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Local State-Owned Enterprises in Italy: Inefficiencies and Ways Forward

By Vassilis Karantounias and Dino Pinelli

Summary

This Economic Brief provides an overview of enterprises owned by regional and local authorities in Italy (local SOEs). Underperformance of several local SOEs may translate into a burden for public finances and the efficiency of the economy.

Local SOEs are numerous (around 8 000), employ a large number of workforce (about 500 000) and are active in all sectors of the economy. Evidence demonstrates that local SOEs are in many cases characterised by inefficiencies. Around 1/3 among them are loss-making. Total transfers from the state are estimated at EUR 16.5 billion (1% of GDP) per year, not always on a clear rationale.

Inefficiencies prove linked to a multiform state participation in the economy with no clear orientation. Local SOEs usually operate sheltered from competition, obtaining service contracts with no open tender. Uncertainty is caused by a complicated legal framework. The latter has resulted from various developments throughout the years replying short-sightedly to the needs of the moment.

How to deal with the "archipelago" of local SOEs in Italy? Overhauling the sector through multiple actions, such as clarifying the scope of state intervention and codifying its governance, reinforcing competition in and for the market, and streamlining the regulatory framework, appears indispensable. A recent reform proposed by the government in January 2016 sets out the basis for carrying out this challenging task.

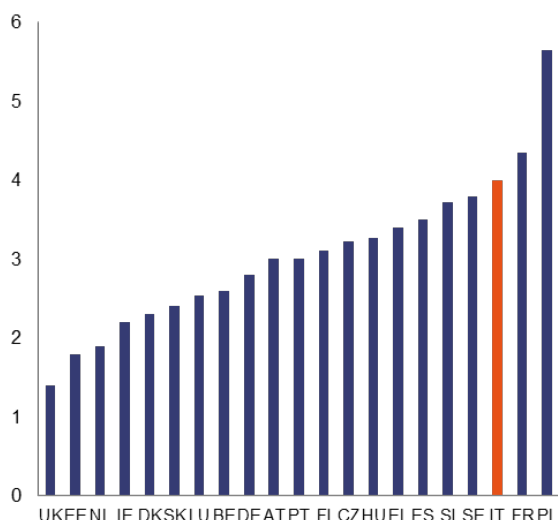
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The archipelago of local SOEs

This Economic Brief focusses on the enterprises wholly or partially owned by local governments, at the regional, provincial and municipal level (local SOEs).¹ In Italy, the scope of activities carried out by SOEs is wide. The number of sectors in which the regional and provincial governments control at least one firm, together with those controlled by the central government, is the third largest in the EU (Graph 1).²

Graph 1: Scope of SOEs, 2013



Note: The indicator measures the number of sectors in which the national, state or provincial government controls at least one firm. It excludes the SOEs controlled by municipalities. Countries are then ranked over the 0-6 scale. Data were collected for 2013 (OECD, 2014). Source: OECD (2014)

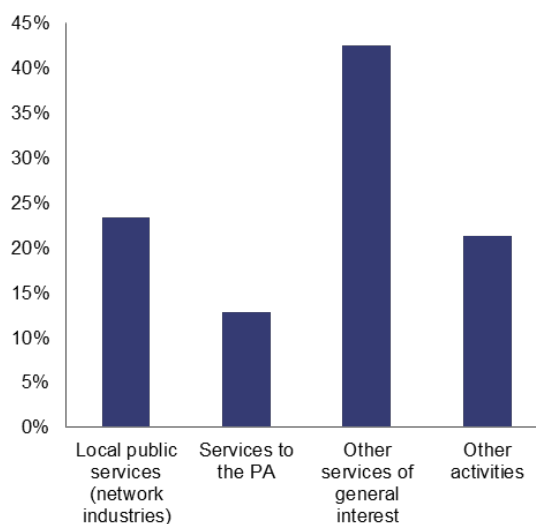
Local SOEs have proliferated during the last two to three decades. This is mainly because the public sector has been making extensive use of the private law corporate structures in order to perform certain missions of its own, seeking for flexibility outside the bureaucratic structures and the related constraints on the use of public money (e.g. public procurement, recruiting, budget constraints), which were becoming more stringent in that period. Thus, a plethora of publicly- and semi-publicly-owned undertakings have emerged, particularly at the regional and municipal level, active in several areas: accomplishment of tasks of public interest, management of state assets, provision of local public services or provision of services on the open market like the standard private players.

