

# **Civil Society and Solidarity in Times of Crisis**

*Bucharest - June 17, 2014*

*Focus on Italy starting from economic & civic approach*



# INTRODUCTION

---



Within the context of the economic crisis, which has contributed to the reduction in the resources allocated by the State to local authorities, this study carried out in Italy by Cittadinanzattiva gives the picture of the effects of both reduction and deterioration in the quality of services offered to citizens and the steady increase in tariffs charged to end-users.

The focus of this research is the average family and the obstacles, problems and costs it faces daily.

The current economic conditions urge us to question the concept of vulnerable groups and middle class as understood today.

Our question is whether a middle class family should also be considered a weak group!

# CIVIC INFORMATION

---



This research is the result of the activities carried out by the Observatory of Prices and Tariffs of Cittadinanzattiva, active since 2007, on the rates of local public services. The main objectives of the Observatory are:

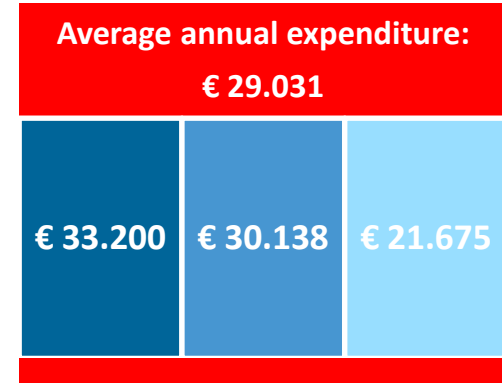
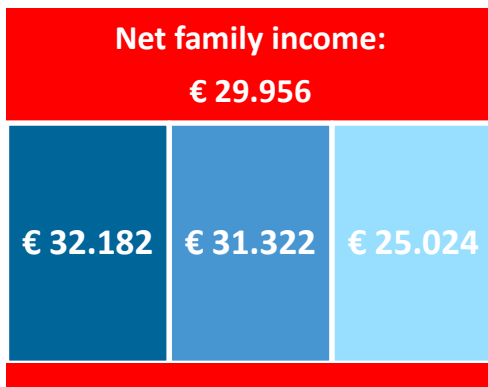
- promote **knowledge of pricing policies in taxation and tariffs** by municipalities through transparency and disclosure in the relationship between citizens and public administration;
- observe the **change of the expenses borne by the public over the years**, highlighting the inter-regional and inter-municipal differences ;
- Show the **substantial and growing burden borne by local public services** in the household expenses;
- Show both **good and irregular examples** at national level;
- Build a **dialogue with the institutions and the national and local operators** to enhance market transparency.

This research was also supplemented by data from the consolidated activity of Cittadinanzattiva on health and school, and by reports from consulting services to citizens (PiTService).

# ITALIAN FAMILIES

Number of families in Italy: approx 25,5 mln

Average number of members per family  
2,3 -82%ca of which owns a house



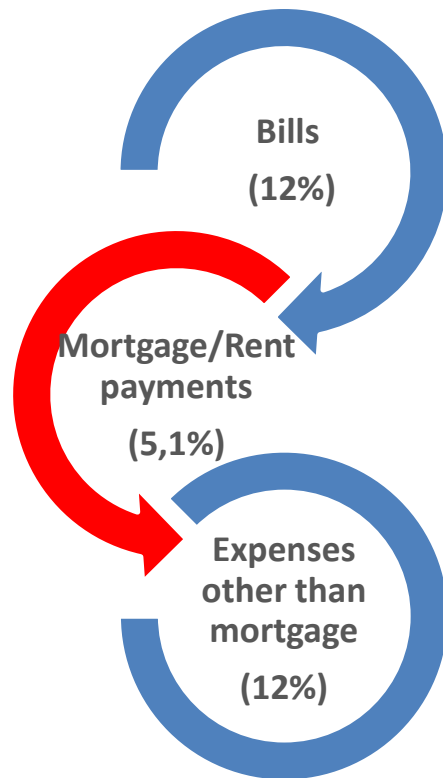
Source: Istat, 2014

39.5% of families (an increase of 7.2% in 2011 compared to 2008) is unable to cope with unforeseen expenses and 65.2% (virtually unchanged compared to 2008) cannot save any money.

