

Economic efficiency of territorial units and their supervision

Federal Roads Office

Key facts

With the new system of fiscal equalization and the division of tasks between the Confederation and the cantons (NFE), in 2008 ownership of motorways passed to the Confederation, which also assumed responsibility for their operation. The original 24 cantonal bodies were grouped into 11 territorial units, which today ensure operational and project-free structural maintenance. They are engaged for this purpose by the Federal Roads Office (FEDRO) with a service level agreement.

The operational maintenance services provided by the territorial units are remunerated by FEDRO by means of a global payment of around CHF 230 million per year. The project-free structural maintenance causes additional costs amounting to roughly CHF 60 million per year. These costs are settled according to the actual time and effort involved.

The Swiss Federal Audit Office (SFAO) conducted an audit on the economic efficiency of service provision by the territorial units in 2017. At the same time, it examined FEDRO's oversight activity. Five audit areas were examined: legal basis, controlling, make or buy (third-party services), coordinated procurement and structural optimisation of the territorial units.

The legal basis restricts competition and the associated economic efficiency

The Federal Act on the Motorways (MwA) calls for motorways and their technical facilities to be maintained and operated according to economic criteria. The Confederation is to conclude service level agreements with the cantons or bodies formed by them for this purpose. The Confederation is free to award service provision to third parties only in the event that no canton or body formed by it is willing to execute the work. The cantons thus have a kind of "pre-emptive right" and competition is largely prevented with the current system. This situation is politically desired, as the loss of synergy when third parties are put on the same footing as the cantons was given greater weight in the political NFE debate.

The division of the motorway network into 11 territorial units is primarily politically driven. The law gives the Federal Council the power to define the borders. The Federal Council also decides on the awarding of services if several cantons apply for a territorial unit.

In terms of economical service provision, the SFAO believes that the Federal Council should make greater use of its powers and the existing legal scope.

Reduction of administrative burdens in the area of controlling and reporting

With the implementation of the ALV14 optimisation project, FEDRO has made numerous improvements over the past few years and savings of millions of francs have already been achieved.

The SFAO sees even more potential in the area of globally remunerated services. From today's standpoint, the annual reporting and the associated work can be reduced. Overly detailed information is no longer necessary. The administrative burden can thereby be reduced at FEDRO and the territorial units. As a result of reduced reporting and the smaller data volumes associated with that, a cheaper database solution can be considered for FEDRO.

The SFAO believes that the quality of the work carried out by FEDRO can be checked on a random basis by means of increased route checks. The targeted assessment of individual activities should establish good practices and the economic provision of services should not only be reviewed but also promoted.

The price of salt for winter road maintenance must be renegotiated

Swiss Saltworks AG, which is owned by the cantons, has a monopoly for selling, importing and trading in salt. There is no competition and prices are two to four times higher than in neighbouring countries. As shareholders, the cantons benefit directly from the profits generated in the form of a dividend payment.

The high profits of Swiss Saltworks are an indication that salt is too expensive in Switzerland. As the SFAO sees it, prices must be renegotiated. If this does not lead to a reduction, it should be possible, by stipulating a right of inspection, for a price check to be carried out at the supplier's premises in order to establish the market price. The annual savings potential is between CHF 1 and 2 million.

Centralisation of expertise and technical equipment

Expertise in the area of operating and safety equipment is becoming more and more important. The SFAO recommends examining the centralisation of know-how. In this way, forces can be pooled and the more economical provision of services can be increased in the future.

Also in the area of the maintenance of green areas and cleaning, the SFAO sees potential for closer cooperation among the territorial units. The execution of these components is relatively easy to plan. A centralised organisation would lead to improved staff and equipment utilisation. Fewer new purchases of technical equipment would have a further positive effect in terms of minimising the costs incurred today.

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