Local SOEs are numerous and difficult to monitor. Istat reports that the total number of SOEs in activity (including those with central government participation) was around 7,700 in 2013 (some 1.1% more than in 2012). Of those, around 6,000 are local SOEs (Istat 2015). Some further 1,500 are in liquidation or ceased entities. Entities in liquidation may continue functioning for several years, for instance to ensure the continuity of service. Different estimations come from several ministries and the overall number remains uncertain. The association of Chambers of Commerce counts about 8,800 local SOEs.

Local SOEs are estimated to employ some 500,000 persons, or 2.1% of total employment (Istat, 2015), almost equalling the employment reported in Graph 4 for the SOEs held by central government. Available data for about 4,200 SOEs (around half of the total) show a book value of equity of EUR 45 billion (2.8% of GDP).

Graph 2 shows local SOEs by sector of activity. Almost 13% of local SOEs offer instrumental services to the public administration, while 23% provide local public services in network industries and 43% offer other services of general interest. More than one fifth of local SOEs (21%) offer goods or services without discharging public service obligations. While many local SOEs are small, the set includes also large multi-utilities quoted on the stock market.

Graph 2: Local SOEs by sector of activity, 2012



Source: *Commissario alla spesa* (2014b)

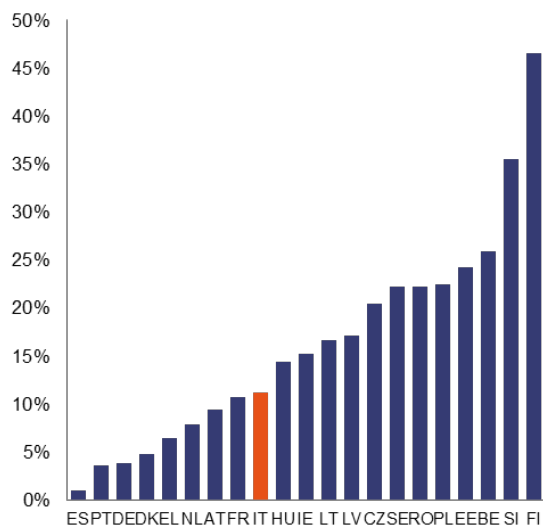
Box: A glimpse into the history of SOEs

Following the crash of 1929, the State used special agencies to acquire the failing businesses. State ownership grew rapidly (central SOEs). By January 1934, the well-known Istituto per la Ricostruzione Industriale ("IRI") held around 48.5% of the share capital in Italy (James and O'Rourke, 2013, p. 59). In March 1934, it also took over the capital of the major banks (Banca Commerciale Italiana, Credito Italiano and Banco di Roma) and, at the end of 1945, it controlled 216 companies with more than 135 000 employees. By the 1980s, it multiplied its stakes and reached a number of 600,000 employees. Although initially praised, the active role of the State in the economy through the "IRI model" led to a dead-end, as a result of soft (if any) budget constraints and counter-profit strategies.³ In 1992, IRI's losses rose to 4.2 trillion Italian lire (around 0.3% of GDP) and consolidated debt reached 72 trillion Italian lire (around 4.5% of GDP).

In the 1990s, an extensive privatisation programme was implemented (mainly for the enterprises owned by the central government) following the failure of the IRI model and in view of the EU framework on free competition, state aid and market opening. IRI was put in liquidation in 2000. Privatisation revenues for Italy between 1993 and 2003 have been estimated at EUR 110 billion, the highest amount in the EU15 in absolute terms and among the highest as share of GDP (Clifton et al. 2006). OECD data show that Italy compares unexceptionally with most of other countries as regards large state-owned enterprises' book equity and employment (Graph 3 and Graph 4).⁴

