

2002

## Focus on Restructuring of Norway's Armed Forces

Based on St.prop. No. 1 (2001 - 2002)



2002 - A Year of Restructuring

2002



FORSVARSDEPARTEMENTET



## Defence Budget 2002 - Main Profile

Restructuring 2002 - 2005

Investments

Operating Costs

### DEFENCE BUDGET 2002 - COMPARED WITH 2001 (all figures in NOK 1000)

	Budget 2001	Budget proposal 2002	Change 2001-2002 in real terms	2001 - 2002 percentage change
<b>Overall Defence Budget</b>	27,124,948	27,656,918	- 90,207	- 0.3
<b>Overall Defence Budget excluding peace operations</b>	25,202,948	26,414,533	661,593	2.5
<b>Divided into:</b>				
<i>Total operating costs</i>	19,230,762	18,927,810	- 726,569	- 3.8
<i>- Operating costs excluding multinational peace operations</i>	17,308,762	17,685,425	- 19,569	- 0.1
<i>- Multinational peace operations</i>	1,922,000	1,242,385	- 707,000	- 36.8
<i>Investment in materiel</i>	6,269,568	6,266,846	- 200,839	- 3.2
<i>Properties, buildings and facilities (nationally funded)</i>	1,064,108	1,864,819	800,711	75.3
<i>Properties, buildings and facilities (NATO jointly funded)</i>	560,510	597,443	36,490	6.5

A Year of Restructuring

2002

## On the way towards new Armed Forces



I am very pleased that the restructuring of Norway's Armed Forces, as endorsed by the Storting on 13 June this year, is now under way in earnest. In the course of the next four years the Armed Forces will be facing the most comprehensive organisational restructuring since the end of the Second World War. The Government is submitting here the first budget of this period of restructuring – 2002 - 2005.

The Armed Forces restructuring has to be seen in the light of both international and purely national requirements. In order to be able to deal unaided with relatively minor challenges to Norway's security, our Armed Forces must have at their disposal modern military units which are highly mobile and capable of rapid reaction. At the same time, security and stability in Europe, and hence Norwegian security interests, continue to be strongly dependent on the NATO Alliance and close transatlantic links. Our defence organisation must therefore take account of the needs, requirements and obligations which are implicit in Norway's membership of NATO.

The terrorist attacks in the United States have reminded us that threats and attacks made against one member of the Alliance affect all NATO countries. These actions also constitute a dramatic reminder that a traditional military defence cannot provide an adequate level of protection. Security has to be seen in a broader context. NATO's new Strategic Concept, originated in 1999, describes the complex and unpredictable security landscape with which we are faced both in Europe and worldwide. New challenges will dictate the shape of Allied cooperation in a new age, and

the Norwegian Armed Forces must be developed to enable them to contribute towards meeting these challenges.

I am pleased that the Government has succeeded in bringing about a broad political consensus that a comprehensive restructuring of the Armed Forces is necessary, not least in the light of the present international situation. The Storting has endorsed the aims set out in the Government's proposals with regard to making annual savings of NOK 2 billion in defence operating costs and reducing Defence Establishment staff by approximately 5,000. The Storting has at the same time, however, endorsed a force structure that is somewhat more extensive than that proposed by the Government. We have therefore set in train the preparation of supplementary proposals for further measures for consideration by the Storting during the Spring session 2002. This does not, however, imply any slackening in the tempo of the work of restructuring.

Such a fundamental reshaping and restructuring of the Armed Forces as that which we are now embarked upon, however, requires more than high-level decision taking alone. The entire Defence Establishment has to be playing on the same team. I know that we have highly competent and keenly motivated men and women at all levels of the organisation. I know, too, that the job will be done and I am glad that there is now a wide understanding of why it must be done. I therefore wish everyone involved success in the continuing task of shaping the new Armed Forces.

A handwritten signature in black ink, appearing to read 'Bjørn Tore Godal'. The signature is fluid and cursive.