**Payments in arrear vs family expenses:**

**Citizens' reports at the PiT Services**

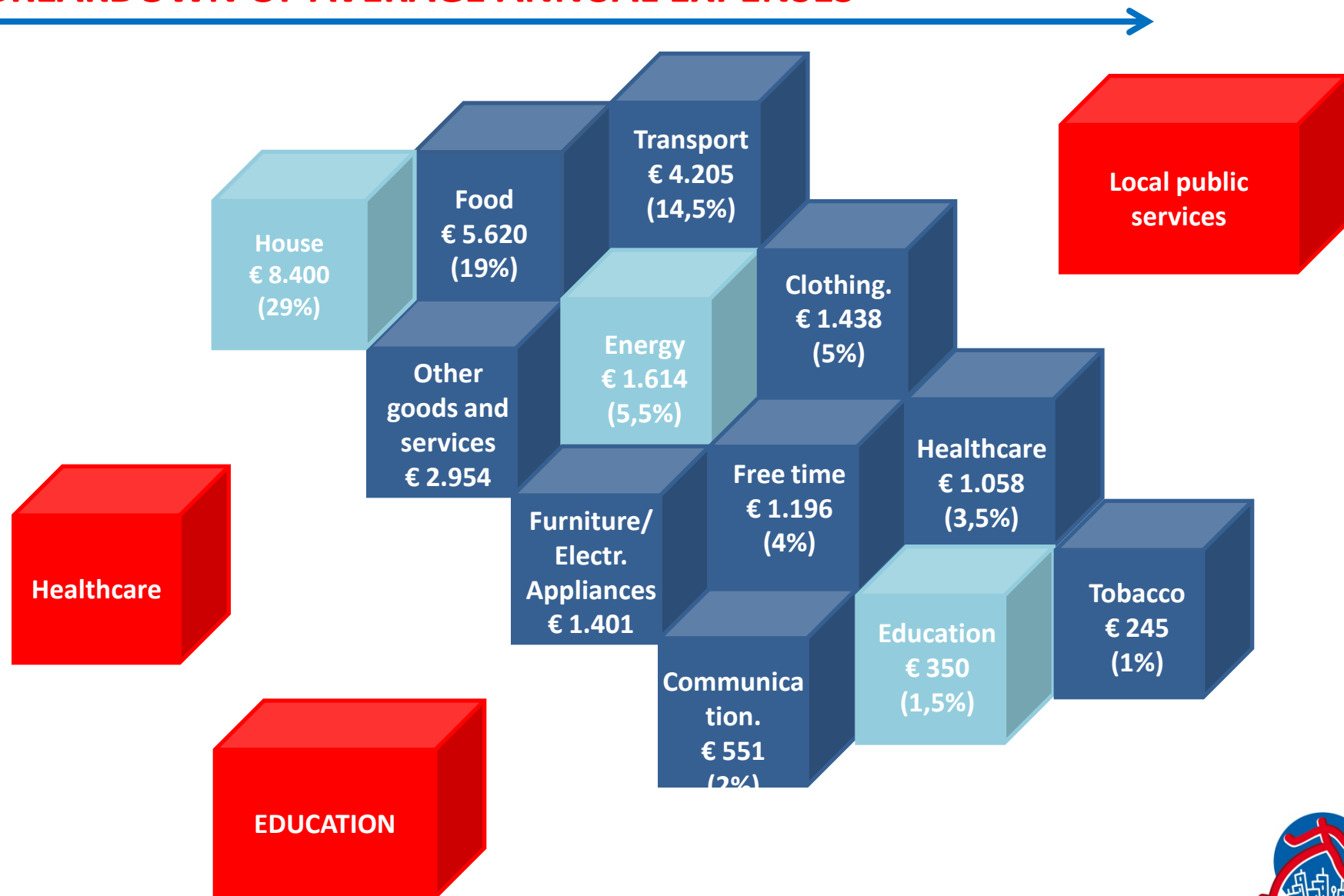
*Billing and tariff increase:*



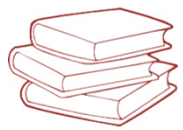
*Banking and financial services*

*Source: Istat, 2014*

# BREAKDOWN OF AVERAGE ANNUAL EXPENSES



**Support to families**



# **FAMILY: AN UP HILL WALK**



# HOME

---



In the second half of 2013 the number of applications for house mortgages by families is increasing again after two years of deep crisis which have seen demand reduced by 42% in 2012 and 19% in 2011.

