

Conclusions and recommendations of the National Audit Office

Knowledge base of structural policy decisions

The aim of the audit was to review how the measures laid out in the Government's structural policy programme were prepared and to form a picture of the knowledge base of the decision-making on which the assessment of the economic impacts and selection of the measures contained in the programme were founded. The purpose of the programme, which was announced on 29 August 2013, was to close the sustainability gap in general government finances. The audit covered the knowledge base used in the decision-making concerning the programme and the preparatory process.

In the view of the National Audit Office, there are good grounds for using the Ministry of Finance's sustainability gap forecast as a basis for the structural policy programme even though it is well known that such forecasts involve a great deal of uncertainty. In addition to estimating the size of the sustainability gap, it is also important that the factors impacting the sustainability gap are examined as part of the knowledge base of the structural policy programme. The impacts of the sustainability gap laid out in the table-form presentation of the measures that serves as the programme framework should be considered more as what could be achieved than as reliable estimates of the expected impacts of the programme. The numerical values set out in the tables are not based on adequate information on how the projects listed in the programme would actually impact the sustainability gap. The measures presented in the programme do, however, provide a credible basis for a process in which each of them is translated into projects that can have an impact on the sustainability gap.

The programme sets out a large number of measures of different content and scope. Many of the measures will be revised, made more specific and replaced with new ones during the decision-making process. It is often difficult to determine how individual measures are connected with programme-level action or the narrowing of the sustainability gap.

There are no calculations of individual measures or estimates of how they would reduce the sustainability gap. For some of the measures, written estimates of their impacts on the sustainability gap are given. The estimates are highly general in nature and do not provide a proper basis for decision-making. The other impacts of the measures, such as any negative effects of reductions in appropriations, are not analysed. Moreover, there has been virtually no discussion of any risks that might be connected with the implementation of the measures. No appropriate information was available for the decision-making.

The preparation of the programme was a fairly unusual process. The necessary knowledge base had to be formulated and the practical decision-making process prepared quickly without any advance planning. The tight timetable also added to the pressures of the ministries involved in the preparations. The fact that some of the projects included in the structural policy programme had already been under preparation before the programme facilitated the preparatory process.

The decision-makers did not have access to uniform or commensurate material on the economic and other effects of individual measures. This was due to the inadequate preparation of the information used in the decision-making. As the parties involved were not adequately prepared for a novel decision-making process, they were unable or did not have time to formulate an optimum knowledge base.

Recommendations of the National Audit Office

Structural policy decisions should be based on adequate information on the impacts of the sustainability gap, other effects of the measures and the risks concerning the implementation of the measures. The National Audit Office recommends that the following matters should be considered in the preparation of cross-administrative measures such as the structural policy programme and the decisions concerning them:

1. Decision-makers should be able to clearly differentiate between budget cuts and effects of the sustainability gap.
2. Organisation, timetables and responsibilities of the preparations and the decision-making should be examined, determined and documented.
3. When decisions are prepared, consideration should be given to the proposals set out in the project aimed at developing the central government steering framework (OHRA) that concern the organisation of the preparatory process and ensuring of the quality of the knowledge base.
4. There should be more comprehensive and flexible procedures for the steering of general government finances. This work has already started as part of the preparations of the general government fiscal plan.