Bjørn Tore Godal

## Focus on Restructuring of Norway's Armed Forces

### Restructuring 2002-2005

The principal aim is to establish a new defence structure that will enhance the operational capability of the Armed Forces. Much importance is attached to the tempo and efficiency of this restructuring and a wide range of restructuring measures will be implemented during 2002 so that the potential for savings can be realised as rapidly as possible. This will have a positive effect on the overall budget allocations required in subsequent years of the restructuring period.

The measures to be implemented in 2002 are both wide-ranging and demanding but they are essential if the overall aim is to be achieved. Annual defence operating costs must be reduced by a minimum of NOK 2 billion compared with the level implicit in the alternative of not restructuring. The freeing of these resources is absolutely vital to the realisation of the new structure. The measures



of greatest importance in cutting operating costs are the reduction and disposal of Defence real estate and reducing the complement of defence personnel by about 5,000 compared with the manpower level at 1 September 2000.

A range of restructuring measures have been implemented during the current year. The 2002 budget year will, however, be the first year in which the collective resources of the Defence establishment will be devoted in earnest to the actual process of restructuring. The Government has assigned top priority to the restructuring process over this period. Major measures of central importance will be implemented during 2002. In particular, priority will be given to investment in property, buildings and other defence installations.

### Defence Budget 2002 - Main profile

The Defence Budget for 2002 amounts to NOK 27.7 billion of which NOK 725 million represents internally generated income. If the funding allocation for Norwegian forces abroad is excluded from the calculations, this represents a budget increase of 2.5 percent. If this allocation is included, the sum budgeted represents a reduction of NOK 90 million, or 0.3 percent, compared with the budget for 2001. 2002 is the first budget year reflecting the restructuring of the Norwegian Armed Forces that is to take place over the period 2002-2005 as endorsed by the Storting on 13 June 2001.

## Important milestones in 2002 (NOK millions)

Object	Category 1 projects/ other projects/ programmes	Milestones	Forecast payments, 2002, Item 45
Escort vessels	<i>New frigates</i>	Building Commences	1 929
Joint infrastructure	<i>Project FISBasis</i>	Delivery Commences	528
Maritime helicopters	<i>Standard helicopter</i>	Project start-up	348
C <sup>2</sup> I communications	<i>Multi-role radio</i>	Batch delivery starts	221
Joint infrastructure	<i>Project Golf</i>	Finalise financial control system i.a.w. Public Sector Finance Regs.	177
Coast Guard	<i>New patrol vessel, strengthened for operations in ice</i>	To be put into service	64

## Investments

The budget for investment has been increased overall by 10.6 percent to just over NOK 8.7 billion. Investment in nationally financed construction projects is increased in 2002 by NOK 800 million or by something in excess of 75 percent. Investment in jointly funded NATO construction projects is also increased markedly, by approximately NOK 36 million or 6.5 percent. Investment of this magnitude in restructuring will necessitate some compensating reduction in investment in materiel, especially in 2002.

Important milestones for materiel investment in 2002 relate to progressing the frigate project, start-up of the standard helicopter procurement project and completion of CGV Svalbard, a new Coast Guard vessel specially strengthened for operations in ice. The MTB Skjold project will be progressed during 2002 with a view to starting building in 2003.



## New nationally financed investment projects (NOK millions)

Changes	Location	Project name	Budgeted cost
New	<i>Østerdalen, Rena</i>	Accommodation for enlisted NCOs and other ranks	165
New	<i>Indre Troms, Heggelia</i>	Multi-use buildings	161
New	<i>Østerdalen, Rena</i>	Multi-use buildings	132
New	<i>Countrywide</i>	Secure digital network	125
New	<i>Bergen, Laksevåg</i>	restaurant and Annex Royal Norwegian Naval Academy	124

## Operating costs

The budget for operating costs is cut back by NOK 727 million (-3.8 percent) to NOK 18.9 billion. The largest single cut is in the funding for multinational operations. This item has been reduced by NOK 707 million. One of the reasons for this cutback is that Norway's task as Lead Nation for KFOR is now over, thus freeing the funds allocated for this purpose. A further reason is the reduction in costs

associated with the Norwegian battalion that has been achieved through greater efficiency and the lower cost of force production. Rationalisation of administration and other support functions has led to a further saving of NOK 185 million. If the costs of peace operations are excluded, the remainder of the budget for operating costs is reduced by 0.1 percent. In the case of the Home Guard the reduction is approximately NOK 80 million. This will affect mainly the level of exercise activity. This is a temporary reduction made to make room for measures which are vital to the restructuring process. The Coast Guard budget is increased by approximately NOK 60 million in order to allow the level of activity to be maintained and to cover the operation of the new vessel CGV Svalbard.