**On the offer side**, after 2012 characterised by a drop in new mortgages granted (minus 49.6% compared with 2011), the year 2013 shows a new drop of 8% compared with 2012.

As a direct consequence, the amount of the average mortgage granted was € 114.432 in the third quarter of 2013, the lowest value ever recorded since the beginning of 2009. The attention on both the quality of the borrowers and the estimate on the value of the properties used as a guarantee against the mortgages remains high.

**The average amount** of mortgages granted for the purchase of dwellings is **about €22.000** per unit, **the average mortgage life** is **22 and a half years**, **the interest rate at national level**, referred to the first installment, is **3,94 %** and **the average installment** is **€682**.

We wish to point out that the suspension of mortgage payments, agreed upon between **ABI and 13 consumer associations** starting from 2010, has involved about 100.000 families, for a mortgage counter value, in terms of outstanding debt, is of 10.9 billion euro with an average benefit of € 7000 per family.





# HOUSE



In the case of electricity and gas most of the criticisms reported by citizens are related to the **quality of billing**.

This refers in particular to the irregularity of the billing and invoicing on estimated consumption which is subsequently transformed into **bill adjustment** for considerable amounts: from a min of € 2.500 to a max of € 6.500 for electricity and €8.000 for gas.

From the second quarter of 2014 the annual cost of the electricity bill for an average Italian family (3kW power and annual consumption of 2.700 kWh) is €512 amount that has basically unchanged compared with the second quarter of 2013. Compared with last year, the expenditure for the supply of raw materials fell by 6% against 8% increase in network services and 12% of the general system charges.

Taxes did not show any change.

As for gas, from the second quarter of 2014 the annual cost for an average household (heating and the annual consumption of 1.400 cubic meters) was €1.162, a decrease of 6.7% compared with the second quarter of 2013. Compared with last year the expenditure for the supply of raw materials decreased by 10.4%

**Bonus for electricity and gas:** this can be accessed by domestic users, only for main residence, when **the Isee indicator does not exceed €7.500 or not more than € 20.000 for large families (with more than 3 dependent children)**. The amount varies between €72 and €156, depending on the number of family members, for electricity and between €35 and €318 for gas. For individuals with **serious health conditions** the value of the electricity bonus was modified in 2013 and moduled according to the number of medical and therapeutic life-saving equipment and the time of usage.

