial effect on costs incurred and revenues generated in discharging public service obligation.

To strengthen co-ordinated decision making between infrastructures and services

It is important to assure a direct relation between the selection of infrastructural projects to be financed and the need of transport services concerning the extension and maintenance of infrastructures if the quality is to be improved. This issue could be resolved through close co-ordination between investment and service plans at the national and regional levels and by strengthening accountability if plans are not adopted or updated. At the same time, the decisions concerning infrastructures need to be co-ordinated with the needs of service operators, in a context where asset ownership is distinct from management of services, as is the case for all Italian local public services.

Avoiding any interpretation of European or national regulation which could obstruct transport liberalisation or modernisation at local level

The interaction between regulators acting at different levels of government characterises the local transport sector. This should not result in regional decisions impeding on policies towards liberalisation as was the case in some regions through the postponement of the competition deadline for the market fixed at national level. This should also not be an excuse against modernisation, for instance, through the systematic use of the social clause which is allowed but not imposed at national and European levels. Multi-level regulation could be used as an incentive to increase the quality of regulation, for instance through a continuous exchange of information on quality regulation tools and by promoting progress across regions.

To strengthen the exchange of information between different levels of government

The lack of effective instruments to share information between the State, regions and local authorities is a threat for the quality of the regulatory framework, which requires co-ordination and policy coherence across levels of government. This critical situation could be addressed through the recently instituted National Observatory on Politics of Local Public Transport, under the condition that all different levels of government be represented in it. For this purpose, it is important that the public database and a computer-based system

collecting data on market trends carried out by the National Observatory be effectively linked with those implemented at the regional level, such as the Regional Observatory of Local Public Transport of Tuscany and the Regional Observatory for Mobility of Piedmont.

Competition “in” the market and competition “for” the market

Competition “in” the market could be introduced for profitable local public transport services lines. In other cases, competition “for” the market could be organised so as to enable several operators to take part. However, on the one hand local authorities do not usually look for profitable lines which can be liberalised. On the other hand, the continual transformation of national regulation and the lack of explicit constraints at European level have contributed to a general postponement of the introduction of competition “for” the market at regional level. The limited requirement for a “formal” privatisation by national regulation has supported the local authorities’ decisions to maintain public control over local public transport companies. In this context, one of the major obstacles to successful competitive bidding is due to the potential conflict of interest created by a situation where the local regulator is also the owner/operator. In this context, the organisation of competitive bidding should be entrusted to an independent authority.

Another obstacle to the proper functioning of tenders depends on the regions’ generalised use of the social clause mentioned above. Other options could be envisaged to protect employment without distorting the market, such as the use of workers to increase quality of the service, or social support schemes protecting workers from the unemployment risk. In general the number of bidders should be higher than those of lots; to this end, it is crucial to correctly define bidding areas, therefore avoiding the automatic adoption of the territorial boundaries of the local authorities and attentively combine different transport services. This is important as the qualification for some services, such as railways, involves only a small number of operators.

To strengthen the use of regulatory quality instruments and improve the services’ accessibility

Quality regulation instruments can be used to increase service quality for users, through further guarantees and consumer or service charters. This would come through strict links between the Service Contract which are established between operators and local authorities and the Service Charter, which converts the Service Contract’s standards into a commitment with consumers. It is also crucial to progressively adapt quality standards to the demand. Local authorities should organise a systematic monitoring of quality services and users’ satisfaction, ensuring that sanctions can be applied when standards are breached and that results are regularly shared with the population at wide.

Another instrument to improve the quality of local public transport is related to accessibility of services. This can be increased, for instance, through the realisation of an integrated transport system from a physical point of view, and also considering information and fares, and through a co-ordinated offer from neighbouring regions when the catchment area does not correspond to a single administrative zone.

To encourage the use of instruments towards higher quality regulations

Even if frequently used, consultations in planning procedures are not always mandatory at the regional and local levels. The full potential of this tool could expand transparency and contribute to efforts to understand the effects of regulation in specific

groups. Moreover, as constantly stressed in OECD reports, impact assessment is one of the foundations for evidenced-based decision-making. Another important tool is drafting, which helps to provide clear and accessible regulation. The use of these instruments is under way at the regional level, but does not seem to be fully operational, with significant gaps in implementation. Because the State is no longer in a position to implement nationwide policies in local transport, the introduction of impact assessment and drafting at regional level has become crucial for the diffusion of high-quality regulation.