## Focus on Restructuring of Norway's Armed Forces



Principal measures to be implemented or started in 2002. The tempo and efficiency of the restructuring process are of great importance to the speedy realisation of potential savings. A proportion of the key restructuring measures are planned to be implemented before 31 December 2002.

Ministry of Defence (MOD) and Defence Command Norway (FO) Strengthening of strategic planning, command and control capability.

Disbanding of Defence Command Norway and establishment of new Defence Staff. The Defence Staff will be co-located with The Ministry of Defence which itself will undergo substantial changes.

Principal measures to reduce operating costs during the period 2002-2005:

- *Disbanding of certain designated organisational elements, garrisons and structural elements. Establishment of new organisational elements, garrisons and structural elements as agreed.*
- *Reduction of Armed Forces military manpower numbers by a minimum of 5,000 compared with levels at 1 September 2000.*
- *Significant reduction in Defence real estate. Phasing out and, wherever possible, disposal of properties, buildings, installations and materiel not required in the new structure.*

This will enable a net reduction of a minimum of 50%, representing an annual saving of some 800 man-years, to be made in the top echelons of Norwegian Defence compared with the overall numbers employed in the Ministry of Defence and Defence Command Norway at 1 September 2000.

Work has already started on the report which is to form the basis of the co-location programme and the report itself is due to be completed during the course of 2001.

Command structure

The new command structure for the Armed Forces will be implemented during the course of 2002. As from 1 January 2003, the Joint Operations Headquarters at Jättå, Stavanger, will



## The Services

### Army

Some restructuring measures of central importance to territorial defence will be implemented as early as 2002:

6 Division will be reorganised as a mobile divisional command. This will be capable of the command and control of from three to four brigades including an Allied reinforcement brigade. It will also have assigned to it the units necessary for command support and field intelligence, tactical support and logistics, possibly augmented by support units from other Allied countries.



become operational. The same applies to the two Regional Command Headquarters for South Norway in Trondheim and for North Norway in Bodø.

Regional Command North in Bodø will constitute the regional command centre for crisis and incident management in the northern region and, with some additional staff, will also be capable of serving as an alternative command headquarters for the Nato Supreme Commander.

These new entities will replace the existing Defence Command North Norway, Defence Command South Norway, the Army's four District Commands and the three naval Districts.

Overall the restructuring will result in a net saving in personnel numbers of approximately 40 %.

The Reaction Force and the Reinforcement Force which form part of the Army's contribution to the Armed Forces will be deployed in 2002 in Kosovo as the Norwegian Battalion contribution to KFOR.

All the Army's territorial regiments will be disbanded before the end of 2002. Brigade South, 6 Brigade and 15 Brigade will also be disbanded. 20 field battalions will also be disbanded and replaced by up to 20 field companies. Various garrisons will cease their activities and these will be phased out as rapidly as possible.



The Army's training activities will be organised round three main Training Centres. These will constitute training and competence centres dealing with combat (KAMPUKS), logistics (LOGUKS) and communications (SBUKS) located in Østerdalen and at Sessvollmoen and Jørstadmoen respectively.

### Navy

The Navy's force structure will be developed progressively with the procurement of five frigates equipped with maritime helicopters for anti-submarine (ASW) operations, the introduction of Skjold Class missile torpedo boats (MTB), the procurement of new sweep equipment for the Alta Class minesweepers and the establishment and equipping of the Coastal Ranger Command.

Planning continues for the strengthening of Coast Guard's capacity to maintain a presence and assist in the exercise of Norwegian national sovereignty at sea. Measures include the entry into operational service of the new Coast Guard Vessel CGV Svalbard, carrying a helicopter and specially reinforced for operations in ice, in 2002.



