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2009 BUDGET  
SPECIAL

Tuesday September 16, 2008

## Danger zone

The government's finances are heading towards the danger zone and there are doubts about just how solid the budget is, Rabobank said in its reaction to today's spending plans. The decision to spend just 20% of earnings from natural gas revenues on infrastructure, rather than the usual 40%, is particularly worrying, the bank's economists said.

## Unions mixed

The CNV trade union federation said it is concerned about the effect of the budget on the spending power of the elderly. Both the CNV and the FNV, condemned the link the finance minister has made between scrapping the rise in value added tax, cutting jobless benefit premiums and wage moderation. White collar union MHP said it was a budget for employers.

## Employers pleased

The three main employers organisations, VNO-NCW, MKB and LTO, have welcomed the budget's emphasis on cutting employers' and employees' taxes but also called for a drastic reduction in red tape. The MKB criticised the lack of action to solve the country's traffic problems.

## Opposition critical

Mark Rutte, leader of the right-wing Liberal VVD, said the budget lacked 'vision' and compared it to 'cheese with holes'. Socialist Party leader Agnes Kant criticised the lack of solutions for problems in healthcare and education. Alexander Pechtold, leader of the liberal democrat D66 party, said he missed strategic advances on the labour and housing markets.

## Dutch economy in good shape: finance minister

The Dutch economy will not remain unscathed by the turmoil taking place on the international financial markets but it is well-placed to weather these events, finance minister Wouter Bos told MPs once again on Tuesday. In his speech outlining the government's spending plans for 2009, Bos said the country is 'standing firm in a trembling world'. The national economy has benefited from the strong supervision of its banks and insurance companies, cautious budgets, measures to reduce the threat of a wage spiral and efforts to make labour cheap, he said. 'These are all choices [we have made] and they seem to make the difference', Bos said. While many people see the foreign developments as threatening, it would be wrong to cut the country off from the outside world, Bos said. 'We would be severing the main artery that contributes to our wealth.' The openness that has made the Netherlands what it is today is now making people unsure, he said: 'As a worker you can benefit from the high returns your pension fund makes on investing in private equity companies, but as an ordinary citizen you may ask if they have not become too powerful.' Many of the government's spending plans were officially published or leaked in the run up to Tuesday's presentation and there is little in the way of surprises in the 2009 budget. Most households will be better off because of the €2.5bn package of tax cuts for people in work. But poor pensioners and people with chronic health problems will be hit by reductions in healthcare services. MPs will debate Bos's plans in the next two days and over the following weeks individual ministries' budgets will be spotlighted.



Photo: RVD

## Queen focuses on working together

Freedom and security are under pressure in many places and economic growth cannot be taken for granted, queen Beatrix said in her traditional address to open the new parliamentary year on Tuesday. 'The government wants to build a country which has confidence in itself and which faces up to the future together with all its citizens,' the queen said. 'Togeth-

er we make society stronger.' The queen referred to recent incidents in which ambulance personnel have been attacked. 'Aggressive or intimidating behaviour on the streets is unacceptable' and would be clamped down on, she said. The EU and its role in ensuring sustainable economic growth was also stressed. And the queen also praised the job being done by Dutch soldiers in Afghanistan and elsewhere which deserves 'our unceasing respect'.

## MAIN POINTS

- Tax cuts to total €2.5bn
- State debt to fall to 39.6% of GDP and budget surplus to reach 1.2%
- Economic growth to reach 1.25% in 2009
- Inflation to hit 3.25%
- Tax breaks for those who work past the age of 62
- Spending power to go up by an average 0.5%
- No more unemployment benefit premiums (WW) to be paid by workers
- No changes to income tax rates or mortgage tax relief
- Value added tax (btw) unchanged at 19%
- €115m extra for urban renewal
- €100m extra for youth social workers
- €112m extra to cover the increase in asylum seekers
- Healthcare spending to rise by 4.5% to €58bn
- Sleeping pills no longer part of basic health insurance package
- Home help provision to be slashed
- Parental leave to double from 13 to 26 weeks
- €558m for sustainable energy and offshore wind parks
- Free entry to 'approved museums' for under-12s
- 12.9 million traffic fines to be issued, generating an extra €40m for the treasury
- A ban on sending spam, higher priority for fighting cyber crime
- Law on reporting unusual financial transactions to be tightened
- Total spending on defence to be cut slightly

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