

# **Turin: The long march towards water remunicipalisation**

*By Mariangela Rosolen*

On 9 October 2017, the Turin City Council turned back privatisation and took another step towards the remunicipalisation of its metropolitan water system. And so the city entered the next phase of its long march towards water sovereignty, begun in the aftermath of the Second World War on the ruins of a town half-destroyed by allied bombing and by Nazi/Fascist retaliations against the democratic popular resistance.

## **A performing and profitable public water system (1945-1990)**

In 1945, a large part of the Turin's civic aqueduct had to be reconstructed. Today, some of the water pipelines dating back to that period are still in operation. From 1945 to 1990, the Turin Water Service was directly owned and operated by a department of the Turin municipality. During this long period, water and sewage systems were implemented and modernised to keep pace with the growth of the city from 700,000 to 1.2 million inhabitants. The first Italian sewage treatment plant was also created during this time to serve Turin and its Metropolitan Area; it remains the most advanced and efficient plant in the country. Of course, the highly performing, profitable and publicly managed water system of Turin was highly coveted by private companies. They lobbied national governments (both centre-right and left) and gradually obtained laws and regulations supporting the privatisation of national and local public services.

## **The period of privatisation (1997-2001)**

In 1997, the Turin City Council also succumbed to the wave of privatisations. Both the name and mission of the Turin Water Service were changed: it would no longer operate as the municipal department in charge of providing water and sewage treatment to inhabitants. From that time onwards, water was more or less considered as a commercial product. Its management was awarded to SMAT SpA (the Turin Metropolitan Water Company). While Turin and the 306 small and medium-sized municipalities of the Turin Metropolitan Area hold all of the company's shares, SMAT's legal status as a SpA (or 'joint stock company') is subject to private commercial law so that profits are generated and distributed to the shareholders. In the following years, Turin Metropolitan Area municipalities also agreed to incorporate their water systems into this new company. The Turin Metropolitan Water Company started operating under private commercial law, with the goal to starting to make profit on 1 April 2001.

## **The problem of managing water for profit**

Although the Turin Metropolitan Water Company's shares are 100% owned by municipalities, the Italian water movement does not consider this as a public form of management. For example, in a for-profit enterprise, maintenance costs are reduced so as not to eat into the profits. In Turin, more than 500 kilometres of asbestos cement pipes still need to be replaced in order to ensure human and environmental safety. Moreover, the amount of time that lapses before intervention in the event of a failure or malfunction is too long.

In the smaller municipalities, water service is occasionally interrupted due to pollution from old pipes, poor maintenance or missing safeguards at collection sites. Most pipes date back to the post-war

period and should have long ago been replaced, but their renewal and replacement is expensive and will reduce profits. This situation contributes to considerably high rates of water loss.

Based on the available regional and municipal data [1], a 25% rate of water loss was recorded in 2009, and this increased dramatically to 47% in 2016 (see table below). While SMAT refuted these figures, the company was forced to publicly acknowledge water losses of at least 92,000,000 m<sup>3</sup> of water per year in the city and metropolitan area of Turin. SMAT considers this level of water waste as “physiological” (normal).

Year	Abstraction of water for human consumption Cubic meters m <sup>3</sup>	Amount of water billed to users Cubic meters m <sup>3</sup>	Difference Cubic meters m <sup>3</sup>	Percent water loss
2009	300.000.000	225.000.000	75.000.000	25,00%
2013	337.330.336	175.380.000	161.950.336	48,01%
2015	350.000.000	182.580.000	167.420.000	47,83%
2016	356.000.000	189.550.000	166.450.000	46,76%

The quality of drinking water is also an issue. Chlorination is the cheapest process to ensure clean water. Better and safer methods that don't affect the taste of water are not taken into consideration as they are more expensive.

There is still a considerable lack of sewage treatment plants in the Turin Metropolitan Area, and sewers discharge dirty water into sinkholes or rivers. Since the construction and operation of treatment plants costs money and reduces profits, the environment and human health are sacrificed. Moreover, SMAT was charging their customers for sewage costs, even though they had not provided sewage treatment plants. In 2008, users were forced to go to the Italian Constitutional Court in order to be reimbursed.

Lack of investment and proper maintenance have contributed to the poor quality of services. Nevertheless, water tariffs have increased by 16.2% between 2012 and 2015.