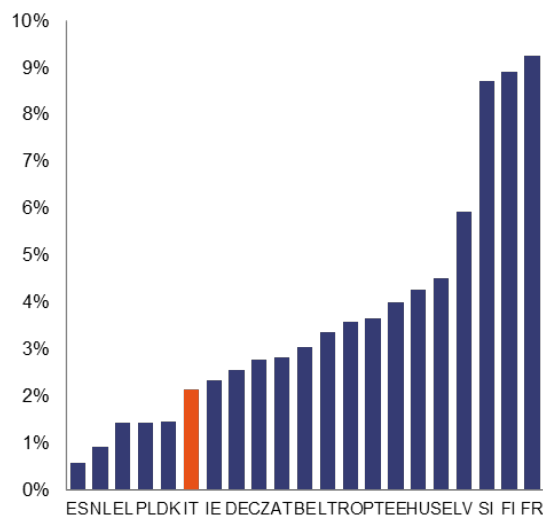
On the other hand, a number of alleged privatisations did not lead to the elimination of state control since in some cases they merely constituted corporatizations.

Graph 3: Book equity value of large SOEs, % of GDP



Source: OECD (2012)

Graph 4: Employment in large SOEs, % of total employment



Source: OECD (2012)

Inefficiencies at local SOEs

In 2012, around 35% of the local SOEs reported a loss, which suggests an underlying widespread problem of bad management. Of those losses, 25% are attributed to local SOEs that do not provide services of general interest. The percentage of loss-making SOEs was even higher before the crisis (38.9% in 2007) indicating that this is a structural feature, and not a cyclical one (Corte dei Conti, 2010). While loss-making firms are very numerous, around 20 local SOEs account for 48% of total losses (Commissario alla spesa, 2014b, p. 10), which concentrates public finances problems in a small set of companies.⁵ The total burden for public administration is estimated at EUR 1.2 billion (0.07% of GDP), which is nevertheless substantial.

Losses are incurred despite substantial transfers from public administrations. Total transfers from the state are estimated at EUR 16.5 billion per year (1% of GDP - Commissario alla spesa, 2014b). The transfers occur on various grounds, including compensation for public service obligations (accounting for 50% of total transfers), grants, and capital increases to cover losses, without clear distinction between them. This makes it difficult to assess whether transfers are commensurate to the benefits entailed by the activity performed. At the same time, the owning authorities accumulate debt arrears towards their own held companies (28.5% of local SOEs credits refer to the owning public shareholders), which shed doubts on the capacity of owning bodies to efficiently manage and control the local SOEs.

There are other worrying signs of inefficiencies: (i) many local SOEs seem to be empty boxes (at least 3,000 have less than 6 employees and in about half of local SOEs the number of directors is higher than the number of employees); (ii) 44% of municipal SOEs are (co-)owned by municipalities of less than 30,000 inhabitants, suggesting that there could be important economies of scale to be reaped through consolidation; (iii) for a large number of local SOEs, the stake of the public shareholder appears too low, questioning the advisability of such equity participations (below 5% for approx. 1,400 local SOEs).

More comprehensive data is available for transport services (accounting for around 15% of companies in local public services, or 4% of total SOEs). Problems identified include substantial oversupply, high ticket evasion, as well as underinvestment in the fleet. The sector in Italy appears to be more

fragmented than in other countries (the largest operator in Italy employs 12,000 people versus 120,000 in the UK), although this does not necessarily indicate inefficiencies. With regard to road transport alone data also show that Italian companies have lower revenues per km than their counterparts in the UK, Germany, France, Sweden, Belgium and the Netherlands (EUR 1.08 per km versus an average of EUR 1.34) and receive higher public subsidies (EUR 2.2 per km versus an average of EUR 1.4). The load factor (22% vs. over 40% in France and Spain) and the vehicle-km per employee (20,000 vehicle-km vs. 27 500 average in France, Germany, Spain and the UK) are also lower than in other major European countries (Fondazione Caracciolo, 2012).

Companies active in the northern regions display considerably better performance than those in the south, thereby confirming traditional regional disparities.