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Three controllable minefields, three torpedo batteries and nine artillery forts are to be «mothballed». One landing craft will continue in operation while two others will be mothballed.

Modernisation and extension of the coastal radar chain is under active consideration in the context of the Government's Action Plan to raise the level of safety and security along the whole of the Norwegian coast. One Alta Class minesweeper will be transferred to the Clearance Diver Command as a support vessel. Outdated equipment and other materiel no longer required will be phased out of the war structure.

The Coastal Squadron now established at Haakonsvern replaces the Naval and Coast Guard Inspectorates. A Norwe-



gian Task Group is being set up as a «nucleus» organisation which in peacetime will be incorporated in the Coastal Squadron.

The Coast Artillery's training fort and training units will be closed down and disbanded. The Coastal Ranger Command is being established at Trondenes near Harstad to handle force production for the new mobile Coastal Ranger squads.

The Navy's Officer Candidate School is being established in Horten and the existing Officer Candidate Schools for the Navy and the Coast Artillery will be closed. The Clearance Diver Command is being set up at Haakonsvern. The training of naval recruits carried out at the Naval Training Centre KNM Harald Hårfagre will be reduced during 2002 but, as a consequence of the



introduction of the new Fridtjof Nansen Class frigates and the Skjold Class MTBs, will have to be built up again in the longer term. Basic training for Air Force personnel and initial military service for Naval Home Guard recruits will take place at KNM Harald Hårfagre.

Olavsvern, Hysnes, Ulsnes, Marvika and Karljohansvern Naval Bases will be closed.

The Navy's administrative organisation will be cut back to take account of reduced regional activity. The new regional organisation will be implemented as from 1 January 2003 at the latest.

#### *Air Force*

Development of the Air Force war structure will be taken further with increased emphasis on the mobility and flexibility of all operational units. The Air Force will implement structural changes in its peacetime organisation in line with the other Services, with some measures already in place by 2002.

332 Squadron will be closed down at Rygge and re-established in Bodø. All F-16 aircraft at Rygge will be transferred to Bodø and Ørland. The Bofors L-70



anti-aircraft gun batteries will be phased out during 2001.

The Air Force Flying School will be moved from Værnes to Bardufoss. A new Air Force Inspectorate structure will also be set up. The Air Force schools in Stavern will be closed and the Air Force Officer Candidate School established at

Kjevik. Air Force recruit training will be transferred from Værnes to KNM Harald Hårfagre.

During 2001 the Air Station structure will be reorganised in accordance with the Storting Resolution of 13 June. The Air Force Control and Reporting School is to be moved from Kongsvinger to Maagerø.

Further measures for the rationalisation of the Air Force structure will be evaluated. Activities at Rygge, Gardermoen and Kjeller will form the subject of a special study and recommendations will be laid before the Storting no later than Spring 2002.



#### *Home Guard*

The Home Guard structure continues broadly unaltered. The Home Guard district commanders will have responsibility for territorial defence in peacetime and in time of crisis or war. The Home Guard will operate with the same manpower numbers as at present, that is to say a mobilisation force totalling about 83,000 men and women, of whom some 73,000 make up the Land Home Guard. In view of the Home Guard's responsibility for territorial defence, the 18 Home Guard Districts will be reorganised to facilitate the planning and command of operations in this sphere. Planning cells will be formed as part of the Home Guard District Staff but essentially within the present manning constraints.



Force production and maintenance of the Home guard's capability will be kept under continuous review and adapted to match the progressive implementation of the new Defence structure. Force production will be centred on the Porsanger Garrison, Værnes and Heistadmoen.

It is planned that the training of reserve officers and NCOs for the Home Guard should be relocated at Værnes in 2002 and that the corresponding training establishment at Kongsvinger will be closed. Training will continue at Domås with a Weapons School and a Courses Department.

The Home Guard's war structure will be further developed through revision of the mission portfolio, a range of equipment projects and the transfer of surplus materiel from the other Services.

#### *Joint Service functions*

A number of Joint Service functions will be reorganised in 2002.

