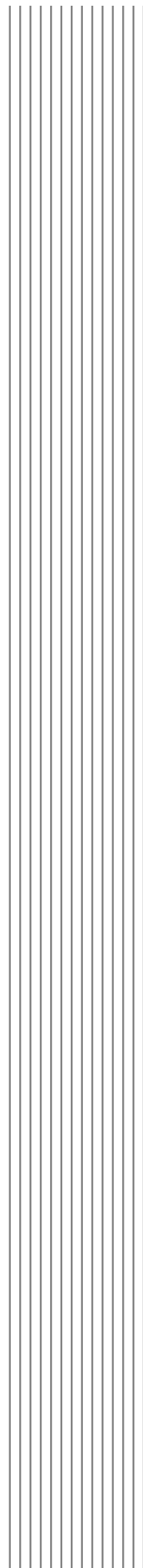
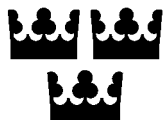


Summary of expenditure areas

1–27



Areas of expenditure

Number	Area of expenditure
1	The Swedish political system
2	Economy and fiscal administration
3	Tax administration and collection
4	Justice
5	Foreign policy administration and international co-operation
6	Total defence
7	International development co-operation
8	Immigrants and refugees
9	Health care, medical care, social services
10	Financial security in the event of illness and disability
11	Financial security in old age
12	Financial security for families and children
13	Financial security in the event of unemployment
14	Labour market and working life
15	Study support
16	Education and university research
17	Culture, the media, religious organisations and leisure
18	Planning, housing supply and construction
19	Regional balance and development
20	General environment and conservation
21	Energy
22	Communications
23	Agriculture and forestry, fisheries, etc.
24	Business sector
25	General grant to municipalities
26	Interest on Central Government Debt. etc.
27	Contribution to the European Community

1 The Swedish political system

4.2 SEK BILLION

This expenditure area includes expenditure for the Head of State, Parliament and its agencies, the Government, certain central government agencies and for the mass media. SEK 4 billion has been budgeted for this expenditure for 1998, of which SEK 2.2 billion is for the Government, SEK 1 billion for Parliament and its agencies, and SEK 0.7 billion for the mass media.

No general goals have been set for this expenditure area since the activities included are so varied. An important objective for media-related issues is for the state to support diversity and real opportunities for freedom of expression, to guarantee the independence of the media, and to ensure access to the mass media.

With the intention of strengthening the Government's leadership and control of central government administration, increasing the quality of preparation of Government business by the Government Offices, and preparing for and carrying out the Swedish chairmanship of the EU in 2001, etc., the expenditure area has been allocated SEK 222 million in 1999, SEK 322 million in 2000 and SEK 547 million in 2001, as proposed in the 1998 Spring Budget Bill. Other increases in the frame for the expenditure area in the years 1999–2001 primarily relate to technical adjustment of the financing of collective agreement pensions in the state sector (around SEK 20 million) and an increase of parliamentary appropriations (approximately SEK 1 million).

1. The Swedish political system SEK 000s	A	Head of State	77.125
	B	Riksdagen and its ombudsmän	948.473
	C	The Government etc.	2.420.330
	D	Central government agencies	55.596
	E	Media-related issues	678.130

2 Economy and fiscal administration

1.7 SEK BILLION

This expenditure area comprises a number of agencies, including the National Audit Bureau, the National Financial Management Authority, the Agency for Administrative Development, Statistics Sweden, the National Institute for Economic Research, the National Debt Office, the Legal, Financial and Administrative Services Agency, the National Property Board and the Financial Supervisory Authority, and the Premium Pensions Agency, among others. The costs for central government borrowing and loan management fall under this heading, and certain special financing and guarantee undertakings as well as the Parliamentary Auditors. SEK 2 billion has been budgeted for this expenditure area for 1998, of which SEK 1.9 billion is for central government agencies and committees, SEK 170 million for time-limited activities, and SEK 17 million for the Parliamentary Auditors.

Important objectives for the expenditure area are that central government administration is to take place in an efficient way and in the public interest. Central government finances and state property are to be managed and dealt with in as

cost effective a way as possible. Official statistics and other statistical information shall be of good quality. Agencies shall be offered high quality support. The financial system shall be efficient and meet both society's need for stability and consumers' interest in good protection. Central government debt, with the exception of the debt managed by the public enterprises, shall be managed so that the cost for the debt is minimised in the long-term at the same time as the risks in this management are taken into account.