Box: Prices and quality of services

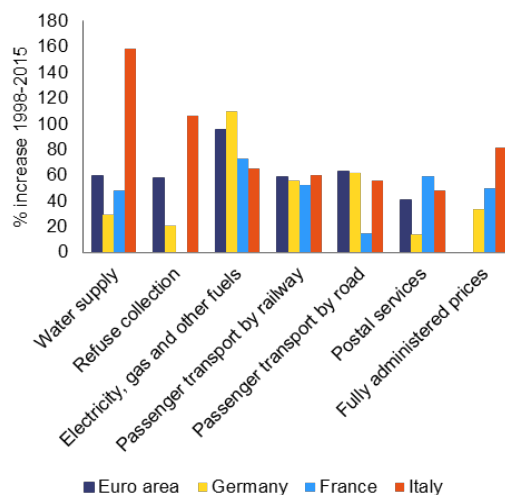
In the Consumer Market Scoreboard, Italian customers express lower satisfaction than customers in other countries with regard to the services they are offered. The gap is driven by the much lower satisfaction for those services that are mostly provided by SOEs (e.g. postal services; gas, electricity and water; tram, local bus, metro and train services).⁶

Regardless of the perceived poor quality of services, several indicators point out that, since late 1990s, prices of services generally provided by SOEs, particularly for waste, water and railway transportation, have increased faster in Italy than in France, Germany and the euro area as a whole (Graph 5). Furthermore, the prices regulated at the local level (another proxy of the prices of local SOEs) have increased faster than the general price index in the country (Graph 6). In particular, between 1999 and 2015, the price index of services regulated at the local level has increased by nearly 73% while the overall price index has increased by about 36%. Even in the period from the beginning of the crisis to 2015, the price index of services locally regulated soared by more than 32% more than doubling the increase in the overall price index (almost 14%).

Three important caveats apply. Firstly, these indicators are only imperfect proxies of the price of services provided by SOEs. Secondly, given the data available, it is not possible to disentangle how much of Italy's positive inflation differential in those services was due to catch-up effect, i.e., to a lower-than-average initial level of the prices charged to consumer. For urban transport, the average ticket price in Roma, Milano, Torino in 2013 was EUR 1.5, still less than in Paris (EUR 1.7), Berlin (EUR 2.4) and London (EUR 2.5). Finally, the price increases could have helped to counterbalance the gradual reduction of transfers received from public administrations.

In any case, an analysis across 20 major Italian cities shows that prices and quality of services are inversely correlated. This is opposite to the reasonable expectation that higher prices should correspond to better services, implying that underlying inefficiencies weigh on both prices and quality (INDIS-Ref Ricerche, 2013).

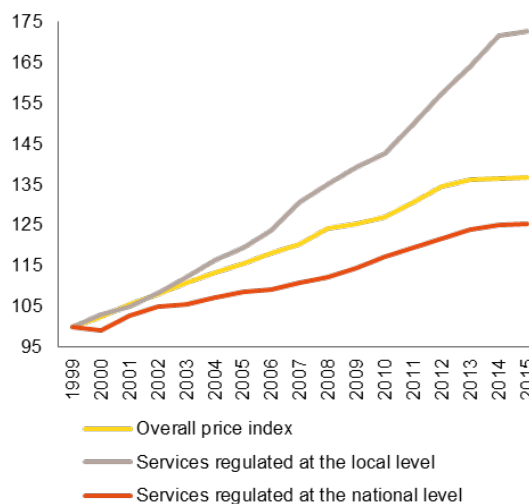
Graph 5: Price increases in certain sectors, Italy vs euro area, 1998-2015



Notes: 1) Data for refuse collection are not available for France and data for fully administered prices are not available for the Euro area; 2) Data for fully administered prices are only available for 2002-2015

Source: European Commission

Graph 6: Prices of regulated services vs. the overall price index in Italy, 1999=100



Source: European Commission elaboration on Istat data. There is a break in the series in 2011.

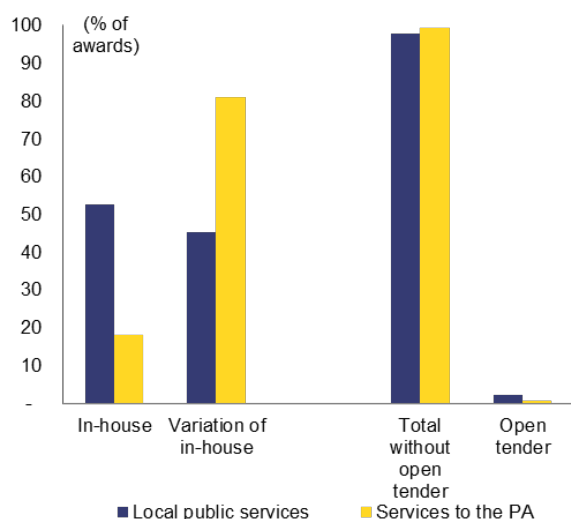
Drivers of inefficiencies

Roots of SOEs' inefficiencies in different countries have been in the spotlight of several studies and discussed on multiple occasions.

