Support for defence policy

Ordinary session 2018-2019

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L'Armée de Terre dans la société

Opinion presented on behalf of the Committee on Foreign Affairs, Defence and the Armed Forces on the draft budget bill, ADOPTED BY THE NATIONAL ASSEMBLY, for 2019

1. **Title 2 appropriations** for Programme 212 for 2019 amount to EUR 20.55 billion, an increase of 1.3% (+ EUR 265 million) compared to 2018.

This increase in the payroll reflects firstly the increase in remuneration expenditure (also known as "base" expenditure), resulting both from an increase in the number of staff and an improvement in the status of staff through a category plan with a budget of 131 million euros. 131 million. The plan provides in particular for the implementation of the second annual instalment of the protocol on "Career paths, careers and remuneration". (PPCR), the transposition of which to military personnel had been suspended in the fall of 2017 as a cost-saving measure, in order to finance the allowance to compensate for the increase in the CSG rate on January 1, 2018. The category plan also includes various salary revaluation measures, notably in favour of military practitioners, and more broadly, in the direction of occupations under stress, through the creation of a new bonus called "service link", replacing five existing bonuses. The aim is to enhance the attractiveness of the Ministry, build staff loyalty and promote critical skills.

2. **The increase in staff numbers** planned by the PLF for 2019 (+450 net creations) in accordance with the 2019-2025 military programming law will make it possible to allocate additional personnel to intelligence (+199 FTE), cyber defence (+107) and digital technologies.The Ministry of Defence will also be able to increase the number of staff in the areas of export support (+45), security and protection (+47) and operational units (+65), while at the same time the transformation of the Ministry continues, particularly in the area of support.

3. The increase in Title 2 appropriations for 2019 also includes a **mechanical** increase in **pensions (+€104.1 million**) and a revaluation (+€59 million).59 million) of the allocation intended to finance the additional cost of MISSINT, which has been increased to €100 million in Title 2, as part of the budgetary sincerity approach provided for in the LPM. The same applies, to a lesser extent (+ €5 million) to Title 2 appropriations for OPEX (i.e. €250 million), following more substantial revaluations in previous years.

4. On the other hand, there was a fall (- EUR 33 million) in **expenditure 'outside the base', in particular expenditure** on military unemployment (- EUR 11,8 million) and departure aid (- EUR 7,2 million), as a result of a reduction in requirements. These redundancy payments are nonetheless necessary to manage the armed forces' HR model, which is based on the delicate management of flows. Your Committee will therefore be particularly vigilant when the ordinance is published, which should allow them to be extended beyond 2019.

5. With regard to Title 2, the examination of this opinion on Programme 212 provided an opportunity to highlight the following points:

- Confirmation that **attractiveness and loyalty are a major challenge for our armed forces, particularly with regard to** rare and critical skills. There are many responses to this challenge: remuneration, career prospects, working environment, staff conditions, support for families and spouses... The "family plan", implemented since the end of the 1990s, is a response to this challenge.530 million over the period 2019-2025, is obviously an important part of this response, but not the only one;

- Sustained attention must be paid simultaneously to several sensitive issues in 2019: the implementation of income tax withholding at source, the changeover of the Louvois pay calculator to Source-Solde, the work on the new military pay policy (NPRM) and the future pension reform. Vigilance is required on all these subjects.

6. **Non-Title 2 appropriations** in FDP 2019 amounted to 2.8 billion euros in commitment authorizations (CA), down 1%, and 2.6 billion euros in payment appropriations (PA), up 3%. After a strong increase last year of almost 20%, appropriations excluding Title 2 are therefore stable.

7. This trend reflects that of **buildings policy, which accounts for** two thirds of the programme, i.e. EUR 2.1 billion in EA and EUR 1.8 billion in PA. Appropriations for buildings policy are up slightly, but only for payment appropriations, after an exceptional increase of more than EUR 400 million last year. This budget therefore follows on from the previous one, maintaining the progress made last year, but without going beyond it.

8. **The increase in appropriations for buildings policy was necessary and urgent, in particular to improve the living conditions of staff and families, which is now legitimately** a priority for the Ministry. The effort made to improve the living conditions of staff is continuing (+3% in AE and +7% in CP). The budget bill provides for a significant effort in the area of heavy maintenance, to bring the most deteriorated accommodation and catering facilities up to standard. Since the Vivien plan twenty years ago, plans to improve staff living conditions have followed one another. But the increase must be long-term,

without distorting the effort, in execution, to the benefit of other infrastructure programmes. Your rapporteurs will be all the more vigilant as strategically important infrastructure operations will lead to peaks in payments between 2020 and 2022, which could slow down other operations.

9. The 2019-2025 military programming law only allows, in any case, for a **stabilisation of the state of the heritage**. It provides for an investment effort of 13.6 billion euros over the period. However, arbitrations have led to the postponement of 1.5 billion euros of investment after 2025.

10. The **credits devoted to family housing in 2019 are stable**. It should be remembered that the supply of housing should increase by 660 units in metropolitan France between now and 2023, in accordance with the Family Plan.

11. **The sustainability of the real estate effort is uncertain**. The Defence Infrastructure Department (SID) has seen a significant reduction in its workforce, from 11,500 in 2005 to 6,700 today. This workforce is not expected to increase over the duration of the MPA. The SID was built with a view to spending €1 billion a year on real estate, but the MPL sets a target of more than €2 billion a year. The tension is all the more acute as half of the civilian staff of the SID will be retiring within the next five years, which means that 400 recruitments per year will be necessary.

12. However, the **efficiency strategy for the buildings policy**, which was necessary to pursue, is reaching its limits. The decentralisation of small works is an encouraging response to the saturation of support services. It should enable the heads of corps to find levers for action. Outsourcing is another possible route, but its limitations in terms of deadlines and taking into account needs and their evolution must be taken into account.

13. Finally, it should be remembered that the resources of the buildings policy must be supplemented by revenue from **property** sales, in **accordance with the** provisions introduced by the Senate in Article 3 of the LPM. The sale of a fraction of the Ilot Saint-Germain to the Régie immobilière de la ville de Paris was completed on 31 May 2018 for an amount of 29 million euros after application of the so-called "Duflot" discount of 66% of the value of the property. The Ministry of the Armed Forces is expected to recover 50 social housing units. At the initiative of the Senate, Article 47 of the LPM allows the Ministry to reserve three quarters of the social housing units built in this type of operation. Your rapporteurs will therefore pay close attention to the transfer of the Val-de-Grâce site, which your committee has called for reconsideration. This sale, estimated at 150 million euros, is planned for 2021 and constitutes the bulk of the forecast cash flow from the special purpose account at that time. **The armies should be able to benefit from the proceeds of their sales at market prices. Otherwise, it would be legitimate for them to be able to benefit from housing for the military.**

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