Further liberalise taxi services

Recent national reform of taxis has given municipalities the instruments to improve the offer of services and their quality. However, this has not substantially modified the sector's challenges in terms of waiting times, especially during peak periods. As repeatedly stressed by the Italian Antitrust Authority, this problem could be solved only by further liberalisation. To this end, it is crucial to couple the awarding of new licences, allowed by the recent reform, to a removal of the existent limits on licence numbers and the requirement that each individual can hold only one taxi licence. The loss of licences' value related to this further liberalisation could be compensated for by allowing operators to sell licences which have been awarded for free or by a distribution between operators of revenues from a competitive bidding for the purchase of new licences.

Notes

1. Other litigious concerns include the delay in payment of public financial compensations to operators and the amount of financing for minimum services in regional transport planning. However, no systematic data are available on these topics.
2. C. Cambini, M. Piacenza, D. Vannoni, *Restructuring Public Transit System: Evidence on Cost Properties and Optimal Network Configuration from Medium and Large-Sized Companies*, Hermes working paper 4 (2006).
3. Asstra, *La luce della lanterna. Viaggio nella mobilità collettiva*, 5 June 2008, Rome, p. 68.
4. Asstra, *La luce della lanterna. Viaggio nella mobilità collettiva*, 5 June 2008, Rome, p. 23.
5. Data Asstra 1996-2006. See also C. Dell'Aringa, *Costo del lavoro e tariffe nel trasporto pubblico locale*, Hermes (2006). For instance, in Piedmont fares were updated in 2002 and in 2007.
6. Ministry of Infrastructure and Transport.
7. According to Legislative Decree 422/1997, fares must be established "when it is possible, in keeping with what is established by Law 481/1995". For local public transport, the Regional Plan for Transport establishes the method to determine prices in relation to the policy for fares and the three-year Plan for Services; then the Public Services Contract sets the fares.
8. For instance, Iribus Iveco, Alstom and companies associated in Federtrasporti and Asstra.
9. Asstra-Hermes (2007), *L'evasione tariffaria nel trasporto pubblico locale*.
10. This situation has been qualified as "new local public capitalism" (F. Giavazzi, *La rendita dei comuni*, in *Corriere della Sera*, 1 September 2008).
11. Italian Antitrust Authority, AS453, *Considerazioni e proposte per una regolazione proconcorrenziale dei mercati a sostegno della crescita economica*, 11 June 2008, in www.agcm.it
12. Art. 113 and Art. 113bis, Legislative Decree 267/2000.
13. A. Heimler (2005), "Public or private provision of infrastructures services? If private, fixed term concessions or full privatisation?", 32nd Annual Conference on International Antitrust Law & Policy, Fordham University, New York, NY, 22-23 September.
14. According to the Ministry of Infrastructures and Transports (*Conto nazionale dei trasporti e delle infrastrutture*, 2006-07), in the railway sector, 39 companies are acting at the national level and 44 at the regional level; in the bus sector, 1 200 companies (30 billion passengers/km); in metro