The reduction in the expenditure frame for 1999–2001 primarily relates to the Government proposing a reduced appropriation for the National Debt Office's costs for lending and loan administration, a reduced appropriation for measures to strengthen the financial system, and a reduced appropriation for the charge to Stadshypotekskassan's basic fund. This expenditure area has been provided with resources for a new appropriation for increase of equity in the Nordic Investment Bank. Due to the introduction of the new pension system, a Premium Pensions Agency has been set up in 1998.

2. Economy and fiscal administration SEK 000s	A	Efficient government administration	886.921
	B	Central agencies and boards	751.008
	C	Temporary measures	48.700
	D	The Parliamentary auditors	18.704

3 Tax administration and collection

5.8 SEK BILLION

This expenditure area includes the National Tax Board, the Tax Authorities (Tax Administration), and the Swedish Board of Customs. SEK 5.7 billion has been budgeted for this expenditure area in 1998, SEK 4.6 billion of which is for the Tax Administration.

A common goal for the agencies within this expenditure area is that the desired tax, customs and charge revenues are to be secured in a legally predictable and financial efficient way. The Swedish Board of Customs has furthermore the task of supervising transport into and out of the country in compliance with import and export regulations. The Tax Administration is also responsible for population registration.

Priority tasks for the tax authorities are to make operations more efficient, among other ways, by improvement of IT support, changed methods of work, and competence development. The targeting of the selection and quality of tax checks are to be continually improved.

The overall approach to checks and service throughout the entire taxation procedure, including collection work, is to be reinforced. Work on establishing tax fraud units is to be completed so that they are in operation at the end of 1999.

Narcotics control shall take priority for the Swedish Board of Customs. Furthermore, activities to control activities directed against illegal import of spirits and tobacco will be given high priority. The Government also places great weight on the extensive work of restructuring which has inter alia entailed a new organisational structure and other work relating to changes in order to improve the quality of work and make operations more efficient. Work on simplifying rules and procedures is also important.

The Government proposes that the Swedish Board of Customs be allocated SEK 34 million for excise tax control from 1999.

3.	Tax administration and collection SEK 000s	A	Tax administration and the Customs Office	5.810.859
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4 Justice

21.9 SEK BILLION

This expenditure area includes the police, the prosecution and court authorities, the legal aid scheme, the national prison and probation administration, the enforcement service, the National Council for Crime Prevention, the Criminal Victim Compensation and Support Authority, the National Board of Forensic Medicine, and the Swedish Gene Technology Advisory Board. SEK 21 billion has been budgeted for this expenditure area for 1998, of which SEK 11.5 billion is for the police, SEK 3.4 billion for the national prison and probation administration.

The objective for the justice system is the legal rights and legal security of the individual. The objective of penal policy is to reduce criminality and increase personal security.

Modernisation of the system of justice is to continue and the position of the crime victim is

to be strengthened. The struggle against crimes of violence, drugs offences and financial offences is to be given priority. Special attention is to be given to serious cross-border criminality, so-called motorcycle-related criminality, crimes with racist components, violence against women, and assaults against children. Crime prevention work is to be further developed. Petty crime is to be prevented and combatted, primarily by the expansion of neighbourhood police activity. Special initiatives are to be made to tackle the problems of the big cities.

The Government proposes that SEK 200 million be allocated to this expenditure area from 1999, SEK 250 million in 2000, SEK 300 million in 2001. In addition, it is proposed that the police organisation be allocated a one-off amount of SEK 200 million in 1999 to meet special needs in the big cities.

4. Justice	A Police	11.974.330
SEK 000s	B Prosecution authority	819.337
	C Court system, etc.	3.056.983
	D Penal care	3.639.055
	E Enforcement service	1.309.986
	F Other activities of the legal system	1.119.578

5 Foreign policy administration and international co-operation

2.9 SEK BILLION

This expenditure area comprises primarily the administrative expenses of the Ministry for Foreign Affairs, and the 102 missions abroad, contributions to certain international organisations, information about Sweden abroad, disarmament and security policy issues, and other foreign policy issues including strategic export control and information about Europe. SEK 2.8 billion has been budgeted for this expenditure area for 1998, of which SEK 1.8 billion is for foreign policy

administration, SEK 0.7 billion for contributions to international organisations and SEK 0.3 billion for other activities.

