Welcoming Address delivered by Mr. Pierre Paupe, Member of the Council of States and Chairman of the Joint Committee on Finance

Dear Mr. President of the Swiss Confederation,
Mr. President of the Council of States,
Mr. Vice-President of the National Council,
Ladies and Gentlemen Auditors-General of the supreme audit institutions and presidents of the courts of audit of Europe, France, Italy, the Federal Republic of German, Austria, the United Kingdom, and the Netherlands,
Ladies and Gentlemen who preside over Switzerland's public and private audit bodies,
Ladies and Gentlemen members of the National Council and of the Council of States,
Ladies and Gentlemen,

Due to the tragic and untimely loss of Councillor of States Rico Wenger, my predecessor as Chairman of the Joint Committee on Finance, it is I who have been accorded the honor and the privilege of wishing you a very warm welcome to Berne today as we commemorate the 100 year anniversary of the High Supervision of the Swiss Confederation’s finances.

It was on the 9th of October 1902 that the Federal Chambers created the present system of high supervision of Switzerland’s financial management.

Back at that time, various parliamentary interventions were being introduced demanding the immediate establishment of a court of auditors. Such an institution, however, hardly seemed in keeping with our Swiss mentality since it implied that the Federal Chambers would be obliged to share the exclusive power of high supervision with this very same court of auditors.

This being the case, the Federal Council, in a message delivered to Parliament in 1899, proposed the creation of a new system based on structures already in place:
- the Audit Bureau, which had already existed for the past 25 years, was transformed into the Swiss Federal Audit Office, and
- the already-existing ad hoc committees set up to monitor the Federal budget and accounts, were transformed into standing bodies, that is to say, the Finance Committees of the National Council and the Council of States.
However, the major innovation brought in with this new system was the creation of the parliamentary Joint Committee on Finance to which each of the Chamber's Finance Committees delegated three of its members for the purpose of supervising and auditing the overall financial management of the Confederation.

The Finance Committees exercise a so-called formative high supervision when preparing the budget, and a follow-up supervision when reviewing the accounts for presentation to Parliament to give discharge on them to the government.

As for the Joint Committee on Finance, the first innovation is that it performs a concomitant supervision of financial management throughout the entire year. Such supervision allows the Joint Committee to intervene and alter the course of administrative events before it's too late, thereby safeguarding the taxpayers' interests and money through this fine-tuning exercise.

The second innovation is that the Joint Committee on Finance relies on the work of the Federal Audit Office in implementing its mission, inasmuch as the latter is obliged to report to the Joint Committee just as it does to the government. The Joint Committee and the Federal Audit Office work in extremely close cooperation and, in point of fact, the Federal Audit Office transmits to the Joint Committee all of the auditing and monitoring reports, as well as all of the correspondence it carries on with the administration.

And finally, the third innovation is that the Joint Committee on Finance reports on its activities not to the parliament, but rather to the Finance Committees, the source from which it issues. It was the lawmakers' express desire to form such a watertight bulkhead so that the countless governmental and administrative activities could be scrutinized and, if necessary, sanctioned by the Joint Committee on Finance in full serenity and discretion, keeping at bay any abusive interpretations on the part of the public.

The Finance Committees and the Joint Committee on Finance avail themselves of the services of a common and permanent secretariat whose task it is to organize their sessions, to ensure a close working relationship with the Federal Audit Office and with the administration, and finally to provide advice and counsel to the parliamentarians.

Ladies and Gentlemen, throughout the 100 years of its existence, Switzerland's system of high supervision of finances as described above, has never proved unworthy of the trust placed in it.

You will be presented today with a work written by the young historian Thierry Müller, which chronicles the history of this system focusing primarily on the Joint Committee on Finance.

Some watershed moments in these last 100 years

First of all, I must point out the violent reactions which the emergency plenary powers to govern, accorded to the Federal Council at the time of the First and the Second World Wars, solicited on the part of the Joint Committee on Finance. In 1941, the Joint Committee clearly
made it known that it declined any responsibility with respect to the use to which military spending was put. It was not until 1945 that things once again fell back into place.

In 1951, the Joint Committee on Finance requested enhanced powers from the Federal Council. The Joint Committee, quite alarmed at the rather lax constraints being placed on the rise in the salaries and wages of higher echelon civil servants, was to request of the Federal Council that it be consulted prior to any decisions being taken in terms of salaries. And its request was granted.

This request was never set down in any text of a legal nature. Nonetheless, it did become the object of a "Gentlemen's Agreement" commonly known as "Arrangement 1951".

Moreover, this arrangement has just been renewed and modified in harmony with the new Law on Federal Personnel dated 24 March 2000.

According to this agreement, the Federal Council and the heads of the Federal departments are obliged to seek the approval of the Joint Committee on Finance in order to create new positions and in according extraordinary salary increases to upper and top-level civil servants of the Confederation. Furthermore, at the end of every accounting period, the Federal Council provides the Joint Committee on Finance with a detailed report on the evolution of the highest salaries, including those paid at enterprises belonging to the Confederation yet independent of its administration (namely the Post, Swisscom, and the Federal Railways).