# HOUSE



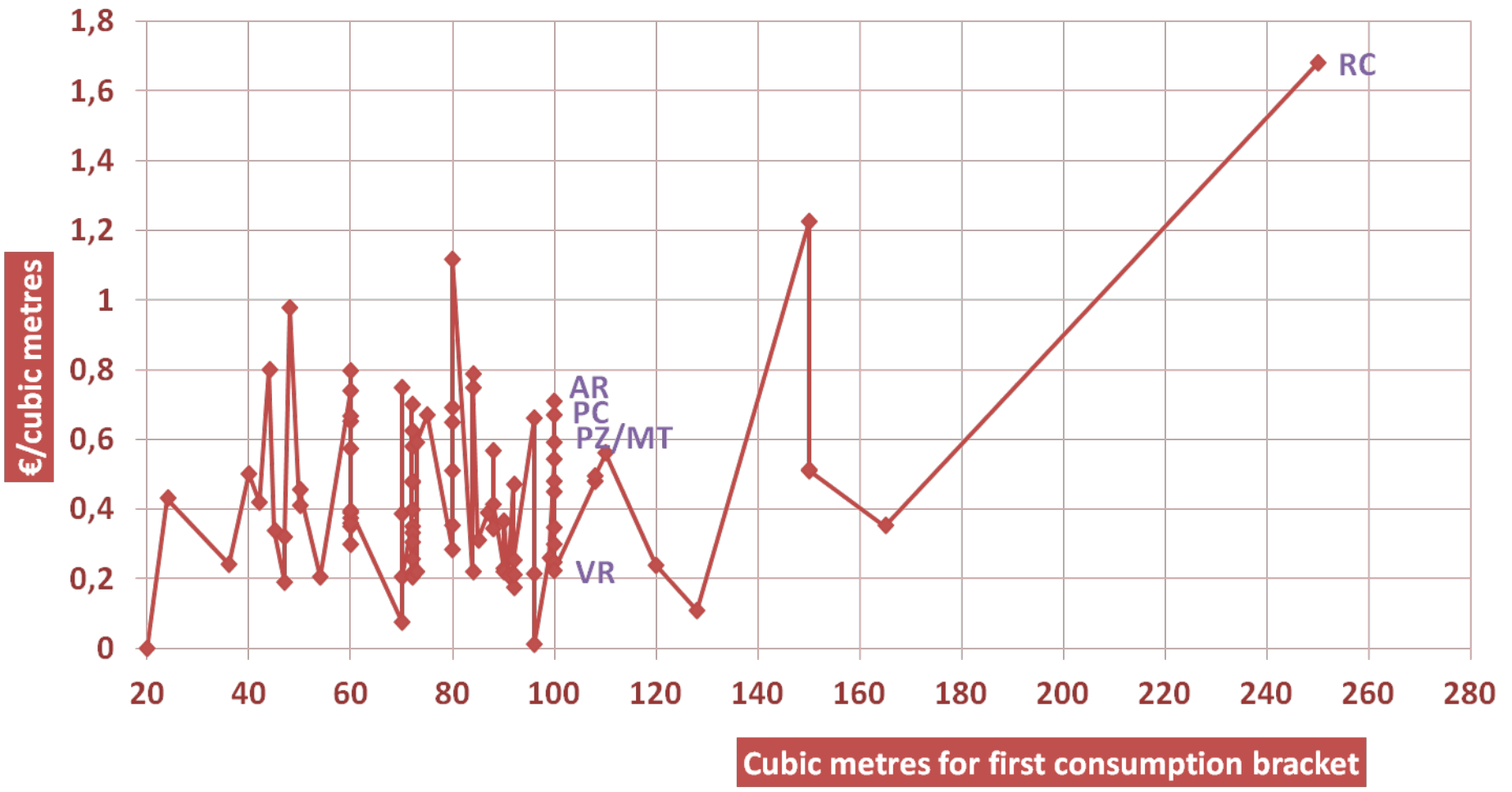
*Source: PiT Servizi – Cittadinanzattiva, 2013*



# HOUSE



Tariff for water service for the first consumption bracket



Cubic metres for first consumption bracket

# HOUSE



According to the **survey by the Observatory of Cittadinanzattiva** (carried out in all the provincial capitals in the country), in 2013 a family of 3 people with a house of 100 square meters and an Isee income of € 19.900 spent an average of €333 for integrated water services (+7.4% compared with 2012 and +43% compared with 2007) and €308 for the Tares (+22% compared with 2012 and +43% compared with 2007). In the case of the Tares a 12% increase is attributable to 'indivisible services'.

## Integrated water service

**Marked geographical differences:** the same average family pays a minimum of €120 in Isernia and a maximum of € 542 in Florence.

**Poor service in some areas:** in a given year 11% of Italian cities suffer from interruptions or disruptions in the service affecting all or part of the area.

In 2012, in all the provincial capitals, the water actually reaching the final users is only 33.9% of the amount pumped into the grid due to leakages.

**Greater cost ≠ better service:** in some areas of the municipality of Reggio Calabria, the service is interrupted every day. Here our average family spends €473 per year, the 12th highest cost among all the provincial capitals. Other examples are the towns of Agrigento and Caltanissetta.

**Different consumption bands:** single bracket (2%); two brackets (2%); 3 brackets (22%); 4 brackets (34%); 5 brackets (38%); 6 brackets (2%)

**Concessions:** only in 56% of cases observed

# HOUSE



# HOUSE



## Municipal waste management

**Marked geographical differences:** an average family pays a minimum of € 141 in Isernia and a maximum of €560 in Siracusa.

**Poor waste sorting:** despite an increase of 1.4% compared with 2011, in 2012 the separate collection of municipal waste is approx 35%. The average level rises to 46% for the capitals of the North of the country and stand at 32% for Centre Italy and 21% for those in the Southern regions.

