

Audit of subsidies of agriculture family allowances

Federal Social Insurance Office

Key facts

Family allowances amounting to approximately CHF 5.8 billion were paid in 2016. Around 95% of this amount was paid to recipients under the Family Allowances Act (FAA). Of the remaining amount, approximately CHF 105 million was paid to recipients under the Federal Act on Family Allowances for Agricultural Workers (AFAA).

The state finances most of the agriculture family allowances. According to the state financial statements, the Confederation contributed around CHF 63.4 million in 2016. The Confederation pays the cantonal compensation offices and the Central Compensation Office (CCO) around CHF 2 million annually for processing these payments. Against this backdrop, the Swiss Federal Audit Office (SFAO) examined the eligibility of the subsidy and the efficiency of the procedures for federal agriculture family allowances.

Legislative harmonisation should be sought

The agriculture family allowances system dates back to the war years. In order to ensure secure supplies, the Federal Council wanted to use the allowances to keep as many workers as possible in agriculture. Over time, the AFAA has developed into a law that benefits all agricultural workers. Its objectives no longer differ from those of the FAA, which was introduced in 2009. Nevertheless, a number of significant differences exist.

In terms of financing, it is noticeable that the contributions are financed entirely by employers and self-employed individuals in the FAA. In the AFAA, the Confederation and the cantons pay a large proportion of the contributions, as self-employed farmers are exempt from the obligation to pay contributions and their financial contribution for employees is not sufficient to cover costs. In the FAA, the average child allowances across Switzerland are higher. In contrast, the AFAA pays additional household allowances and supplements in mountain areas. Although politicians questioned these legal disparities in 2011, they were not rectified.

Clarifications at three CCOs showed that the processes and systems are standardised to such an extent that parallel implementation does not require significant additional resources. However, additional resources are likely to be required for settlement with the Confederation and for occasional system adjustments.

The Federal Social Insurance Office (FSIO) shares the SFAO's view that, in material terms, the existing disparities can no longer be justified convincingly. The SFAO therefore recommends seeking harmonised financing and contribution practices. It is up to the FSIO to decide when the time is right for a political initiative.

Supervision of federal contributions needs updating

The FSIO supervises agriculture family allowances through external audit firms, which perform risk-based audits in accordance with the «Directives for auditing the AHV compensation funds». As a result, agriculture family allowances are not audited on a regular basis. The FSIO should perform a risk analysis to confirm whether the current procedure is sufficient to ensure the correct settlement of the Confederation's share.

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