

# Private Participation in National Defense

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# Background



## Acquisition of resources from private sector

- ✓ Insufficiency of military budget in the long term
- ✓ Reduction of military budget in the National Assembly every year
- ✓ Needs for additional financial resources for 『Defense Reform 2020』

## Increase in efficiency of military management

- ✓ Increase in operational efficiency using the creativity and management skill of private sector
- ✓ Adaptation to fast-paced military environment
- ✓ Increase in the transparency and speciality of military management



# BTL Scope & Object



## Scope of BTL in MND

- ✓ Apartment, Barrack facilities, Bachelor officers' quarters(BOQ),  
Broadband Convergence Network(BCN)

## Object for improvement

- ✓ **Apartment** : Improve \*obsolete apartment  
\* more than 25 years since construction and less than 49.5m<sup>2</sup>
- ✓ **Barrack facilities** : Enlarge accommodation for soldiers
- ✓ **BOQ** : Acquire 1 room for 1 officer
- ✓ **BCN** : Install 2,974km optical cable



# BTL Plan in MND



## BTL Plan

(Amount : million dollar)

		Total	2005	2006	2007	2008	2009	2010	2011
Total Amount		4,467	326	1,178	726	701	662	435	439
Apt.	Quantity	20,922	3,084	5,167	3,230	3,346	1,834	2,091	2,170
	Amount	2,022	326	516	288	316	173	198	205
Barrack facilities	Quantity	164/149	-	47/61	15/30	32/33	38/25	23/0	9/0
	Amount	1,707	-	662	175	306	332	168	66
BOQ	Quantity	14,211	-	-	870	2,500	4,313	1,906	4,622
	Amount	502	-	-	28	80	157	69	168
BCN	Quantity	2,974	-	-	2,974	-	-	-	-
	Amount	236	-	-	236	-	-	-	-





# Case Introduction (in terms of operation)

*'Choong-ju Apartment'*



# Choong-ju Apt.



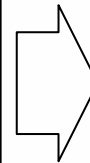
## Constructor and operation company

✓ Constructor : Kum-Ho Corp.

\* construction period : '05.9.7~'07.3.22 (20 months)

✓ Operation company : Kong-Woo ENC

\* operation period : '07.4.10~'27.4.9 (20 years)





## Operational performance evaluation

### ✓ Performance evaluation commission

\* Function : Evaluate operational performance by measuring *usefulness, safety&durability, residential satisfaction* in every quarter

\* Commissioners : 10 persons

(3 persons from concerned corps, 3 related specialists,

3 persons from operation company, 1 representative of residents)







## Criteria of Operational performance evaluation

### ✓ Usefulness

\* Security, cleaning, disinfection, intensity of illumination, etc.

### ✓ Safety & durability

\* Timely safety check, proper repair, disaster prevention, etc.

### ✓ Satisfaction of residence

\* Complaints, survey of satisfaction, etc.



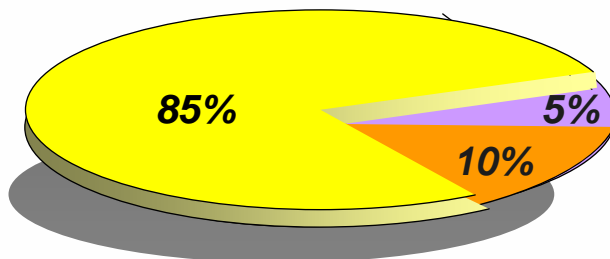
# Choong-ju Apt.



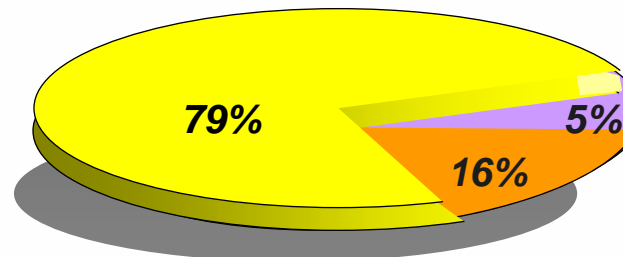
## Residential satisfaction

✓ This survey is a part of performance evaluation in every quarter

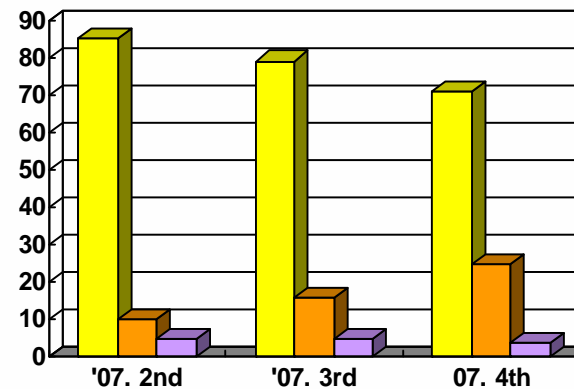
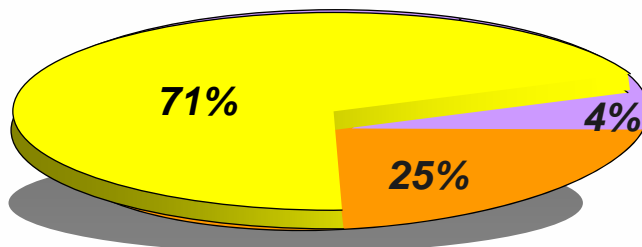
'07. 2<sup>nd</sup> quarter



'07. 3<sup>rd</sup> quarter



'07. 4<sup>th</sup> quarter



# Choong-ju Apt.



## Complaints of residents (for example)

\*1. Opening door in winter



\* 2. Noise from manhole-cover when passing



\* 3. Film of mold on the wall



\* 4. Bad smell from wastebasket



# Choong-ju Apt.



## Lessons learned

### ✓ Proper rate of return is to be guaranteed

- \* Serious flaws in the apartment such as film of mold on the wall are existing.
- \* Kong-Woo Enc.(Operation company) downsize personnel and has no accountant staff, so good operational service is doubted.

### ✓ Public relations to residents on BTL scheme are needed

- \* Residents have lack of understanding about BTL scheme, so they don't know the importance of operational performance evaluation. At the beginning of operation, they didn't willingly answer the survey of residential satisfaction.





## Lessons learned

### ✓ Residential satisfaction survey is to have concrete & practical answers

\* There are a few abstract or impractical answers in the residential satisfaction survey, so it is difficult to evaluate operational performance exactly.

- For example, in 2<sup>nd</sup> quarter survey, there was question such as "Is your boiler frozen to burst?"

### ✓ The importance of operation part is emphasized

\* At the beginning of this project, operation part was less emphasized than construction part. Operation is very important because it lasts 20 years, so it needs to be emphasized from the beginning.