**Greater cost ≠ better service:** the criteria of “who pollutes the most must pay most” is not always true. It is certainly true for the town of Siracusa where for the collection of 3% of waste (the lowest among the capital cities and decreasing over the previous year) our average family spends €560 for the Tares. There are also municipalities such as Benevento and Salerno where, despite levels of sorting equal to 65% and 70% , the cost for an average family is €450.

**Price breakdown:** in 16% of cases the rate is calculated only as a fixed amount (i.e. only on the basis of the number of square meters of the house), while in 31% of cases, although there is a variable fee based on the number of household members, the fixed rate is much higher compared with the variable one.

**Concessions:** only in 65% of cases observed

**HOUSE**



# HAVING A CHILD

---

Nowadays, for various reasons, people decide to have children at an older age than in the past. This is a major cause for the increase of infertility: it is a biological fact that **fertility decreases with age**, decreasing significantly after thirty-five and drastically after forty. All this means that conceiving at an older age is more difficult, both naturally and through medically assisted procreation. In the case of **ART (Assisted Reproductive Technology)** costs of access to benefits for couples in a public hospital are approximately €2.700/3.000. The cost in private centres varies from €3.000 to € 11.000.



## HAVING A CHILD



It is estimated that the costs for diagnostic tests and visits by specialist doctors during pregnancy ranges between 800 to 1000 euro. These figures include the first analyses to the birth itself, excluding amniocentesis (the cost of which exceeds €600).

We must consider also that costs may be higher since many people go directly to the private centres.

Many diagnostic tests in pregnancy are provided by the NHS but with long waiting lists; only very few women are able to book on time, while others are forced to turn to private centres.

During pregnancy, **80% of Italian women choose to pay out of pocket** the assistance of a private gynecologist rather than book at free clinics or hospital surgeries especially for **continuity of care**: being followed throughout pregnancy by the same specialist with whom they establish a relationship of trust.

Costs of a number of services in private centres

- Gynaecological specialist (80/100 € per visit)
- Ultrasound morphology (150 €)
- Amniocentesis (€ 600 and over)
- Blood tests (50/80 €)
- Nuchal scan and bitest (100/200 €)
- Painless childbirth (between 50 and 250 €)

## BALANCE BETWEEN FAMILY/WORK

---

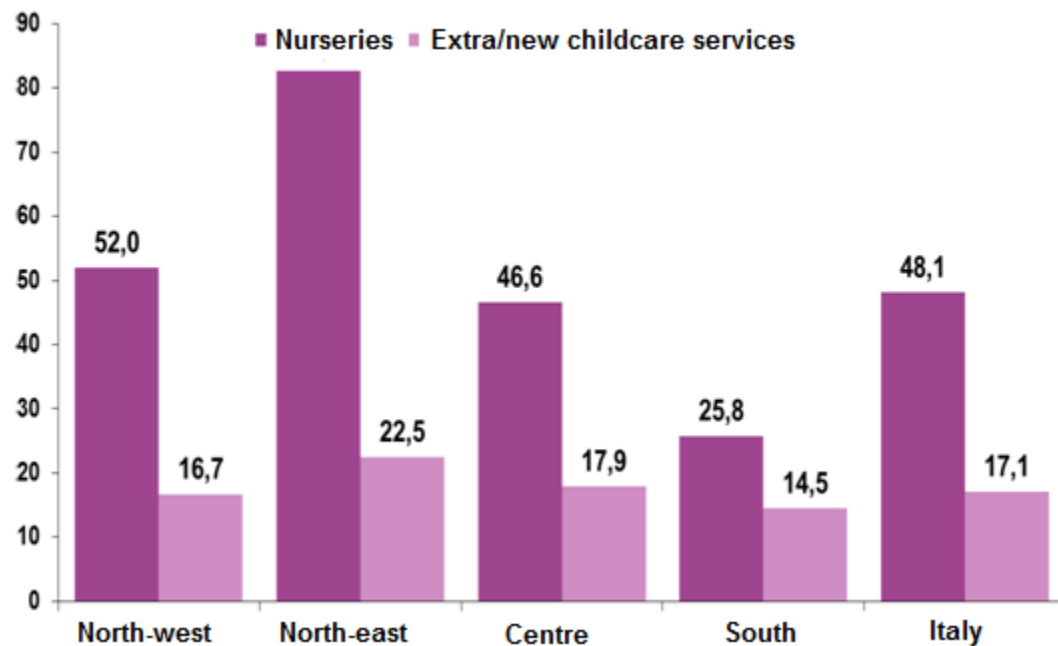
Municipal nursery schools are of great public interest since they:

- help to reconcile family and working life;
- help to promote greater female participation in the labour market;
- can provide an important response to the declining birth rates;
- not only are a solution for the custody and care of the child but contribute also to his/her development.