### **Rise of the Italian social movement (2001 -2007)**

The first European Social Forum in Florence in 2002 gave birth to the Italian water movement and to the country's first campaign to de-privatise water systems. The resulting Italian Water Forum proposed a legislative initiative by citizens to the Parliament. This petition, calling for water services to be restored from private to public delivery, collected 406,626 signatures (far more than the 50,000 required by law). Shortly afterwards, thousands of new signatures were collected by the Turin Water Movement in support of a petition asking local and provincial councils to assert in their statutes the principle that water is not a commodity but a common good that should be considered public property and be publicly managed. This first local campaign was successful, and municipal statutes were consequently modified. However the national campaign for a law favouring public water failed; the Italian Parliament ignored it over two legislative terms, at which point its validity expired.

### **Water back to the people (2009-2011)**

In 2009, the rightist Berlusconi government tried to catalyse the massive privatisation of local public services by forcing local authorities to sell at least 40% of their public services capital stock. The reaction of the Italian public was astonishing: nearly two million people signed a petition to launch a

referendum for repeal (only 500,000 signatures were required). On 11 and 12 June 2011, a 65% turnout resulted in 27 million voters (95% of the total) calling for a repeal of the Berlusconi government's act of privatisation. All power and responsibility for water policy was thus returned to Italian municipalities. The success of a second referendum that excluded profit-making from the management and provision of water was equally important.

The outcome of these referenda was not a surprise for water activists. We knew that a large majority of the Italian people agreed with us on the basic principle that water should be neither for sale nor for profit, and that everyone has the right to good quality water at affordable prices. We also believe that the participation of users and workers in water management may help to avoid corruption, misgovernment and favouritism.

### **Profit-making and mismanagement continued (post-2011)**

Although the 2011 referendum was a democratic success and prohibited profit-making through water management and provision, it was largely ignored by Italian municipalities, which prefer to keep the 'statu quo'. For instance, the National Authority AEEGSI has reintroduced profits in water bills under the name of "financial charges". The Italian Water Movement filed a case, but following a lengthy and costly controversy that made it up to the highest Court (Consiglio di Stato), we lost in 2017.

The Municipality of Turin is no exception. Water consumption dropped consistently between 2008 and 2011, negatively affecting SMAT revenues with the result that income was € 46,652,540 less than expected. SMAT recovered this amount years later by introducing a so-called "balancing cash adjustment ante 2012" (meaning before 2012). The water movement fought against this measure by filing a law suit; ultimately the court ruled the adjustment illegal.

Strategies of the Turin Water Movement (2011- 2017) Despite the fact that they own SMAT SpA, the municipalities tolerate the company's irresponsible attitude in protecting the environment and water users. For this reason, the Turin Water Movement launched a new campaign supporting a proposal to the town council to implement referendum results by remunicipalising SMAT. The Democratic Party (PD) majority in office at the time beat around the bush for a year and a half, trying to discourage the water movement from insisting that the referendum be implemented. Eventually, the PD rejected the text of the popular proposal on the remunicipalisation of SMAT SpA. Instead, in 2014 they introduced a higher threshold for the admission of private shareholders. Furthermore, a new provision was introduced stating that SMAT can distribute only 20% of its annual profits to shareholders, while the remaining 80% will be kept by the company in order to increase its capital for investments. To put this in context, 72% of the company's profits were distributed to municipal shareholders between 2008 and 2011. While the fact that profits were no longer completely distributed to municipal shareholders and a large part had to remain in the company to finance investment was a positive development, the Turin Water Movement was still not satisfied.

### **Turning back privatisation: the Turin City Council**

Change came with the 2016 local elections in Turin. The PD coalition was defeated, and the 5Stars Movement obtained an absolute majority in the City Council. Despite some unpleasant incidents, misunderstandings and political frictions at the start of the new administration, the 5Stars Movement and the Turin Water Committee are trying to forge a good relationship. At the beginning of 2017, several of the council members of 5Stars Movement produced a draft resolution for the remunicipalisation of Turin's water system, which was signed and endorsed by two other councillors

(Torino In Comune and Direzione Italia). It was finally approved by the absolute majority of the Turin City Council on 9 October 2017.

The new phase of water remunicipalisation now starting in Turin requires the attention and commitment of the entire Metropolitan Area. Up to now, only 40 municipalities (out of a total of 306) have taken the decision to restore water management under public law. The next step is to persuade all of the other municipalities to adopt a resolution so that the rule of public law over the ownership and management of our water can be restored.

[1] [www.cittametropolitana.torino.it/cms/ambiente/risorse-idriche/catasto](http://www.cittametropolitana.torino.it/cms/ambiente/risorse-idriche/catasto)

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