- transport, 6 companies in the cities of Milan, Genoa, Rome, Naples, Catania and Turin (5.1 billion passengers/km).
15. Only 11% of the companies have more than one hundred employees (Asstra, *La luce della lanterna. Viaggio nella mobilità collettiva*, 2008, p. 10).
 16. C. Bentivogli, R. Cullino, D.M. Del Colle, *Regolamentazione ed efficienza del trasporto pubblico locale: divari regionali*, Bank of Italy, study congress *I servizi pubblico locali: liberalizzazione, regolazione e sviluppo industriale* (2008).
 17. A. Boitani, W. Tocci, *Mobilità sostenibile e liberalizzazione del trasporto locale*, can be consulted at www.governareper.it (2005).
 18. Western European countries have launched their reforms in different periods: Spain, Sweden, Belgium, Denmark, Finland and France between 1987 and 1993; Germany and Italy introduced liberalisations measures in 1996 and 1997, respectively; and Austria and the Netherlands towards the end of the decade.
 19. EARCHIMEDE Consulting, *La resa dei conti. Rapporto sul trasporto pubblico locale: Situazione attuale e prospettive evolutive*, Roma, 23 marzo 2005. Report commissioned by ASSTRA and ANAV
 20. Art. 4, Para. 4, Letter b) and Art. 20, Para. 5, Lett. g) quater, Law 59/1997 (as amended by Law 191/1998).
 21. As a result of Legislative Decree 422/1997, adopted to implement norms for attributing functions and duties to local authorities and amended by Legislative Decree 400/1999.
 22. Art. 18, Para 2, Letter g), Legislative Decree 422/1997.
 23. Art. 16, Legislative Decree 422/1997.
 24. Art. 14, Legislative Decree 422/1997.
 25. Legislative Decree 422/1997 completed the decentralisation process based on the constitutional system that prevailed prior to the reform of 2001, under which ordinary regions had the power to issue legislative norms in the field of “tramways and bus lines of regional interest (...) navigation and lake ports” (Art. 117), while Art. 118 of the Constitution delegated State administrative functions to the regions for railways under concession or managed by government trustees and secondary state railway lines that the state administration no longer considered to be useful for the integration of the primary national network.
 26. The transport system integration must be taken into account by regions in planning procedures and in marking the boundaries of minimum services (Art. 14, Para. 2 and 3, Legislative Decree 422/1997) and by local authorities in the granting of services (Art. 18, Para. 1, Legislative Decree 422/1997).
 27. Italian Antitrust Authority, I657, *Servizi aggiuntivi di trasporto pubblico nel comune di Roma*, 30 October 2007, Point 33, www.agcm.it.
 28. Ministry of Infrastructure and Transport.
 29. Moreover, according to the mentioned working party (*Tavolo tecnico*), regions would have been obliged to redefine the minimum services (*servizi minimi garantiti*) and local authorities would have to establish references for standard costs, as well as for minimum price per passenger/kilometre at the regional level. At the national level, “essential minimum services” would have been defined, i.e. services necessary to guarantee citizens’ mobility in order to guarantee other essential rights, such as the right to health.
 30. Art. 23bis, Law 133, 6 August 2008. Moreover, the regulation of customers’ rights was removed from the second draft law and inserted in Law 244/2007 (see Section 4).
 31. The Italian Antitrust Authority has stressed the risk of inefficacy of its advice over the reports which the local authority must draw up to justify cases of directly awarding contracts (Italian Antitrust Authority, AS457, *Disciplina dei servizi pubblici locali di rilevanza economica*, 24 July 2008, www.agcm.it).
 32. A Fund for Investments in Local Public Transport (*Fondo per gli investimento nel TPL*) and a Fund for Endurable Mobility (*Fondo per la mobilità sostenibile*) were created in 2007.
 33. Issfor-Asstra, *Così è se vi pare. V rapporto sulla mobilità urbana in Italia*, 7-9 May 2008, Genova, p. 168 ss.
 34. Art. 2 and Art. 3, EC Commission Decision n. 842/2005 on state aid for services of general economic interest.

35. Regulation of the European Parliament and of the Council on public passenger transport services by rail and by road and repealing Council Regulations (EEC) 1 191/69 and 1 107/70.
36. "Unless prohibited by national law, any competent local authority (...) may decide to provide public passenger transport services itself or to award public service contracts directly to a legally distinct entity over which the competent local authority (...) exercises control similar to that exercised over its own departments" (Art. 5, Para. 2, Regulation 1 370/2007).
37. A. Pezzoli, "Regolamento Tpl, l'Europa non fa passi avanti ma non spinge indietro", in *Il Sole 24 Ore, Trasporti*, February 2008.
38. C. Bentivogli, R. Cullino, D.M. Del Colle, "Regolamentazione ed efficienza del trasporto pubblico locale: divari regionali", Bank of Italy, study congress *I servizi pubblico locali: liberalizzazione, regolazione e sviluppo industriale* (2008).
39. "The regions have legislative powers in all subject matters that are not expressly covered by State legislation" (Art. 117, Para. 4, Italian Constitution).
40. Art. 117, Para. 3, Italian Constitution.
41. Art. 117, Para. 2, lett. e) Italian Constitution. In the same way, the regions must comply with the provisions at the national level concerning the "basic level of benefits relating to civil and social entitlements" that are the exclusive competence of the state [Art. 117, Para. 2, lett. m), Constitution].
42. Italian Constitutional Court, Judgement 80/2006.
43. Even the Committees for the Monitoring of Railways Services (*Comitati di monitoraggio dei servizi ferroviari*), created in accordance to Programme Agreements (*Accordi di programma*) between the Ministry of Transports and ordinary statute regions (Art. 8-9, Legislative Decree 422/1997), were until now limited to quantifying the financial needs of the sector.
44. Which is an expression of a general programme of government for transport, i.e. concerning the infrastructural investments to be carried out and that is progressively specified by the Regional Transport Plans, the Provincial Catchment Plans, the Urban Traffic Plans and the Mobility Plans (in application of "a waterfall" planning method).
45. Ministry of Infrastructures and Transports.
46. C. Cambini, F. Galleano, *Le gare per l'affidamento del servizio di trasporto pubblico locale in Italia*, II° Rapporto, May 2005, www.hermesricerche.it
47. Art. 18, Tuscany Regional Law 42/1998; Art. 31, Veneto Regional Law 25/1998; Art. 21, Molise Regional Law 19/1984; Art. 11, Para. 4, Piedmont Regional Law 1/2000; Art. 20, Para. 6 and Art. 22ter, Para. 3, Lombardy Regional Law 22/1998.
48. Italian Antitrust Authority, AS449, Affidamento ad un gestore unico del servizio di TPL nella regione Friuli Venezia Giulia, 21 February 2008, www.agcm.it.
49. Italian Antitrust Authority, AS453, *Considerazioni e proposte per una regolazione proconcorrenziale dei mercati a sostegno della crescita economia*, 11 June 2008, www.agcm.it
50. Ocse, Italy. *Ensuring Regulatory Quality across Levels of Government* (2007).
51. Ministry of Economics and Finance. The confirmation of the previous definition and this progressive increasing is often connected to the need to maintain existing economic contributions from the state (Ministry of Infrastructures and Transports).
52. Art. 5, Regional Law 42/1998.
53. Art. 20, Regional Law 25/1998; Regional Giunta Decision 325/2001 and 713/2008. The Giunta is the regional executive.
54. These contractual tools are aimed at overcoming bureaucratic inertia and veto powers and speed up the decision process when multiple public and private actors are involved.
55. Art. 11, Regional Law 19/2000.
56. Art. 4, Para. 1, lett. b), Regulation 1 370/2007
57. Decisions 2 665/1995 and 3 948/2007.
58. Art. 15, Para. 3 and 4, Regional Law 1/2000.
59. See Art. 14, Piedmont Regional Law 1/2000, and Art. 27, Veneto Regional Law 25/1998.
60. Art. 1, Para. 376, Law 244/2007.