# BALANCE BETWEEN FAMILY/WORK

*Municipalities which have activated nursery school services - year 2011 (percentages of municipalities/region)*

*Municipalities which have activated nursery school services by type and distribution. Year 2011 (a)*



Overall, in Italy, municipal nursery schools have been activated by 48% of municipalities and pre-school services for children 0-2 years is 11,8% (with a maximum of 24.4% in Emilia Romagna and a minimum of 1.9% in Campania).

## BALANCE BETWEEN FAMILY/WORK



According to the survey by the **Observatory of Cittadinanzattiva** (on all the Italian provincial capitals), in 2013 a family of 3 members with an Isee income of € 19.900 spent an average of €3.090 for municipal day-care services (+1.3% compared with 2012) for 10 months of full-time attendance. This expense accounts for 10% of net household income.

**Marked geographical differences:** the same family spends €1.520 in Trapani and €5.150 in Lecco for the same hours of attendance, including meals and nappies.

**Fees:** in 93% of cases the fee is calculated on the Isee income. On average, the minimum fee is €77 per month (it varies between €15 and € 350) and is calculated on an average Isee of max € 5.500 (which varies between 1.200 and 15.000€). The maximum fee on the other hand appears to be on average €425 per month (it varies between €110 and €750) for an average Isee income starting from € 30.500 (which varies between € 10.000 and € 82.000).

**What is included in the fee:** only meals (33%); everything (29%); meals and nappies (28%); everything except nappies (10%)

**Concessions:** only in 56% of cases

# BALANCE BETWEEN FAMILY/WORK



# BALANCE BETWEEN FAMILY/WORK

The most used commuting means of transport from home to the workplace continues to be the car used in 2012 in 74.3% of cases, compared with the use of public transport at 13.7% (decreased by 0.4% compared with 2009).

According to Istat, the annual costs of a family related to the use of the car (car insurance, fuel, routine maintenance and repairs) amounts to €3.000 while those related to the use of public transport are €335.

According to data collected by the Observatory of Cittadinanzattiva in all the Italian provincial capitals, the average cost of a monthly season ticket is €31.5 (min €13 and max €55) and an annual season ticket is € 290 (min € 150 and max €500)

## Citizens reports to PiT services

| Rail transport          | 2012 | Local transport        | 2012 |
|-------------------------|------|------------------------|------|
| Delays                  | 22%  | Punctuality of service | 37%  |
| Increased tickets       | 18%  | Number of rides        | 20%  |
| Reimbursements          | 16%  | Hygiene                | 13%  |
| Lack of service         | 13%  | Fines/Claims           | 13%  |
| Hygiene                 | 10%  | Condition of bus stops | 7%   |
| Fines                   | 8%   | Architectural barriers | 7%   |
| Complaints management   | 5%   | Customer Service       | 3%   |
| Theft/Damage to luggage | 5%   | Total                  | 100% |
| Architectural barriers  | 3%   |                        |      |
| Total                   | 100% |                        |      |

# BALANCE BETWEEN FAMILY/WORK



# EDUCATION



*According to article 118 u.c. of the Constitution, individual and associated citizens, and therefore also private subjects, must be "favoured" by the State and by all its institutions, as an indispensable resource for local communities, and thus also for schools, when acting in the general interest and in accordance with the principle of subsidiarity.*

Also art. 53 of the Decree on "Simplifications" was inspired by this principle in providing new ways of intervention of the construction industry in public school building. Unfortunately, there are few experiences so far made in this area due to the difficult economic situation for the building industry in our country.

