

## Government report on Finnish security and defence policy 2004: Garrison structure and the command and administration system

In September 2004 the Government submitted a report on Finnish security and defence policy, outlining development policies and resources over the long term. At the request of Parliament, in March 2005 the Ministry of Defence submitted draft guidelines on the implementation of the report for review.

The audit sought to determine how well the Defence Forces have achieved the objectives set out in the Government report, the Ministry of Defence's guidelines and parliamentary consideration of these. The audit compared objectives regarding changes in the garrison structure and the command and administration system with actual costs and impacts on personnel.

Changes in the command and administration system and the disbanding of two units were meant to cut annual real-estate costs by 4.4 million euros. The audit found that these measures actually increased annual real-estate costs by 1.6 million euros.

The disbanding of the Helsinki Air Defence Regiment, the Savo Brigade and the Kotka Coastal Command was intended to save 10 million euros in annual personnel and real-estate costs from 2007 onwards. The audit indicated that this objective was achieved. Savings resulting from the development of the garrison structure total about 10.6 million euros a year.

The objective in developing the command and administration system was to free personnel, facilities and operational expenditure totalling about 15 million euros a year from 2009 onwards. The objective for 2008 was 10 million euros. This was to be achieved by developing the command and administration system and rationalising the Navy.

The audit did not examine in detail whether the objective of freeing operational expenditure was achieved. However, it found that the development of the command and administration system and the

rationalisation of the Navy together increased annual real-estate costs by 5.3 million euros. Furthermore these development measures increased the number of person-years. In view of these findings it is clear that the objective of freeing operational expenditure was not achieved.

On the whole it is estimated that the implementation of the new command and administration system has increased the Defence Forces' real-estate costs by 5.8 million euros a year. The opinion was formed that the Defence Forces had not planned investments required to develop the command and administration system or take into account the resulting increase in real-estate costs before the Government report was prepared. According to current estimates, building investments resulting from the development of the command and administration system will total about 68 million euros.

In examining the development of total real-estate costs it should be pointed out that the level of the Defence Forces' real-estate stock has improved. Thanks to investments the Defence Forces now have better facilities in the two branches covered by the audit.

The National Audit Office emphasises that, in preparing future reports or planning the disbanding of units, the Defence Administration should ensure that plans and proposals are based on documented evaluations. Planning should be transparent and should plainly show how evaluations have been conducted so that calculations can be verified.

The National Audit Office stresses that the Government report should have drawn attention to factors increasing real-estate costs as well as estimates of savings. The report should have made it clear that its implementation would result in higher real-estate costs for the Defence Forces.

In the opinion of the National Audit Office, costs were increased by subsequent changes in decisions regarding the implementation of the report. The Defence Forces actually increased operations in some areas where operations were to be wound down and retained control of some areas despite plans to the contrary.

The implementation of the objectives in the Government report should be monitored systematically and the results should be presented in the Report on the Final Central Government Accounts, for example.

The National Audit Office considers that the Defence Forces in its role as an employer followed good practice in disbanding the Helsinki Air Defence Regiment and the Savo Brigade, as required by Parliament.