

Audit of subsidies for structural improvements in rural engineering

Federal Office for Agriculture

Key facts

Every year, the Confederation invests around CHF 50 million in the extension and renewal of agricultural infrastructures. The subsidised measures include, in particular, the refurbishment and extension of agricultural transport routes and water supply facilities, the reorganisation of land ownership, the improvement of water management and soil structure, the reconstruction of agricultural infrastructures after severe weather events, and the improvement of the natural environment and the landscape. By means of these structural improvements in rural engineering, the Federal Office for Agriculture (FOAG) works together with the cantons to create optimum conditions for a future-proof Swiss agriculture.

The Swiss Federal Audit Office (SFAO) conducted a performance audit of the structural improvements in rural engineering. It found that, in general, the FOAG uses resources sparingly, supports appropriate construction standards and strives to ensure the long-term usability of the subsidised infrastructures. However, the FOAG does not give sufficient weight to cost/benefit considerations when assessing projects. The SFAO likewise identified scope for improving the prioritisation of scarce budget resources, as required by the Subsidies Act; this prioritisation is not universally ensured. Environmental aspects play an increasingly important part for the FOAG as regards structural improvements in rural engineering. With respect to the legally required environmental improvement, the SFAO concluded that the FOAG cannot guarantee comparable compliance across the whole of Switzerland, owing to the lack of an assessment system. The SFAO also identified room for improvement in the incentive system for additional environmental efforts such as the re-wilding of watercourses, the planting of tall-stem fruit trees or the transition to extensive farming of meadowland, for example.

The focus is on costs, rather than on comparing them with the benefits

The FOAG ensures that the chosen standard of the subsidised structural improvements is appropriate and can be achieved at the lowest possible cost. The costs incurred over the entire life cycle of the infrastructure are taken into account for the cost assessment; it is assumed that the infrastructures created will be expertly maintained. For this reason, the FOAG should increasingly encourage compliance with the requisite maintenance obligation by the cantons.

While the cost aspect is critically examined by the FOAG, in many cases there is no assessment of the benefits provided by the structural improvement project. The FOAG should estimate the key benefits derived from the fulfilment of the structural improvement goals and rate them against comparable projects. In order to guarantee the economical use of federal funds, the FOAG should therefore give greater weight to the cost/benefit ratio.

For a few years now, the cantons have been reporting resource requirements for the promotion and maintenance of structural improvements in infrastructure that are higher than the funds allocated to them by the Confederation. According to the FOAG, the scarcity of resources is mainly due to the growing need for the refurbishment of aging infrastructures and high-cost projects. The scarce financial resources make it necessary to prioritise projects in order to deploy the available funds efficiently. The SFAO expects the FOAG to ensure that the cantons prioritise the federally supported rural engineering structural improvement projects. In order to ensure that the necessary basis for the cantonal structural improvement strategies is available, the FOAG should, in cooperation with the cantons and in a timely and pragmatic manner, take an inventory of existing structural improvement infrastructures.

Room for improvement in environmental measures

Structural improvement projects can have both a negative and a positive impact on the environment. The structural improvement infrastructures allow the management, and hence the preservation, of biodiverse areas. However, new or extended infrastructures could also lead to more intensive management, which increases the pressure on biodiversity. The FOAG should step up its efforts further, in order to ensure that the structural improvement projects are implemented in line with the environmental goals for agriculture, especially in the area of biodiversity.

The SFAO observed that, in the case of large joint projects, the legal requirements on environmental improvement are met in very different ways. For example, there are considerable quality differences in the recording of the available nature assets in the perimeter concerned. The FOAG lacks practicable minimum requirements with regard to both legally required environmental improvements and voluntary additional environmental efforts. In principle, the FOAG is aware of the issue and is planning a project to establish requirements for environmental measures. The SFAO supports this initiative and expects that it will be implemented in a timely manner, and that a transparent rating system for environmental measures will be introduced, in order to ensure both the degree of compliance with the legal requirements on environmental improvements and the comparable implementation of voluntary additional environmental efforts across all projects.

The FOAG supports the implementation of voluntary additional environmental efforts with a supplementary subsidy contribution. The amount of this subsidy is largely determined by the total cost of all structural improvement measures implemented as part of the project. This link to the total cost can result in a subsidy amount that is significantly higher than the cost of implementing the subsidised environmental measure. In order to improve the cost/benefit ratio of the incentive system, the SFAO recommends that the additional subsidy amount for voluntary additional efforts be more closely aligned with the effective cost of the subsidised environmental measure.

Original text in German