

## RENOVATION OF THE FINNISH NATIONAL THEATRE

The Finnish National Theatre, which is run by a limited company, receives discretionary government transfers from national lottery funds, as does the Finnish National Opera, which is run by a foundation. Nearly 90 per cent of the company's stock is owned by the Finnish National Theatre Foundation. In 2000-2002 the Finnish National Theatre's main building was renovated at considerable expense. The company financed the project with a 37 million euro bank loan, which was guaranteed by the state. The state pledged to provide the necessary funds to pay off the loan. The project was completed for the most part in time for the building's 100th anniversary in 2002, but as a result of reinforcing the foundation the building rose and caused cracks in walls and other damage. Repairs were still going on in summer 2006.

This audit strove to determine whether the preparation of the project was careless or poorly thought out and whether this caused the state financial loss. The audit focused on the expediency of the state-backed loan and the preparation of the strengthening of the foundation of the Finnish National Theatre's main building. The main question was whether the renovation of the building was carefully planned in all respects.

The audit included a comparison of financing in which the costs of the bank loan were considered in relation to the costs of direct budget aid. It was impossible to obtain a clear answer as to which would have been more economical owing to the lack of genuinely useful information concerning comparable investment and financing costs. In planning the project the Ministry of Education did not conduct a thorough investigation of financing from the viewpoint of the state's overall interests or prepare calculations concerning the total costs of different financing options.

The building committee that was established to coordinate the renovation project and supervise practical work received broad

powers from the state to oversee the use of funds earmarked for renovation, among other things. In 2002-2004 the Finnish National Theatre Ltd spent 410,818.78 euros from VAT refunds on purchases related to the renovation which were not actual renovation measures. All the purchases were approved by the building committee, in which the Ministry of Education was also represented.

The old wooden piles under the theatre building were reinforced using the grout injection method, in which cement was pumped under high pressure into the soil to produce a load-bearing slab. In the operation a new method was used whose suitability in Finnish conditions was not adequately known. On the basis of the audit it is the opinion of the State Audit Office that this work was conducted with excess haste and negligently with regard to the overall planning of the contract. Special care should have been taken in reinforcing the foundation of a valuable structure such as the Finnish National Theatre's main building.

The grout injection method is risky, hard to control, problematic in terms of quality assurance and uncertain with regard to the outcome. The State Audit Office has suggested measures to increase expertise regarding the reinforcing of foundations. The matter is the responsibility of the Ministry of the Environment. Impartial research information should be used to investigate the suitability of the grout injection method in Finnish soil.