Most importantly, however, is the **economic and material support** families are currently providing to the Italian school system, even more so in these critical years. This should at least be publicly acknowledged. Families have been supporting for many years public education through:



## EDUCATION



According to the reports and the information in our possession, we tried a simulation (rounded down to the lower figure) exclusively on **voluntary contribution** which many families supply directly to schools or through direct contribution or assets.

| School              | No. of students (2013/14) | No. of families contributing | Average contribution | Total received from schools |
|---------------------|---------------------------|------------------------------|----------------------|-----------------------------|
| Nursery             | 1.030.364                 | 721.255 (71%)                | € 50                 | € 36.062.750                |
| Primary             | 2.596.915                 | 1.817.841 (70%)              | € 50                 | € 90.892.050                |
| Secondary 1st grade | 1.671.375                 | 1.169.963 (70%)              | € 70                 | € 81.897.410                |
| Secondary 2nd grade | 2.580.007                 | 1.806.004 (70%)              | € 100                | €180.600.400                |
| Total               | 7.878.661                 | 5.515.063 (70%)              | € 70                 | € 389.452.610               |

*Source: Scuola di Cittadinanzattiva, 2014*

# HEALTHCARE



According to Istat, in 2012 the average expenditure incurred by a family for medicines and visits to specialist doctors (excluding private insurance) was about €900, a decrease of 6.2% compared with 2011 and oh 10% compared with 2008.

However, according to the Court of Accounts also in 2012 there has been an increased revenue thanks to the various forms of healthcare cost-sharing (ticket). This increase compared with 2011 is higher than 9%: +13.4% for visits to specialist doctors and other services and 5.2% for medicines.

**Change in percentage in healthcare cost-sharing  
(2012 compared with 2011)**

| Region         | Ticket on medicines | Ticket on health services | Total  |
|----------------|---------------------|---------------------------|--------|
| Tuscany        | +23,1%              | +23,5%                    | +23,4% |
| Basilicata     | +43,2%              | +9,2%                     | +23,3% |
| Veneto         | +4,3%               | +38,1%                    | +22,7% |
| Liguria        | +31,8%              | +13,4%                    | +21,5% |
| Umbria         | +18,7%              | +14,2%                    | +15,8% |
| Friuli V.G..   | +10%                | +16,4%                    | +14,7% |
| Piedmont       | +2,2%               | +19,5%                    | +13,1% |
| Emilia Romagna | +19,2%              | +5,8%                     | +9,7%  |
| Lombardia      | +4,2%               | +15%                      | +9,2%  |
| Molise         | +18,3%              | -4,1%                     | +8,3%  |

| Region        | Ticket on medicines | Ticket on health services | Total |
|---------------|---------------------|---------------------------|-------|
| Marche        | +10,7%              | +6,9%                     | +8,1% |
| Valle d'Aosta | +14,3%              | +3,3%                     | +5,5% |
| Puglia        | +5,2%               | +5,2%                     | +5,2% |
| Lazio         | +7%                 | +2,7%                     | +4,8% |
| Abruzzo       | +0%                 | +7,7%                     | +4,3% |
| Sardegna      | +9%                 | +0,7%                     | +4,3% |
| P.A. Bolzano  | +3,7%               | +2%                       | +2,6% |
| P.A. Trento   | +11,7%              | -1,9%                     | +0,9% |
| Calabria      | +0,9%               | -1,6%                     | -0,1% |
| Campania      | +0,9%               | -5,5%                     | -0,8% |
| Sicily        | -6,6%               | +19,6%                    | -1,4% |
| ITALY         | +5,2%               | 13,4%                     | +9,3% |

# HEALTHCARE

About 12% of the reports received by the PiT Salute in 2012 covers the costs borne by the public to access a series of health benefits.

- **Medicines** not paid by the NHS
- Price difference between brand and generic medicines
- Increased ticket cost

In the case of **diagnostic tests and visits by specialist doctors** the cost of the ticket varies according to the region from a minimum of €36.15 to a maximum of €70 (e.g. for examinations such as CT and MRI). The **ticket to the emergency room** (white code) varies between €25 and €50.