The debate on the local SOEs in Italy points to a multiform state participation in the economy for different reasons and with no clear orientation. The analysis below focuses in particular on lack of competition, political interventions and a complicated framework, which all are associated to the weaknesses described above.

The vast majority of local SOEs are awarded services contracts directly, with no open tender (Graph 7). Lack of compliance with the EU and national legislation on direct awards ("in-house")⁷ is reportedly commonplace. Acknowledging this situation, the Italian legislators have repeatedly intervened and imposed on the administration to rectify these cases: first by 31 December 2013 and now, de facto, beyond 31 December 2015, after two consecutive extensions granted.⁸ According to anecdotal evidence, the authorities' disinclination for open tenders could be explained by the risks of labour shedding, as a result of the former awardee being left out of business, or fear of extensive litigation among the tender participants.

Graph 7: Type of awards, 2012



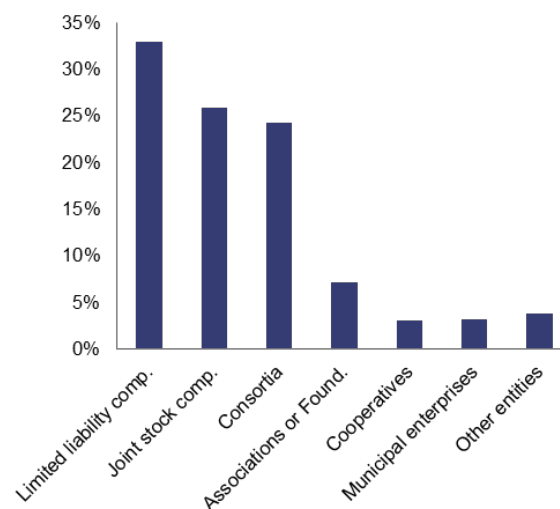
Source: Corte dei conti (2014b)

Political interventions are found to have a negative impact on local SOEs' economic performance (i.e. return on investment and return on equity), while positively affecting the level of employment at the

firm level (Menozzi, Urriaga and Vannoni, 2011; Garrone, Grilli and Rousseau, 2011). Political interventions also result in complex cross-ownership structures, making transparency and efficient management a challenge.⁹ In contrast, participation of private players in the share capital improves the performance: for local SOEs that are totally owned by the public sector losses outweigh profits (EUR 506 million vs EUR 350 million), whereas the opposite is true for the whole set of local SOEs (EUR 1.2 billion vs EUR 2.2 billion).

In Italy, a SOE, whether centrally or locally owned, is in principle an entity organized and operating under private law (incl. civil law, company law), as is the case with the ordinary commercial companies that are privately held. A large number of SOEs therefore have the legal form of joint stock companies or limited liability companies (see Graph 8). Nevertheless, the Italian legislators have been adding several derogations and special provisions to the said framework, in the view of the public interest usually attached to the operation of SOEs or other objectives pursued. Only listed SOEs demonstrate no significant deviations from privately held companies.

Graph 8: Local SOEs by form of public participation



Source: Corte dei conti (2014b)

Special rules on SOEs may include for example: ceilings on the remuneration for their management board members, stringent recruitment procedures, controls by the Court of Auditors, qualified eligibility for statutes governed by the private law (such as bankruptcy), restrictions on their spending on consultancy and other services etc. SOEs may

also be affected by rules that are primarily addressed to the owning public authorities: e.g. a number of provisions introduced to curb public spending are supposed to prevent the local authorities from maintaining loss-making SOEs. Also, owning public authorities are discouraged from utilising SOEs to perform activities that are not directly linked to their institutional tasks, thereby abridging the business scope of the SOEs concerned. A number of provisions, though, have never been implemented reportedly (Bruzzone, 2015).