The single-service Logistics and Management Schools will be closed down and a single Armed Forces Logistics and Management School

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established under the Armed Forces School Centre, Akershus Fortress, and located at Akershus Fortress and Halden.

A Joint Service Driving School and Military Police School will be established at Sessvollmoen.

The National Service Administration will be brought together in a single unit at Hamar.

The Armed Forces central pay organisation will be set up on a

temporary basis in Oslo and will be transferred in the longer term to Harstad once the reorganisation and other efficiency measures have been implemented. Until the final transfer to Harstad, staff at present working in Harstad and Hamar will continue to serve there.

An Armed Forces Medical Training Centre (MUKS) will be established at either Lahaugmoen, Sessvollmoen or Østerdalen Garrison. It is anticipated that a final decision on the location will be taken by the Storting during the Spring session 2002.

Support functions and management instruments

Work will continue on the development of a unified management and control system based on the Armed Forces management concept and the Public Sector Finance Regulations.

The objective of the GOLF restructuring programme is to develop and introduce a new unified management and control system spanning all aspects of Armed Forces administration. The fundamental aims are to develop common solutions embracing management, control and administrative processes as well as technology and organisational aspects. This should ensure uniformity of information for control and management, accounting, pay and personnel, procurement, materiel administration and maintenance. Golf will also serve



to underpin the ongoing restructuring of the Armed Forces.

The various logistic functions for the Armed Forces will be combined in a single organisation - the Joint Logistics Organisation (JLO). This change will be implemented in three phases. Phase one will entail the establishment of a joint management structure and this is due to be in place by the end of 2002. Phase two will involve the setting up of a joint investment and development organisation by the end of 2003.

the restructuring of the Armed Forces will inevitably have on some regions and individual municipalities. To assist in meeting the challenges facing the localities most affected, funding up to a maximum of NOK 250 million has been set aside for the period 2002-2005.

The proposed allocation for 2002 is NOK 40 million. In addition, the possibility of decentralising some of the tasks currently carried out by the central authorities will be assessed in the context of the ongoing work of restructuring.

### More extensive structure than that proposed by the Government

When considering the Long-Term Plan for the Armed Forces (LTP), the Storting endorsed a broader force structure and a more extensive organisation than had originally been proposed by the Government. Over the period 2002-2005, the overall expenditure required for the structure endorsed is estimated to be NOK 121.6 billion. This estimate does not include funding for the renewal of transport aircraft capacity and it assumes very limited investment in 5 Brigade and 12 Brigade. This sum corresponds to an average annual defence budget of NOK 30.4 billion. In order to meet the targets for the reductions in operating costs and personnel numbers endorsed by the Storting, the successful restructuring of the Armed Forces will require still further measures. The Government takes a very serious view of the

unresolved imbalances between the tasks of the Armed Forces, their structure and the resources available. To ensure that the restructuring can be carried through, the Government will be putting additional measures before the Storting for consideration during the Spring session in 2002.



Before this phase is implemented, however, final proposals for the shape of the organisation will be submitted to the Storting in a separate Government Proposition. Phases one and two will result in annual savings of about 600 man-years.

The Norwegian Defence Construction Service and the local administration authorities dealing with defence real estate, buildings and facilities will be combined as from 1 January 2002 to form a new unified defence property services agency, Forsvarsbygg.

Restructuring - local and regional support measures  
The Ministry of Defence, in collaboration with the Ministry of Local Government and Regional Development, has prepared a strategy for alleviating the adverse effects that

## PRINCIPAL MEASURES 2002

31 Dec 2001

- Navy
- Army

- Naval and Coast Guard Inspectorates abolished.
- Disband 6 and 15 Brigades and Brigade South.
- Close Evje Technical Workshops.

1 Jan 2002

- Navy

- Establish Coastal Squadron at Haakonsværn.
- Establish Coastal Ranger Command at Trondenes in Harstad.

31 Mar 2002

- Project

- Study implications of long-term mothballing, Naval forts and other.

1 Jul 2002

- Navy

- Nine artillery forts and six underwater installations mothballed.
- Establish Officer Candidate School in Horten.
- Establish a Rapid Reaction and Follow-up Force of 1100 persons.
- Close Air Force School Centre at Staværn.
- Close Home Guard School at Torpo.