The objective of this expenditure area is to safeguard Sweden's interests in its relations with other countries. Among other things, special attention will be given in 1998 to expanding regional co-operation around the Baltic Sea, EU co-operation, and the United Nations.

5. Foreign policy administration and international co-operation SEK 000s	A Foreign policy administration	1.747.067
	B International organisations	954.284
	C Information on Sweden abroad	66.661
	D Disarmament and security policy issues	58.351
	E Other foreign policy issues	44.955

6 Total defence

44.1 SEK BILLION

This expenditure area includes total defence activity, military and civil defence. The expenditure area also includes the activities carried out by the Coastguard Authority and by the National Rescue Services Board. SEK 41.3 billion has been budgeted for this expenditure area for 1998, of which SEK 37.4 billion is for military defence, SEK 2.5 billion for civil defence, and SEK 1.4 billion for other activities.

The activities carried out by the total defence in the period 1997–2001 are based on 1996's total defence decision (Govt Bill 1996/97 FöU4, bet. 1996/97:FöU1, rskr. 1996/97:36). In the case of military defence, the measures also apply that the Riksdag has decided upon to bring the Defence Services finances into balance (Govt. Bill 1997/98:84, bet. 1997/98: FöU22, rskr.

1997/98:268). The future approach to work in this expenditure area will be affected by the position adopted by the Riksdag in connection with the security policy control point in 1999.

When estimating the frame for the expenditure area in the years 1999–2001, the Government has assumed that certain further changes will take place in this area, among other things the appropriation Compensation for physical injuries which as of 1999 will be transferred to Expenditure area 10. Financial security in illness and disability.

Due to the old age pension reform, it is proposed that the frame for the expenditure area be increased by SEK 3.2 million in 1999, SEK 3.3 million in 2000 and SEK 3.4 million in 2001.

6. Total defence SEK 000s	A Military defence	39.829.114
	B Certain civil defence functions	2.489.136
	C Coastguard, etc.	823.303
	D Supporting activities	966.012

7 International development co-operation

11.9 SEK BILLION

This expenditure area includes international development assistance and co-operation with developing countries and Central and Eastern Europe. SEK 11.4 billion has been budgeted for this expenditure area for 1998, of which SEK 10.6 billion is for development assistance and SEK 0.8 billion for co-operation with countries in Central and Eastern Europe.

The overall objective for Sweden's international development assistance is to increase the living standards of poor peoples. The Riksdag has established six objectives for development assistance: the promotion of economic growth, economic and political independence, economic and social equality, the development of democracy, sustainable use of natural resources and conservation of the environment, and equality of opportunity between women and men.

Co-operation with Central and Eastern Europe

The objectives for co-operation with Central and Eastern Europe are to promote a security community, deepen the culture of democracy, a socially sustainable economic development, and environmentally sustainable development. In addition, the Government has decided that all co-

operation is to be imbued with an equality perspective. The Riksdag has adopted a new three-year co-operation programme with Central and Eastern Europe for the period 1999–2001 of SEK 800 million per year. The Government now proposes that a somewhat changed time profile for allocation of appropriations for the programme, so that the expenditure area is reduced by SEK 50 million in 1999 and 2000 and increased by SEK 100 million in 2001 compared with the Government's Spring Budget Bill. This change is made possible by there being large reservations in the co-operation programme.

Development co-operation with developing countries

The Government proposes an increase of the frame for development assistance by SEK100 million for 1999, which means that the development assistance frame will be equivalent to 0.705 per cent of gross national income (GNI). In accordance with the Government's Spring Budget Bill, the development assistance frame will be increased in 2000 to 0.72 per cent of GNI and in 2001 a further increase will take place to the equivalent of 0.73 per cent of GNI.

7. International development co-operation SEK 000s	A	International development co-operation	11.149.604
	B	Co-operation with Central and Eastern Europe	750.000
			11.899.604

8 Immigrants and refugees

4.3 SEK BILLION

This expenditure area includes immigration policy, comprising of issues relating to refugee policy, immigration to Sweden, reception of asylum-seekers, and aliens' right to stay in Sweden. The expenditure area also includes integration policy, issues concerning immigrant's introduction to Sweden, initiatives in vulnerable residential areas, measures directed against ethnic discrimination, xenophobia, and racism, and payments to municipalities for their refugee reception activities. SEK 3.9 billion has been budgeted for this expenditure area in 1998, of which SEK 1.8 billion is for immigration policy and SEK 2.1 billion for integration policy.