Special rules have been very often dictated by contingent needs with no comprehensive vision over the wider context or the repercussions of the provisions each time introduced. Several statutes co-exist with past regulations that reflect different trends or rationale (e.g. on the one hand corporatizing SOEs to enhance efficiency; on the other hand imposing on SOEs stringent red-tape to increase transparency and safeguard prudent use of public funds, thereby modifying their corporatized nature). In implementing law, diverging and inconsistent approaches have been adopted depending on the special features of separate categories of SOEs. Their historical background and actual position in the market, the question whether they formed part of the public administration in the past, the changes they may have undergone during the privatisation procedure of the 1990s, the presence or not of a private shareholder in their share capital, their business scope, all these circumstances may entail different legal effects, giving rise to uncertainties and burdensome Court procedures.

For instance, in case No. 22209/2013 the Corte di Cassazione awarded prevalence to the private law dimensions of the SOE in question (a limited liability company held by 51% by a local public authority). A provision exempting public organisations from bankruptcy was called on to apply thereto, given that the SOE's nature was allegedly approximate to that of a public organisation. However, the Court fairly concluded that the company at issue could indeed be declared bankrupt, i.e. that it did not differ from privately held companies. According to the Court, if the scope of the law is not clear, as was the case here, a holistic approach is needed.

In the case No. 28495/2012, the same Court admitted that the SOE concerned (a limited liability company owned 100% by a municipality) qualified as a public organisation. This allowed in turn the Court of Auditors to carry out supervisory tasks on

the directors of that company. To reach that conclusion the Corte di Cassazione had regard to the entity's governance and its engagement in the provision of local public services (transport) under the form of in-house awards. More specifically, the fact that the owning municipality exercised enhanced control over the company concerned, since it was an in-house awardee, implied that the latter bore actually no autonomous decision-making power. Rather, it was integrated in the hierarchical structure of the owning municipality, being a division of the latter (*longa manus della pubblica amministrazione*), also in view of the tasks it performed: transport services fall within the missions of municipality-shareholder.

Recent policy response

In January 2016, the Council of Ministers adopted a draft legislative decree,¹⁰ which endeavours to deal with the SOEs (both locally and centrally owned) in a systematic manner. The draft framework governs a wide range of issues relating to the establishment of SOEs and the acquisition or holding of shares in such companies and enshrines a number of overarching principles, namely: efficiency in the management of public assets, protection of competition including an express reference to the EU rules on state aid, and rationalisation of public expenditures. Its scope extends to joint stock and limited liability companies that are controlled by public authorities - whether directly or indirectly, wholly or partially owned, though with certain exceptions.¹¹ It reaffirms that, without prejudice to the deviations established thereby, SOEs are subject to company law and thus it positions them on an equal footing with privately held companies. In that regard, it also explicitly submits SOEs to the bankruptcy laws, thus addressing a controversial topic that was subject of concern for the Courts for many years, and prevents the participating authorities from injecting new capital in ailing SOEs that are posting losses for three consecutive years or lack a restructuring plan.

Most importantly, the draft framework sets the limits within which the use of SOEs is tenable (whether majority- or minority-owned), drawing from the concept of older initiatives such as the Budget Law of 2008: on the one hand, it is not allowed to establish and maintain SOEs unless necessary for the pursuit of the institutional goals of the public authority concerned; on the other hand, among those institutional goals, only the objectives specifically

foreseen therein may justify the use of SOEs (e.g. the provision of services of general interest, the construction of public works etc.). In any case, it is implied that the use of SOEs is perceived as last resort and needs to be considered against other alternatives, such as outsourcing the services sought. The Court of Auditors will be reviewing the relevant processes and check if the above principles are respected. The public authority concerned has to explicitly answer the possible objections of the Court, in case it decides to proceed, nevertheless, with the establishment of an SOE. Similarly, existing SOEs are to be scrutinised on an annual basis under the criteria mentioned above. In the context of this rationalisation project, a failure to comply with such criteria or a concurrence of one among the specifically defined cases (such as SOEs with no employees or SOEs with an average turnover less than EUR 1 million) implies the obligation for the owning authority to proceed with the reorganisation, restructuring, sale or liquidation of the entity concerned.

Other issues addressed by the draft legislative decree include an allocation of competences among the public authorities on managing SOEs, the setting up of an inventory of all existing SOEs, provisions relevant to their organisation structure, internal governance arrangements and best practices, separation of accounting books for enterprises granted special or exclusive rights, and staff matters, including wage setting. Also, "in-house" contracts are to be treated in this decree requiring once again public authorities and awardees to address any irregularities.