- Army

- Air Force

- Home Guard

1 Aug 2002

- Army

- Discontinue Army activities for Østfold Regiment.
- Close Fredrikstad Garrison.
- Transfer all F-16 combat aircraft to Bødo and Ørland.
- Establish Officer Candidate School at Kjevik.

- Air Force

- Home Guard

- Joint

- Establish Home Guard NCO training at Værnes.
- Discontinue Home Guard NCO training at Kongsvinger.
- Ready to set up MUKS (Medical Training Centre).
- Establish Armed Forces MP School at Sessvollmoen.
- Establish Joint Service Driving School at Sessvollmoen.
- Establish Armed Forces Logistics and Management School at the Armed Forces School Centre/Akershus Fortress, with a branch in Halden.
- Single-service Logistics and Management Schools and the administrative training centre KfV to be closed from the same date.

31 Dec 2002

Command structure

- Joint

- Replace existing Defence Commands FKN and FKS, District Commands and Naval Districts by Headquarters Defence Command (FOHK) and operational headquarters (LDKN, LDKS) North and South.

- Army

- Disband 20 Field Battalion.
- Establish up to 20 Field Companies.
- Close Evjemoen.
- Close Rakkestad and Rinnleiret Technical Workshops.

- Air Force

- Introduce Air Force crew training at KNM Harald Haarfagre (Naval Basic Training Centre).
- Transfer the Flying School from Værnes to Bardufoss.
- Disband territorial regiments (see separate box).

# The way towards a new Armed Forces

## Period of restructuring 2002- 2005

## PRINCIPAL MEASURES 2003-2005

- Strategic leadership
- Army

- Disband Defence Command Norway (FO). Defence Staff co-located with Ministry of Defence.
- Set up Army Combat Weapons Training Centre KAMPUKS at Østerdalen Garrison.
- Reorganise Telemark Battalion (TMBN) as a Rapid Reaction Force of up to 700 persons.
- Close Heistadmoen and Haslemoen Technical Workshops.
- Close Officer Candidate Schools in Trøndelag and North Norway (BSIT/BSIN).
- Close Hvalsmoen Technical Workshop.
- Establish King's Guard recruit training at Heistadmoen.
- Close Helgelandsmoen.

- Navy

- Establish Reinforcement Force of up to 400 persons.
- Development of the naval forces through gradual introduction of Skjold Class MTBs and new frigates. Introduction is to be completed by 2008.

- Air Force

- Be ready to set up Air Force Training Centre in accordance with Rygge, Kjeller and Gardermoen study.

- Home Guard

- Close Air Stations at Gråkallen and Kongsvinger.
- Establish new operational command structure at tactical level.

- Joint

- Introduce initial training for Naval Home Guard conscripts at KNM Harald Haarfagre (Naval Basic Training Centre).