The objective of immigration policy is to strive for migration to and from our country to take place in an orderly fashion in a world characterised by increasing openness, co-operation and exchange, to safeguard the right of asylum, and to maintain controlled immigration. This is to take place in a way that meets the requirements for openness and exchanges and to be imbued with legal predictability, humanity and respect for the individual's human rights.

The objective of integration policy is equal rights and opportunities for all regardless of ethnic and cultural background, a civic sense of community based on the diversity of society, characterised by mutual respect, and which everyone, regardless of background, shall be able to participate in and be commonly responsible for. Further objectives are to break down the social and ethnic segregation in the big city regions and to strive for equal living conditions for the citizens of these areas. In integration policy, priority is given to initiatives to break down ethnic segregation and counteract ethnic discrimination on the labour market. Forecasts and follow-ups shall be improved in the expenditure area.

The major items of expenditure in the expenditure area are for asylum seekers and central government grants to municipalities for refugees and certain other immigrants. During 1998, an increase of asylum seekers primarily from former Yugoslavia and Iraq has been noted. At the same time, the Federal Republic of Yugoslavia has refused to allow its citizens to return home. More refugees and relatives than anticipated have been granted residence permits and been placed in the municipalities. The costs of refugee reception have thus been larger than anticipated. This development is expected to continue and culminate during 1998.

In this year's Spring Budget Bill, it was proposed that there be a three-year initiative to create a Sweden for All. In the Government Bill (1997/98:165) Development and Social Justice – a policy for the big cities in the 21st century, the Government has proposed that the major part of the additional resources granted to the coming area A Sweden for All should be used for initiatives in vulnerable residential areas in the big city regions. Central and local government should sign local development agreements for the most vulnerable residential areas in the big city regions. A special big city delegation is to be appointed and be given the task of developing and co-ordinating the national big city policy. The local development agreements are to be developed in a dialogue with the residents and other actors in the relevant residential areas. A democratic process of this kind takes time and cannot be initiated before the first half of 1999. The Government therefore proposes that this initiative for the future be postponed for six months and that it instead be extended to 2002.

8. Immigrants and refugees SEK 000s	A Immigration policy	1.785.323
	B Integration of immigrants	2.538.861

9 Health care, medical care, social services

24.0 SEK BILLION

This expenditure area includes expenditure on medical care and social services as well as assistance to sector research. Government expenditure in this area makes up only a minor share of total public expenditure on health and medical care and social services. The largest items of expenditure within the expenditure area are the grants for the medicine reform, the costs of state assistance compensation and dental care assistance. Furthermore, it includes expenditure for most of the agencies under the Ministry of Social Affairs, grants to organisations and various kinds of stimulants and development grants in the social sphere. SEK 22.8 billion has been budgeted for this expenditure area for 1998, of which around SEK 16.4 billion is for health and medical care and SEK 5.9 billion for social services.

The objectives for the expenditure area are to secure good health and good conditions of life, to ensure high quality health and medical care with efficient use of resources, meeting the needs of the individual for care, social services, support and service.

The Government proposes that SEK 500 million be allocated to the expenditure area from 1999 in accordance with the Riksdag decision on a reformed dental care assistance (Government Bill 1997/1998:112, bet. 1997/98:SoU25, rskr 1997/98:289). It is further proposed that SEK 300 million be made available during the period 1999–2001 for measures relating to the elderly. According to the proposal in Supplementary Budget 1 in the 1998 Spring Budget Bill, a temporary grant is introduced for housing for the

elderly, etc. totalling SEK 400 million, of which SEK 250 million is for 1998.

In 1999 it is proposed that the appropriation Car assistance for the disabled be reinforced temporarily by SEK 100 million.

Attention has been given to the situation of the homeless. A three-year project of SEK 30 million is proposed to make it easier for the homeless to obtain housing.

It is proposed that a nominally unchanged amount be made available for the appropriation Grants for pharmaceutical benefits in 1999–2001 pending an agreement between the central government and the county councils.

