

# Audit of divisional accounts at transport companies

## Federal Office of Transport

### Key facts

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Against the backdrop of subsidy abuse cases that had come to light, the Swiss Federal Audit Office (SFAO), together with six cantonal audit offices, audited the appropriateness of six transport companies' cost accounting structures. In addition, a plausibility check was performed on secondary business and secondary proceeds to identify possible cross-subsidisation.

Regional passenger transport, which is part of public transport, is not self-financing. The Confederation and cantons jointly order regional passenger transport and provide compensation for the transport companies' uncovered planned costs. Each year, planned costs amount to around CHF 2 billion, half of which is covered by the Confederation and cantons. The share varies from canton to canton.

The audits revealed that the maturity of the cost accounting and the amount of documentation match the size of the audited transport companies. For smaller transport companies in particular, the complex ordering procedure poses a huge challenge and cost accounting is not used as a management tool. It is questionable whether costs and benefits are balanced in such cases. As regards the allocation of any profits from regional passenger transport to the restricted special reserve in accordance with the Passenger Transport Act (PTA), no discrepancies were observed, although procedures varied.

### **An analysis of discrepancies between planned and actual figures is necessary for previous periods**

The existing cost accounting allows generator-based cost allocation to divisions and lines. The transport companies generally comply with the principle of cost pricing without markups in their service offering.

A large proportion of transport companies' transport proceeds comes from income from transport networks. The planning of this revenue is based on the transport networks' proceeds forecasts. The transport companies' leeway in their passenger transport tenders is narrower on the revenue side than on the cost side. As the compensation from the ordering authorities to the transport companies is based on planned proceeds and costs, the passenger transport tenders contain conservative planned figures. Proceeds tend to be slightly lower, and costs slightly higher, than estimated, which leads to higher compensation.

A comparison and analysis of planned and actual figures for the period preceding the order period could reveal such systematic behaviour and be used by the ordering authorities to steer the reserve in accordance with the PTA. The SFAO has made a recommendation to this effect to the Federal Office of Transport.

### **The procedure for supporting pension fund restructuring should be harmonised**

To date, there is no consistent procedure for supporting transport companies in the necessary restructuring of their pension funds. As a result, the funds deployed by the Confederation and cantons in completed restructuring efforts have varied.

It can be expected that there will be pension funds in difficulty in the future too, which means that the procedure and type of support from the ordering authorities must be regulated uniformly.

### **Extra and special trips: secondary proceeds or secondary revenue?**

Not all transport companies were able to demonstrate that marginal costs in secondary proceeds were covered, or that there was no cross-subsidisation in secondary business. Despite the limited transparency, there was no indication of major errors at the time of the audit.

As regards special and extra trips, which are generally lucrative for transport companies, it was not possible to observe a consistent allocation to secondary business or secondary proceeds. Given the equal treatment of transport companies, this is an important point. Secondary business profits are fully available to transport companies, whereas secondary proceeds ease the burden on regional passenger transport.

**Original text in German**