- Project

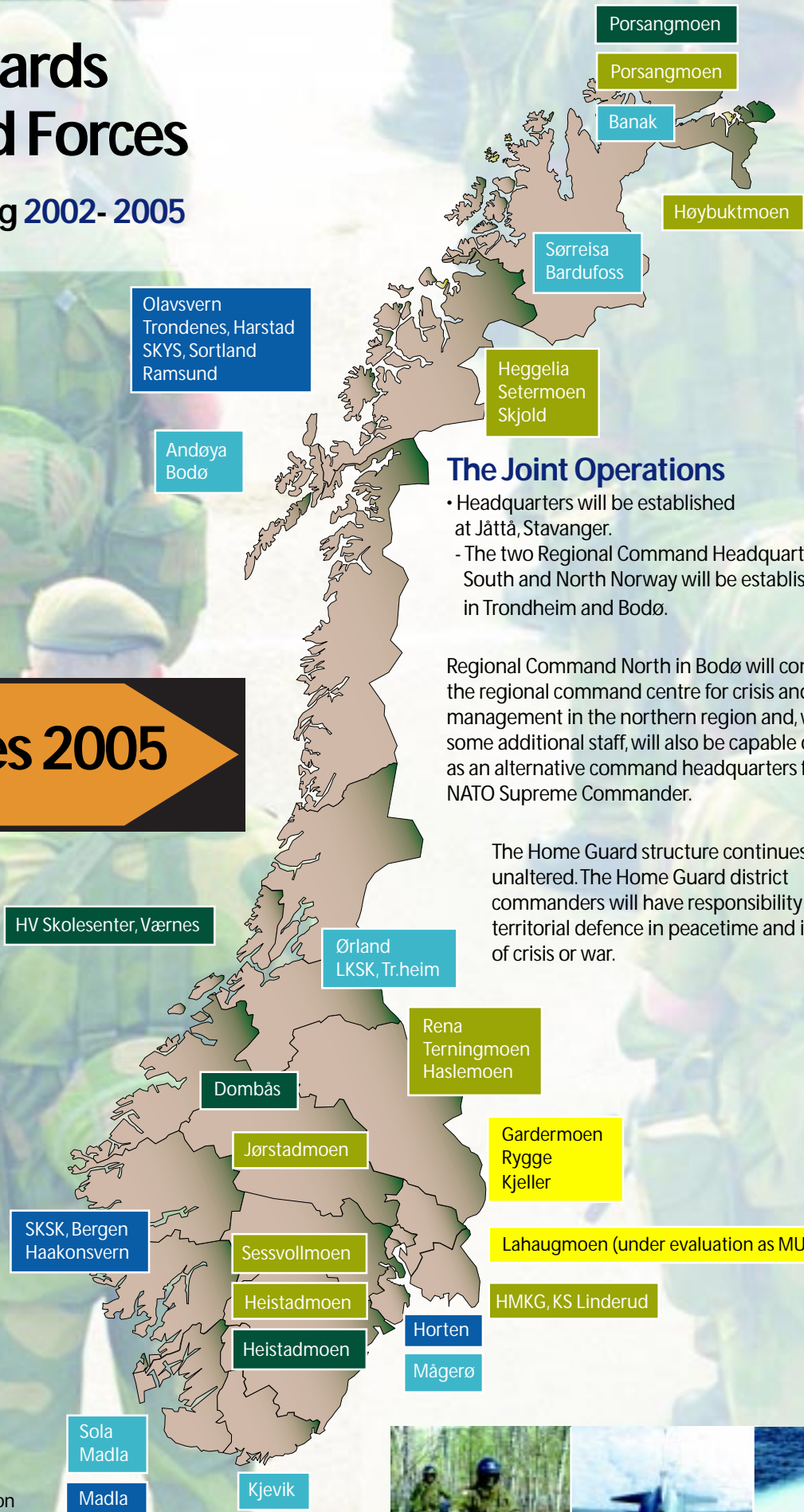
- Armed Forces central pay administration to be set up in Harstad.
- Set up Joint Military Service administration in Hamar.
- Submit study with recommendations for acquisition of UAV (Unmanned Aerial vehicles).
- Submit study with recommendations for acquisition of combat helicopters.

# The way towards a new Armed Forces

Period of restructuring 2002- 2005

## Armed Forces 2005

- Navy
- Army
- Air Force
- Home Guard
- Under evaluation



### The Joint Operations

- Headquarters will be established at Jättå, Stavanger.
- The two Regional Command Headquarters for South and North Norway will be established in Trondheim and Bodø.

Regional Command North in Bodø will constitute the regional command centre for crisis and incident management in the northern region and, with some additional staff, will also be capable of serving as an alternative command headquarters for the NATO Supreme Commander.

The Home Guard structure continues broadly unaltered. The Home Guard district commanders will have responsibility for territorial defence in peacetime and in time of crisis or war.



Langnes, Evenes, Værnes, Flesland and Torp continue as mobilisation air stations.

2002

# Norway's Future Defence

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Myntgt 1  
P.O.Box 8126 Dep  
0032 Oslo, NORWAY

Phone: +47 23 09 80 00  
Fax: +47 23 09 23 02

Internett: [forsvarsdepartementet.no](http://forsvarsdepartementet.no)

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