The proposed frame includes in addition a number of minor changes due to the Bill Strategy to implement the UN Convention on Children's Rights in Sweden (Govt Bill 1997/98:182) and the Government Bills Certain Reforms and the System of Sanctions (Govt Bill 1997/98:96, bet. 1997/98: Ju21, rskr 1997/98:275) and For an End to Molestation of Women (Govt Bill 1997/98:55, bet 1997/98: JuU13 rskr 1997/98:250). These proposals include a net increase of the frame of the expenditure area by SEK 14 million and also affect the frame for Expenditure area 4 the Legal System, 10 Financial Security in Illness and Disability, and 25 General grants to local government.

Due to the old age pension reform, it is proposed that the frame for the expenditure area be increased by SEK 0.5 million in 1999, SEK 0.5 million in 2000 and SEK 0.5 million in 2001.

9. Health care, medical care, social services SEK 000s	A	Health care and medical care	16.857.734
	B	Social services	6.632.820
	C	The National Board of Health and Welfare	407.357
	D	Support to research	114.548

10 Financial security in the event of illness and disability

80.5 SEK BILLION

This expenditure area includes social insurance benefits provided during ill health and the costs of the social insurance administration, i.e. the National Social Insurance Board and the social insurance offices. The social insurance benefits provided in illness are daily allowances, such as sick pay, rehabilitation allowance, close relative allowance and certain occupational injury payments. This expenditure area also includes national basic pension and pensions supplement in the form of incapacity pension and disability pension. As of 1999, the expenditure area includes expenditure for national supplementary pensions in the form of incapacity pension, occupational injury payments, costs for employment of certain persons with incapacity pensions, and compensation for physical injuries. Moreover, from 1999, the cost of old age pension contributions calculated on a pension-entitlement earning amount for incapacity pension and occupational injury compensations payments, etc. are reported under special appropriations.

SEK 37.2 billion has been budgeted for this expenditure area for 1998, of which around SEK 4.9 billion is for social insurance administration. Expenditure for national supplementary pension (ATP) in the form of incapacity pension and expenditure for occupational injury insurance is reported outside the budget for 1998. The appropriation Compensation for physical injuries is reported in 1998 under Expenditure area 6 Total defence.

The objectives for results in the expenditure area is to provide financial security for the sick

and disabled and for the social insurance administration to guarantee efficiency, legal predictability, and competence in handling cases.

The Government's proposed frame includes a proposal for the upward adjustment of the reduced base amount to 100 per cent which affects the expenditure for incapacity pensions in 1999 and onwards. By transferring funds from the appropriation Sickness insurance and rehabilitation, etc. the special employment initiatives for certain persons with incapacity pensions announced in the 1998 Spring Budget Bill are financed from 1999.

It is proposed that social insurance administration be reinforced in 1999 by SEK 225 million under the appropriation Sickness benefit and rehabilitation, etc. being made temporarily available for administrative costs. In order to facilitate implementation of the reformed old age pension system, the social insurance administration is reinforced with respect to competence development and administration initiatives by funds being transferred primarily from the National Swedish Pension Fund.

In order to develop research in the social insurance area, funds are transferred within the expenditure area to the National Social Insurance Board.

Due to the old age pension reform, it is proposed that the frame for the expenditure area be increased by SEK 35,618 million in 1999, SEK 35,354 million in 2000 and SEK 37,849 million in 2001.

10. Financial security in the event of illness and disability SEK 000s	A	Financial security in the event of illness and disability	75.066.630
	B	Social insurance administration	5.436.575

11 Financial security in old age

34.3 SEK BILLION

This expenditure area in 1998 includes the national basic pension in the form of old age pension, survivor's pensions to adults, and pension supplement for these benefits, and housing supplement for pensioners. SEK 62.7 billion has been budgeted for this expenditure area for 1998, of which around SEK 52.5 billion is for old age pensions, SEK 0.6 billion for survivor's pensions, and SEK 9.6 billion for housing supplement to pensioners.

As from 1999 the expenditure area includes, inter alia as a result of the Riksdag decision on the reformed pension system, national basic pensions to old age pensioners, who are not entitled to a supplementary pension, national basic pension, and supplementary pensions in the form of survivor's pensions for adults, pension supplement to both old age pension and survivor's pensions, housing supplements to pensioners and partial pensions.

