Federal Roads Office FEDRO

Audit of special financing for road transportation

Key facts

The Swiss Federal Audit Office (SFAO) conducted an audit at the Federal Roads Office FEDRO and at other administrative units involved in the area of special financing road transportation. It is intended to provide information on the lawful use of earmarked financial resources. Audits were carried out at the dossier level on the FEDRO loans "human-powered mobility, footpaths and hiking trails" and "historic transport routes". In addition, the financing model as described in the bill for the creation of a motorway and urban transport fund was assessed.

The background for the assessment of the use of resources in accordance with their purpose were the task areas outlined in the fund report of the 2013 state financial statements (volume 3, table B43). The "special financing for road transportation" fund was posted at CHF 2,036 million in the state financial statements at the end of 2013. Credit items totalling approximately CHF 165 million were subject to an in-depth examination.

Deposits in the fund are financed from half of the mineral oil tax, from the mineral oil surtax and the motorway tax. In 2013, a total of CHF 3,785 million was allocated to special financing for road transportation. The main purpose of the special financing for road transportation fund is financing the construction, maintenance and operation of the motorway network. Furthermore, contributions are made to major railway projects, to promote combined transport and the transport of accompanied motor vehicles by rail as well as to the cantons for main roads. Since 2008, deposits have also been made in the infrastructure fund. If there is a link to road transport, contributions can in addition be made to environmental protection, landscape protection and protection against natural hazards. Finally FEDRO administrative costs and expenditure on research mandates are funded by special financing for road transportation. In 2013, a total of CHF 3,821 million was spent on special financing for road transportation.

In principle, the expenditure is authorised as part of the annual budgeting process. In the case of several budget items, projects are financed not only with general budget funds but also with the earmarked special financing for road transportation fund. Bearing a relation to road transport is a precondition for funding from the special financing for road transportation fund, due to the specification of purpose required by law. The current budgetary allocation from general and earmarked financial resources is based on empirical values from the eighties which, in the meantime, are likely to be obsolete. The question arises whether the special financing for road transportation funding shares defined in the eighties are still in line with the specific purposes prescribed by law in particular in the areas of environmental protection, cultural heritage protection, landscape protection and the protection of other roads against forces of nature. Projects and programmes financed by the special financing for road transportation fund must show that they bear a relation to motorised road transport. Given that the use of financial resources designated for a specific purpose requires clear proof of this specification of purpose, an updated collection of data must explain the legal, i.e. the appropriate use of resources transparently, clearly and verifiably.

To ensure earmarking, the SFAO recommends drawing up an inter-office coordination and monitoring concept for the monetary flows financed by special financing for road transportation. Because various administrative units are involved, the General Secretariat of the Federal Department of the Environment, Transport, Energy and Communications will be in charge of this topic.

Individual audits revealed that FEDRO calls on the support of an external specialist services manager for tasks in connection with historical roads. This external support uses up almost one third of the amount available. It should be examined to see if insourcing would cost less.

The remarks on the motorway and urban transport fund refer to the consultation procedure documents in accordance with the Federal Council decree of 26 February 2014. Now a restricted fund is to be created for an unlimited period for financing motorways and contributions to measures to improve transport infrastructure in cities and agglomerations. For the remaining tasks that are also financed by restricted funds (contributions to costs for main roads, non-designated contributions, other designated contributions, contributions to main roads in mountainous areas and outlying regions, contributions for environmental protection / landscape protection / protection against natural hazards, and research and administration) the new special financing for road transportation fund would continue to be listed in the federal financial statements and posted as restricted funds in net assets/equity in the state financial statements.

Key aspects of the planned new regulations for road financing are the two separate funds, namely the motorway and urban transport fund as separate accounts and the new special financing for road transportation as restricted funds in net assets/equity of the state financial statements. The division of receipts designated for a specific purpose into these two funds creates specific earmarking which is obviously desired. In concrete terms, this means that receipts and the established intended uses are split up into two subsections which are clearly distinguished from each other in terms of content. So long as the general, overarching specification of purpose is complied with, there should be no objections to a solution of this nature. However, it should be considered that the compensation mechanism identified in the financing model, i.e. the shifting of any reserves between the two funds, is thereby prevented. Shifting the reserves would inevitably mean infringing the specified forms of earmarking of the individual funds. This would not be generally accepted financial reporting. Added to this, building up earmarked capital constitutes misuse in principle. Also no interest return entails the risk of capital erosion, which amounts to gradual misuse.

Separate fund regulations must be drawn up by the administrative unit in charge for both financing funds if appropriate. The fund regulations will ensure legally-compliant use of funds and transparent accounting.

Original text in German