

Audit of the disposal and sale of armaments

Defence Group – Armed Forces Staff

Key facts

The decommissioning of equipment from military use is sometimes of political and public interest. Since 2018, the Federal Council has had to submit any decisions to decommission major weapon systems to Parliament for approval.

The Swiss Federal Audit Office (SFAO) audited the decommissioning of F-5 Tiger combat aircraft, fortress artillery and Strix mortar rounds with regard to economic efficiency and the transparency of decisions.

The audit results show that several improvements are necessary.

Expensive F-5 Tiger loans

Following a decision to decommission, the Armed Forces Staff still pays too little attention to economic considerations and the efficient use of funds in accordance with the Financial Budget Act¹⁰, the Military Equipment Ordinance¹¹ and the dispatch on the Armed Forces Act¹². In the case of the F-5 Tiger, another F-5 was loaned out as historical military equipment, in addition to the four aircraft reported in the 2018 Armed Forces dispatch.

The SFAO estimates the lost sales receipts at around USD 4 million. This accounts for a small part of the opportunity costs, as loans are usually accompanied by high follow-up costs. Therefore, the SFAO recommends that the Armed Forces Staff examine the loans in accordance with the prioritisation principles of the Military Equipment Ordinance and sell the equipment where possible.

Delayed decommissioning of the fortress artillery

After having rejected the decommissioning of the fortress artillery in 2011, Parliament finally approved it in 2018. Following this political deferral, there was a further two-year delay due to internal priority setting by the Department of Defence, Civil Protection and Sport (DDPS). Since the Armed Forces Staff did not issue the order to initiate the project until April 2021, it does not expect the project to be completed before the end of 2026. The DDPS is unable to put a final figure on the cost of the delay, which is heavily influenced by political discussions. It is estimated that the costs for the additional two years will total between CHF 3 and 4 million. Ultimately, the Confederation will have spent 15 years using taxpayers' money on ineffective fortifications.

In future, the DDPS should be able to present reliable current and target figures for the decommissioning of large weapon systems. Prioritisation with a view to economic decommissioning is possible only if the relevant "price tags" are available.

¹⁰ Article 12 paragraph 4 of the FBA (SR 611.0)

¹¹ Article 14 of the EquipO (SR 514.20)

¹² The Dispatch on Article 109a of the ArMA (BBl 2009 5917, 5921 f) generally provides for two examples to be designated as historical equipment.

Better information needed

The F-5 Tiger, fortress artillery and Strix mortar rounds case studies have shown that the DDPS has in some cases failed to inform politicians and the responsible committees in a transparent and comprehensible manner. For example, the Federal Council wrote on 20 January 2016 that the 12cm mortar 16 was to fire the existing Strix mortar rounds, while the Armed Forces Staff was already in sales negotiations with the subsequent buyer.

In the case of the F-5 Tiger, the DDPS had designated three examples for historical purposes in the 2014 Federal Council dispatch for the attention of Parliament. After the decision not to decommission the aircraft in 2014, the DDPS presented Parliament with a fait accompli four years later and wrote in the 2018 Armed Forces dispatch that it had already relinquished four F-5 Tigers for historical purposes. Around one month after the date of the Armed Forces dispatch, the Armed Forces Staff approved the loan of a fifth aircraft to the Swiss Museum of Transport, thereby contradicting the Federal Council dispatch. The security policy committees should have been informed accordingly.

Long lead times for decommissioning orders

The average lead time for decommissioning orders has increased over the years. In 2019, it reached 282 days, compared to 212 days in 2016. In 2019, the Armed Forces Staff did not fully achieve its objective of completing all decommissioning orders within one year. Around 70% of the orders were completed within one year. The Armed Forces Staff should investigate the reasons for the delay and take measures.

Recognising a credit reserve

Accounting in connection with the disposal of armaments was outsourced by armasuisse to the RUAG Competence Centre Liquidation (CC Liq). With the exceptional approval of the Federal Finance Administration, the Defence Group transfers the net surplus as of 30 November each year to the federal coffers. In 2020, this amounted to CHF 4 million.

RUAG's accounts show a liability of CHF 500,000 to armasuisse. This is a liquidity advance to enable RUAG CC Liq to settle invoices on behalf of armasuisse. The DDPS, on the other hand, refrains from recognising it in the balance sheet and thus creates a credit reserve for which it has no authorisation. In future, the basic amount is to be recognised in the balance sheet.

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