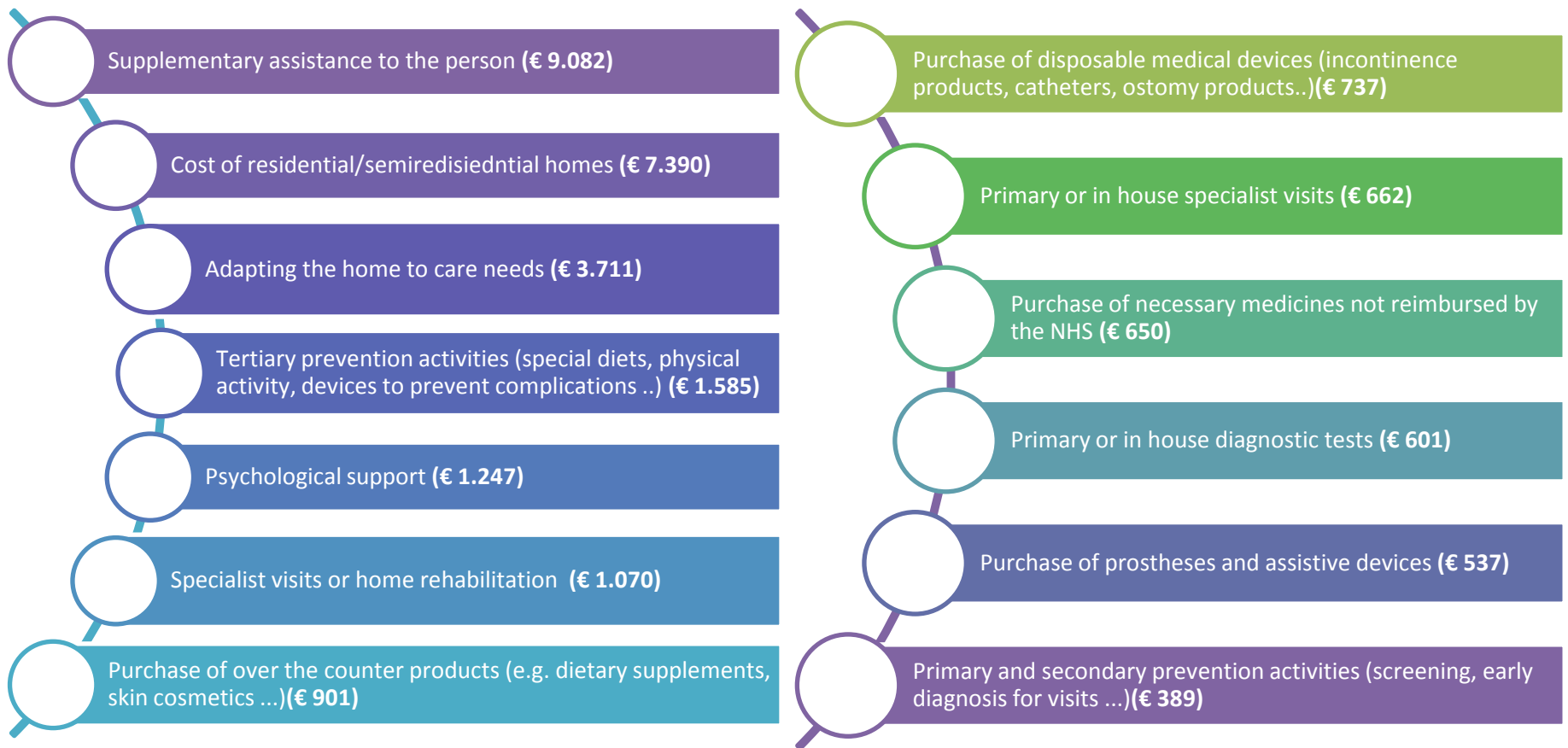
If there is a disabled member in the family who requires hospitalization in a **nursing home**, the cost can rise up to an average of €14.000/year.

Regarding **prosthetic and supplementary assistance** now citizens do not have free access to new devices, personalized and of high quality, unless they pay out of pocket an estimated €950 per year.

# HEALTHCARE



The issue of costs becomes even more critical for who suffers from one or more chronic (or rare) diseases. Below is an outline of the average expenditure in the last year according to type of service (source: CnAMC XII Report - Cittadinanzattiva):



# OBSERVATIONS



Geographical differences affecting all sectors

Outdated economic and requirement measures

Citizens replacing public administration activities  
(beyond the principle of subsidiarity)

Active citizenship in defining and evaluating services

Services (available, affordable and of quality) as a  
effective policy to support families