Arrangement 51, which has since turned into "Arrangement 2001", has quite often come into play to the common satisfaction of both the legislative and the executive branches. It has exerted a preventive effect as proven by a glance at the statistics. Last but not least, Arrangement 2001 has and should continue to make it possible to avoid unwanted runaway salaries for both civil servants and those employed in semi-public enterprises.

First and foremost, the Joint Committee on Finance remains a high supervision body whose objective is to make sure that money is not thrown out the window. Since 1968 however, in compliance with the Law on the Finances of the Confederation, it has also been vested with certain budgetary powers belonging to Parliament.

In fact, should an urgent situation arise and Parliament be unable to convene in time, the Federal Council presents its credit requests directly to the Joint Committee on Finance with no delay incurred.

In such cases, once it has confirmed that the situation is indeed one of utmost urgency, the Joint Committee is called upon to decide, for and in the name of Parliament, on the granting of additional budgetary credits. These budgetary powers have at times come under criticism, particularly when the credits involved represented, proportionally, very large sums.

Nonetheless, a Joint Committee on Finance intervention in an additional budgetary credit procedure is a solution which has proved worthwhile in many respects. It facilitates the
resolution of urgent problems by means of an immediate and supple dialogue between the executive which proposes the credit, and representatives of the legislative which votes its approval. This procedure provides a way to avoid the executive's deciding on its own in an urgent situation, thereby encroaching upon the sovereign powers of the legislative in such matters.

Somewhat more recently, in the late 1980s, the Federal Audit Office pointed out to the Joint Committee on Finance the disorder and, in end effect, the chaos which were reigning in the accounts of the Federal Insurance Fund. After having drawn the attention of the Federal Council and the Finance Committees to this state of affairs for eight years in succession, the Joint Committee finally recommended that the Finance Committees refrain from approving the accounts of the Federal Insurance Fund. The incident created a huge commotion and ultimately led to the appointment of a parliamentary investigating committee. It was only in late 2001, in other words 12 years after the first interventions on the part of the Joint Committee on Finance, that Parliament was finally able to once again approve, upon recommendation of the Finance Committees, the accounts of the Federal Insurance Fund.

Two recent events have brought the Joint Committee on Finance into the spotlight.

The fact is that in October 1999, Expo.01 was on the verge of bankruptcy. The Swiss National Exhibition needed a new lease on life. The Federal Council decided to urgently request 50 million francs to save the project. It would have been impossible to wait until the parliamentary session of winter 1999. The Joint Committee on Finance therefore released the funds necessary not without imposing certain rigid conditions which were strictly observed. Thus was Expo.01 rescued and became Expo.02.

And then there was the Swissair affair in October 2001. Motivated by Confederal solidarity and in order to save 35,000 jobs, preserve a considerable know-how, and lastly defend the honor and the reputation of our Country, the Joint Committee on Finance was obliged to urgently release credits in the amount of 2 billion francs.

So today we can see how Expo.02 has replaced Expo.01, and how Swiss Airline emerged from the ashes of Swissair – thanks to the aid of the Confederation. All of this involved considerable amounts of money, money whose use is being monitored today by the Joint Committee on Finance via the Federal Audit Office.

Even if these issues may have somewhat damaged the reputation the Joint Committee on Finance has for being parsimonious, they have not tarnished its authority.

The Joint Committee on Finance indeed enjoys free access to dialogue with the Federal Council, with the heads of the Federal departments, and direct contact with all government civil servants from whom it has been legally empowered to request any information it deems useful.
The Joint committee on Finance boasts a privileged and often warm relationship with the Head of the Federal Department of Finance and its administration, one which goes beyond the inevitable differences of opinion on certain complex issues.

However, the respect and above all the estimation in which it is held is primarily due to the traditional principle of discretion from which the Joint Committee has never veered. This discretion and this feeling for professional secrecy which have rarely been called into question, explain why the Joint Committee on Finance's conversation partners have total confidence when speaking to it.

The absence of any publicity given to the activities of high supervision is therefore a guarantee that the Joint Committee on Finance is effective in performing its job.

It must, however, be pointed out that the activities of the Joint Committee on Finance are born witness to by the report which it addresses to the Finance Committees at the end of every accounting period. This report is subsequently published in the Official Bulletin.

It sometimes happens that the Joint Committee on Finance will issue a press release, primarily if it is called upon to urgently grant a credit which is vested with political importance.

In conclusion, I should like to draw your attention once again to the phrase enshrined in Article XIV of the Declaration of the Rights of Man and of the Citizen dated August 31st 1789: "All the citizens have a right to decide, either personally or by their representatives, as to the necessity of the public contribution; to grant this freely; to know to what uses it is put; and to fix the proportion, the mode of assessment and of collection and the duration of the taxes."

And so it is that to comply with a law that has become universal, the mechanism of high supervision of the finances of the Swiss Confederation has been functioning for 100 years. And the Joint Committee on Finance lies at the heart of this mechanism.

Thank you for your attention.