

Audit of the report on management salaries in federal enterprises and institutions

Federal Office of Personnel

Key facts

The Federal Council prepares a report on management salaries in federal enterprises and institutions each year for the Finance Delegation (FinDel). This report details the remuneration of the members of the board of directors and the management of the entities concerned.

FinDel commissioned the Swiss Federal Audit Office (SFAO) to check the completeness, accuracy and traceability of the information contained in this document. It also instructed the SFAO to analyse the accumulation of managerial mandates within the groups and potential conflicts of interest. In addition, it wished to be informed about the remuneration situation for enterprises (subsidiaries) that are not covered by the report. The SFAO examined the report on management salaries for 2017. It focused on salaries at RUAG Holding AG and Swiss Post AG, which are of particular interest due to their numerous subsidiaries both in Switzerland and abroad.

The SFAO found no significant discrepancies or problems. The legal framework nevertheless needs to be updated to ensure all entities are included in the management salary report. Consideration must also be given to the range of Swiss subsidiaries to be covered and the level of remuneration detail to be published.

The range of enterprises and institutions concerned needs clarifying

The Decommissioning Fund and the Waste Disposal Fund, as well as the Swiss Association for Hotel Credit, are legally autonomous entities with special legal foundations that do not fall under Article 6a of the Federal Personnel Act (FPA). As a result, these two entities are not included in the report on management salaries. Changes to their special legal foundations have to be envisaged.

The Management Salaries Ordinance lists the entities that are subject to Article 6a of the FPA in accordance with a special law. Seven entities, such as compenswiss and PUBLICA, are missing from this list. These are nevertheless included in the report on management salaries.

The Swiss subsidiaries of federal companies are subject to the Management Salaries Ordinance. They must therefore be included in the management salary report. The remuneration of individual Swiss Post subsidiaries (PostFinance) and SRG SSR (TPC and Swiss TXT AG) is detailed in the main body of the report. All other subsidiaries are only listed in the appendix for administrative efficiency reasons. The principles for the presentation of the subsidiaries should be defined to ensure greater consistency.

The level of remuneration detail to be published deserves consideration

Most members of the management of RUAG Holding AG and Swiss Post AG have roles in subsidiaries in both Switzerland and abroad, mainly on their boards of directors. The maximum number of internal mandates for a manager can be quite high (from six for Swiss Post to twenty for RUAG). However, the time involved does not appear to be significant and the managers concerned do not receive any additional remuneration.

The SFAO identified two discrepancies between the salaries declared in the 2017 management salary report and those actually paid. RUAG Holding AG forgot to disclose CHF 47,500, which corresponds to the employer's social security contributions for its board of directors. At Swiss Post AG, a total of CHF 23,300 in training costs for members of management was not disclosed due to a conservative interpretation of the instructions. The SFAO is of the opinion that the level of detail to be published regarding fringe benefits should be reconsidered in order to focus on the essential and comparable elements.

Subsidiaries do not pay higher salaries than parent companies and no apparent conflict of interest

The maximum salaries in Swiss and foreign subsidiaries for the management of Swiss Post AG (excluding PostFinance) and RUAG Holding AG are between CHF 576,000 and CHF 601,000, respectively. They are lower than those of the parent companies.

The SFAO analysed the situation concerning the fringe benefits of the management of RUAG Holding Ltd and Swiss Post AG for 2017 and 2018 and found no apparent conflicts of interest. The rules on the disclosure of interests required for federal enterprises from 2019 will improve transparency.

Original text in French