61. According to Art. 6, Regional Law 42/1998, the Regional Transport Plan is aimed at identifying, among other things: services to be offered at the regional level and to the allotment of economic resources; criteria for the awarding of services; incentives to transform public companies into co-operatives or joint-stock companies.
62. Art. 13, Regional Law 25/1998.
63. Art. 15, Regional Law 25/1998.
64. The main criteria for sharing out regional funds among local authorities are: km annually delivered in the framework of the public service contract and substitution of vehicles older than 15 years.
65. Italian Antitrust Authority, AS125, *Trasporto pubblico locale*, 27 February 1998; AS870, *Affidamento servizio trasporto pubblico regionale e locale nella Regione Friuli Venezia Giulia*, 21 February 2008, www.agcm.it.
66. The Veneto experience is meaningful, as it was the first example of a European call for tender for regional and local railways services. Two foreign firms and other Italians competitors were interested in those services, but only Trenitalia S.p.A. with other companies (organised in a *raggruppamento temporaneo di imprese*) was able to present an offer. Foreign firms consider it impossible to deal with the 24 mounts imposed by the region to equip with rolling stocks (C. Cambini and B. Buzzo Margari, *Le gare nelle ferrovie locali*, Hermes, 2005).
67. Italian Antitrust Authority, AS262, *Reperimento del materiale rotabile ferroviario necessario per l'espletamento delle gare per l'aggiudicazione dei servizi ferroviari di competenza regionale*, 28 July 2003; Italian Antitrust Authority, AS453, *Considerazioni e proposte per una regolazione proconcorrenziale dei mercati a sostegno della crescita economica*, 11 June 2008, www.agcm.it
68. Results of biddings realised in local public transport are analysed by G. Mangia, *Le alleanze organizzative tra gli operatori del trasporto pubblico locale*, Franco Angeli (2005); C. Cambini, A. Boitani, *Le gare per i servizi di trasporto locale in Europa e in Italia: molto rumore per nulla?*, and C. Cambini, F. Galleano, *Le gare per l'affidamento del servizio di trasporto pubblico locale in Italia*, II° Rapporto, May 2005, www.hermesricerche.it.
69. In accordance with National Laws 266/2005 (Giunta Decision 1 402/2006); 51/2006 (Giunta Decision 2 361/2006); and 17/2007 (Giunta Decision 553/2007).
70. According to Art. 37 of Legislative Decree 163/2006.
71. Art. 13 of Regional Law 19/2000.
72. Art. 11, Law 1/2000.
73. Art. 20, Regional Law 22/1998.
74. Issfor-Asstra, *Così è se vi pare. V rapporto sulla mobilità urbana in Italia*, 9-7 May 2008, Genoa, p. 5 ss.
75. Art. 2, Para. 461, Law 244/2007/.
76. The Services Charter defines the means of access to relevant information and to the alternative dispute resolution and judicial review.
77. The GTT S.p.A. is a holding operating in the Turin urban and suburban networks (1 metro, 8 tram lines and 100 bus lines, operating 100 km of tramline network and 1 000 km of bus network); out-of-town bus network (73 bus lines operating 3 600 km); and rail network (2 lines in concession covering 82 km and 1 line managed on behalf of the Italian railway company, Trenitalia, covering 24 km).
78. C. Bentivogli, R. Cullino, D.M. Del Colle, *Regolamentazione ed efficienza del trasporto pubblico locale: divari regionali*, Bank of Italy, study congress *I servizi pubblico locali: liberalizzazione, regolazione e sviluppo industriale* (2008).
79. Art. 21, Regional Law 42/1998.
80. Asstra-Isfort, *Così è se vi pare. V rapporto sulla mobilità urbana in Italia*, 7-9 May 2008, Genoa, p. 5 ss.
81. Art. 5-6, Regional Law 42/1998.
82. Art. 12, Regional Law 25/1998.
83. Art. 45, Regional Law 25/1998.
84. According to Art. 8, Para. 2, Law 19/2000.
85. Art. 10, Regional Law 19/2000.