Ambitious in its endeavours, the framework proposed lays down measures to enforce compliance, including, amongst others, the application of administrative sanctions and liability for damage to public finances if the local government fails the rationalisation exercise, a reduction of up to 30% to the remuneration of the management of an SOE posting negative results if no restructuring plan is submitted, and a prohibition to proceed with new hires, unless a comprehensive survey is done to identify possible excess staff. The new rationalisation exercise is supposed to begin in 2016 and all SOEs shall be required to adjust their Articles of Association to the new framework – if finally adopted - by 31.12.2016.

A second legislative decree under the same enabling law complements the one mentioned above by comprehensively reviewing the legislation for services of general economic interest, including in,

but not limited to, network industries and local public transport.¹² The decree provides the awaited clarity in the definition of the said services and the way they can be provided (i.e. by contractors selected following a public tender; mixed companies, where the private stakeholder is chosen through a public tender; or internally, including through a direct award to in-house entities). It requires a thorough survey of the market, including a consultation of market stakeholders, before a new service is considered falling within this scope. It lays down specific requirements for the content of service contracts (e.g. in terms of the award duration, the definition of the public service obligation; and their compensation), envisages the aggregation of the services concerned also by means of a proper definition of the relevant geographical areas and reiterates the imperative to treat candidate suppliers equally, no matter whether they are publicly or privately owned. If in-house awardees are to be used, this decision is submitted to the opinion of the Competition authority. Furthermore, the role of sector regulators is strengthened. The waste sector is brought under the scope of the regulator for energy and water. As regards the local public transport, the role of the Transport Authority is reinforced and specific criteria are introduced in the regional distribution of the relevant national funds in order to reward the use of public tendering.

A first assessment and further options

How to reform the "archipelago" of the SOEs?¹³ A manifold strategy is considered indispensable in the report of the spending review of August 2014 ("Programma di razionalizzazione delle partecipate locali"). The authorities have occasionally launched different policy initiatives; however no concrete results were achieved so far either due to lack of implementation or a limited scope of the interventions. To bring fruit a reform should strike the right balance between different principles (such as accountability and transparency vs. efficiency and corporate autonomy) and ultimately cater for budgetary savings.

The most recent initiatives of January 2016, discussed above, represent a good opportunity to tackle the inefficiencies of the SOEs in a comprehensive way and strengthen competition in the sectors concerned. It may help in the consolidation of SOEs (the number of local SOEs could be reduced to 1,000 with potential savings for public finances of EUR 3 to 4 bn (around 0.2% of

GDP) per year; Commissario alla Spesa, 2014b); streamline the regulatory disarray that gives rise to competitive advantages or disadvantages among SOEs and privately held companies; and ensure an effective monitoring, enforcement and sanction system. On the other hand, some provisions could limit the efficiency-enhancing potential of the reforms: for instance, this could be the case with a provision in the draft decree on local public services relating to the transfer of the old awardee's personnel to the new contractor, to the extent it could go beyond the obligations stemming from the legislation on the safeguarding of employees' rights in the event of transfer of business. Also, given the

past experience, provided that the reforms are finally endorsed by the Council of Ministers, their proper implementation may be an important challenge. In relation thereto, further interventions in broader institutional aspects may have a positive impact such as more efficient administrative and civil justice that would help to resolve swiftly and effectively disputes.

Finally, the privatisation of local SOEs, as a possible outcome of the rationalisation project, could certainly contribute thereto. To this end it is crucial that existing restrictions in competition in the sectors concerned are swiftly addressed to avoid maintaining rent positions.

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¹ There are different ways in which the local government can hold stakes in enterprises: it can own (directly or indirectly) either more than 50% of the shares, or a major stake which, although not reaching this threshold, still allows to exercise control on the SOE, or it can only own a small quote. Whereby for 'control', according to Italian law, is meant that the authority exercises a 'dominant influence' on the SOE, either by means of voting rights in the assembly or by means of contractual arrangements.

² Comprehensive comparisons across countries extending to the firms controlled by municipalities are not available.

