



Tuesday September 18, 2007

## Industry: 'we pay'

Dutch industry will have to pay the bill for the 2008 budget which will damage the country's economic motor, employers' organisations said. 'Lower spending power means less turnover for companies,' the VNO-NCW, MKB-Nederland and LTO said in a joint statement.

## VVD: 'tax-heavy'

The opposition free-market Liberals (VVD), said the cabinet is not doing enough in terms of integration and combating traffic congestion. 'The cabinet is spending billions more euros and the ordinary, hardworking Dutchman pays the bill,' said VVD party leader Mark Rutte.

## Labour: 'strong'

'This budget is strong, green and social,' said Labour leader Jacques Tichelaar. 'This government is investing in work, urban renewal, the environment, health-care and education and at the same time is en route to a record low national debt,' he said.

## Unions: 'good step'

Trade union federations FNV and CNV said the budget is a 'decent step in the right direction'. The cabinet is right to make it easier and cheaper to work and to make it more expensive to consume, they said.

## Greenpeace: 'guts'

Environmental organisation Greenpeace said the cabinet had made it clear it has ambitious environmental targets and now needs to show the necessary 'political guts and control' to achieve them.

## 'Strongest shoulders to bear heaviest burden'

Despite rosy economic figures, most people will have less to spend next year as the government takes advantage of strong growth to create a buffer against future problems. While people on minimum incomes and poor pensioners will not be hit, others will see their spending power cut by an average of 0.25%, finance minister Wouter Bos (photo) said during the presentation of his budget statement on Tuesday afternoon. The cabinet has opted to take 'less pleasurable measures' to ensure that planned investments in urban renewal and the environment could go ahead while making sure the books balanced, he said. Labour leader Bos, who was making his first budget statement, also highlighted three measures which he said would tackle the controversy over top people's pay. These are: limits to pension premium tax breaks for the better off, higher taxes on expensive homes and the introduction of income-related child benefit and non-hospital health-care. 'We are repairing the roof while the sun shines,' prime minister Jan Peter Balkenende said in his comments on the budget. He admitted that the better off will have to pay more, adding that the 'strongest shoulders will bear the heaviest burden.' But over the full cabinet period, which runs until 2011, most people will be up to 6% better off, the prime minister said. The government's economic policy unit CPB, which publishes its annual calculations on the economy to coincide with the budget, says that the economy is set to grow 2.5% next year, while inflation will reach 2%. Unemployment will fall to 4%, an extraordinarily-low level, the CPB said.



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## Government sets ambitious targets

The cabinet's plans also include a string of targets for individual ministries to meet. Among the main ambitions outlined on Tuesday:

- A 30% reduction in CO2 emissions by 2020.
- On-shore wind power to double over four years.
- Organic food to account for 15% of food sales by 2011.
- Train travel to rise by 5% passengers a year.

- Some 200,000 hard-to-place unemployed people to have jobs by 2011. In total, 309,000 new full-time jobs to be created.
- The Netherlands to become one of the world's top 10 sporting nations.
- Problems at 'dozens' of traffic black spots to be solved by 2012.
- Crime rate to be cut by 25% over next four years.
- Health ministry overspend of €1.2bn to be eradicated by 2011.
- Spending power for most people to rise by 1.25% by 2011.

## MAIN POINTS

- Budget surplus to reach 0.5% in 2008, rising to 1% by 2011.
- Economy to grow 2.5% next year.
- National debt to reach 37.5% of GDP next year, down from this year's 39.1%.
- Inflation to reach 2% in 2008.
- Total package of tax and premium increases to generate €7bn for new policies.
- Basic tax rate to be cut by 0.5% to 33.15%. Second band to rise slightly to 41.45%.
- Unemployment benefit premiums cut for workers, increased for employers.
- VAT (btw) to rise from 19% to 20% in 2009.
- Extra tax break for the over-63s who stay at work. Richer pensioners to pay more tax.
- Tax on environment-unfriendly company cars to go up from 22% to 25% of catalogue value.
- Home-owners with property worth over €1m to pay more tax. No change on mortgage tax relief.
- €350m for public transport over four years.
- Refugee amnesty to cost €360m. €80m for 'integration'.
- Subsidies for solar panels and boilers.
- Extra tax on air travel.
- Partial introduction of free text books in secondary schools, and free museum visits for under-12s.
- Cigarettes up 25 cents a packet, a beer will cost 2.7 cents more.
- Introduction of own-risk element in healthcare insurance.
- €335m cut from the budget for hospitals and specialists but €60m to boost staffing.