86. Art. 4, Para. 7, Regional Law 1/2000.
87. Art. 9, Regional Law 22/1998.
88. Art. 12, Regional Law 22/1998.
89. Art. 18, Regional Law 22/1998.
90. Art. 13, Regional Law 22/1998.
91. Art. 18, Regional Law 22/1998.
92. G. Abrate, M. Piacenza, D. Vannini, "The Impact of Integrated Tariff System on public Transport Demand: Evidence from Italy", *Working papers Hermes*, No. 4/2007, in www.hermesricerche.it/elements/WP_07_04_APV.pdf.
93. Moreover, numerous examples of integrated services are experienced by private operators concerning, for instance, integrated offers of urban and extra-urban route services.
94. As illustrated by the OECD 2007 round table on taxi services in the working party on competition and regulation of the competition committee (DAF/COMP(2007)42).
95. Art. 6, law no. 248/2006.
96. Judgment 452/2007.
97. AS053, *Servizio di trasporto di persone mediante taxi*, 29 July 1995; AS277, *Distorsioni della concorrenza nel mercato del servizio taxi*, 26 February 2004; AS453, *Considerazioni e proposte per una regolazione proconcorrenziale dei mercati a sostegno della crescita economica*, 11 June 2008, www.agcm.it.
98. M. Bordigon, *Tutti matti: governi locali e riforme*, www.lavoce.info (2004); T. Boeri, *Un taxi chiamato desiderio*, www.lavoce.info (2006).
99. Even tariffs for the so-called taxibus or shared taxis are scarcely utilised (*Agenzia per il controllo e la qualità dei servizi pubblici locali del Comune di Roma, Relazione annuale sullo stato dei servizi pubblici locali e sull'attività svolta* (2006), p. 100, www.agenzia.roma.it/home.cfm?nomepagina=relazione).
100. 4 855 licences have been attributed in Milan.
101. C. Bentivogli, *Il servizio di taxi e di noleggio con conducente dopo la riforma Bersani: un'indagine sulle principali città italiane*, Bank of Italy, study congress *I servizi pubblico locali: liberalizzazione, regolazione e sviluppo industriale* (2008), p. 10.
102. These Committees coexist with the Consultative Commissions for Service and the Regulation's Application (*Commissioni consultive relative all'esercizio del servizio ed all'applicazione dei regolamenti*) instituted by Law 21/1992, without any co-ordination or differentiation of competencies [C. Bentivogli, *Il servizio di taxi e di noleggio con conducente dopo la riforma Bersani: un'indagine sulle principali città italiane*, Bank of Italy, study congress *I servizi pubblico locali: liberalizzazione, regolazione e sviluppo industriale* (2008), p. 8].
103. Strong opposition is expressed in general to the monitoring of offer, such as checks through GPS which was experimented in Milan, or a register of services and tariffs (used in New York city).
104. According to an Altroconsumo analysis of ten Italian cities over 27 November-15 December 2006, 44% of the cars called through "radio taxi network" arrive more than 5 minutes before the specified time (in Rome, this behaviour was surveyed on 9 out of 10 cars). Altroconsumo, *Lunga attesa per una corsa*, No. 202, March 2007.
105. Ministry of Economy and Finance.
106. C. Bentivogli, *Il servizio di taxi e di noleggio con conducente dopo la riforma Bersani: un'indagine sulle principali città italiane*, Bank of Italy, study congress *I servizi pubblico locali: liberalizzazione, regolazione e sviluppo industriale* (2008).
107. Bank of Italy, Italian Antitrust Authority, Asstra, Anav, Earchimede.

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