³ The expansion of the public holding entities was accompanied by the gradually increasing political interference in their operation. This created eventually a complicated pyramidal control structure as follows. At the top, two multi-member inter-ministerial committees were set up in the '60s to promulgate the strategic guidelines, including economic and social objectives, for public corporations: the "Comitato interministeriale per la programmazione economica" (CIPE) and the "Comitato interministeriale per il coordinamento della politica industriale" (CIPI). This platform was then passed on to the Ministry of State Shareholdings (established in 1956 and finally abolished in 1993) to implement the objectives set and oversee the management of the public corporations. Below the Ministry, IRI and the other holdings controlled the operational companies, either on their own or through sub-holding entities. The management of the whole structure was quite non-entrepreneurial given both the guidelines of the government, which did not actually aim at profit making, and the rules themselves. For example, according to Law 675/1957 IRI and ENI ("Ente Nazionale Idrocarburi") were requested to invest at least 40% of their resources in the country's southern regions. An illustrative case of the instructions given downstream was the acquisition of the ailing Motta e Alemagna (a maker of panettone) in 1974 by IRI.

⁴ For Italy, 17 companies are included (7 listed and 10 non-listed), held by the central government.

⁵ The figures concern the 2,380 SOEs that have declared a loss in 2012, out of 6,645 that have reported their result (7,726 is the full sample). Corte dei Conti (2012) gives broadly consistent estimates for the share of SOEs in loss: the Court reports that 35% SOEs have reported losses in at least one financial year over 2008-2010. The Court also highlights that a high share of losses are reported by SOEs not providing services of general interest (Corte dei Conti, 2012, pp 181-183).

⁶ Consumer Markets Scoreboard - Making markets work for consumers, 10th edition, June 2014. The performance of different markets is assessed on the basis of six main criteria: 1) the ease of comparing goods or services on offer; 2) consumers' trust in retailers/suppliers to comply with consumer protection rules; 3) problems experienced and the degree to which they have led to complaints; 4) consumer satisfaction (the extent to which markets live up to what consumers expect); 5) choice of retailers/providers; and 6) switching of tariffs/providers. The first four indicators are applicable to all the markets and feed into the 'Market Performance Indicator' (MPI) – a composite index serving as the basis for the main ranking of the 52 markets. The four components of the index are equally weighted and the score is on a scale from 0 to 100.

⁷ Recently article 12 of the Directive 2014/24/EU on public procurement codified the criteria of the in-house awards as follows: (a) the contracting authority exercises over the legal person concerned a control which is similar to that which it exercises over its own departments; (b) more than 80 % of the activities of the controlled legal person are carried out in the performance of tasks entrusted to it by the controlling contracting authority or by other legal persons controlled by that contracting authority; and (c) there is no direct private capital participation in the controlled legal person with the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the controlled legal person. Accordingly, L. 112/2008 (art. 23bis), which imposed open tendering beyond EU public procurement rules and the partial privatisation of SOEs, was abolished by referendum in 2011. A similar law was passed in 2012 but abolished by the Constitutional Court, on the ground of incompatibility with the outcome of the referendum.

⁸ Noteworthy, in-house contracts also refer to services that are potentially profitable and could thus be provided by profit-seeking operators (e.g. car and bike sharing schemes, tourist transportation).

⁹ See for instance, the web of SOEs in Lazio, as reconstructed in Perotti and Teoldi (2014): http://www.lavoce.info/wp-content/uploads/2014/03/Lazio_Partecipate_finale.jpg.

¹⁰ The draft legislative decree implements the wider public administration reform (enabling law 124/2015, Art. 18). The draft legislative decree is now to be submitted to the non-binding opinion of the Parliament. See <http://www.governo.it/provvedimento/provvedimento-a31044620011613/4026>.

¹¹ In principle the draft framework leaves aside the SOEs listed on stock markets, the entities organised under different legal forms, and the SOEs established in accordance with special laws for the provision of services of general economic interest. Also, a number of its provisions are not relevant to SOEs over which public authorities do not exercise control (e.g. because they hold only a minor stake in the company concerned).

¹² The draft legislative decree implements the wider public administration reform (enabling law 124/2015, Art. 18). The draft legislative decree is now to be submitted to the non-binding opinion of the Parliament. See <http://www.governo.it/provvedimento/provvedimento-a31044720011613/4027>.

¹³ Morbidelli, cited in Della Scala (2013).

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