The objective for the expenditure area is to provide financial security to the elderly and survivors. The Government considers it to be of great importance to give the elderly financial security which reasonable, basic consumption requirements and access to housing of a satisfac-

tory standard. Several committees of inquiry are in process relating to the expenditure area, among others, the Survivor's Pension Commission, the Commission of Inquiry into the System of Income Assessment for Housing Supplements for Pensioners, and the Committee of Inquiry into the Transitional Guarantee Pension. The Government proposes in this bill that the pensions for 1999 be calculated on the basis of the unreduced price base amount. This means that the return to calculating pensions without reduction will be brought forward from 2000 to 1999. The Government further proposes that part of the housing cost in the interval SEK 100–4,000 per month which can be compensated for by housing supplement be increased from 85 to 90% from 1 January 1999. The Government also proposes that the municipalities during the years 1999–2000 are given the ability to pay municipal supplementary amounts to the state housing supplement.

Due to the old age pension reform, it is proposed that the frame for the expenditure area be reduced by SEK 29,420 million in 1999, SEK 29,833 in 2000 and SEK 30,593 million in 2001.

11. Financial security in old age SEK 000s	A	Financial security in old age	34.315.009
		<i>Old age pensions, appropriation frame</i>	11.536.000
		<i>Survivor's pensions for adults, appropriation frame</i>	12.734.000
		<i>Housing supplement for pensions, appropriation frame</i>	9.841.000
		<i>Partial pension, appropriation frame</i>	204.009

12 Financial security for families and children

39.9 SEK BILLION

This expenditure area includes financial support for families and children (with the exception of study assistance to upper secondary school pupils which is included in expenditure area 18). These benefits consist of child allowance, including the supplement for large families and extended child allowance, parental insurance, including pregnancy cash benefit, maintenance support, allowances toward the cost of international adoptions, national basic pension in the form of child pensions, and care grants to children with functional disabilities. SEK 35.8 billion has been budgeted for this expenditure area for 1998, of which around SEK 17 billion is for child allowances, SEK 14.8 billion for parental insurance, and SEK 2.1 billion for maintenance support, SEK 0.02 billion for allowances towards the cost of international adoptions, SEK 0.3 billion to national basic pension in the form of children's pensions, and SEK 1.6 billion for care grants for children with functional disabilities.

The objective of the expenditure area is to make more equal the living conditions between families with and without children, to support parents' ability to combine paid employment with parenthood, and to provide special financial support to families with children in vulnerable situations.

The Government further proposes that child allowance be increased by SEK 100 per child and month from 1 January 2000 and a further SEK 100 per month from 1 January 2001, to a total of SEK 950 per child and month. The supplementary grant for families with three or more children is to be adjusted upwards to an equivalent extent. These measures will be proposed provided that public finances give scope for them.

A special working group at Government Offices has, in accordance with the announcement made in the 1998 Spring Budget Bill, analysed the rules and the financial outcome of maintenance support.

The Government intends to continue this work of analysis and to monitor carefully the development of costs of maintenance support. Pending the final evaluation of the system, the Government proposes that SEK 427 billion be made available to the appropriation for maintenance support in 1999. Due to the old age pension reform, it is proposed that the frame for the expenditure area be increased by SEK 4,752 million in 2000 and SEK 4,821 million in 2001. Furthermore, it is proposed that from 1999, a new appropriation for financing of national basic pension contributions for pension rights for years spent looking after children be introduced.

12. Financial security for families and children SEK 000s	A	Financial security for families and children	39.896.045
		<i>General child pensions, appropriation frame</i>	16.705.000
		<i>Parental insurance, appropriation frame</i>	14.829.974
		<i>Maintenance assistance, appropriation frame</i>	2.473.000
		<i>Grant for costs for international adoptions, appropriation frame</i>	24.000
		<i>Child pensions, appropriation frame</i>	967.000
		<i>Care grant for disabled children, appropriation frame</i>	1.789.006
		<i>Pension entitlement for parental leave period; national old age pension, appropriation frame</i>	3.108.000

13 Financial security in the event of unemployment

33.8 SEK BILLION

This expenditure area includes expenditure for unemployment insurance and wage guarantee payments. Expenditure is also included for temporary retirement compensation, temporary public work (O.T.A.), resource work (until June 1998), the so-called active use of unemployment insurance, and the generation shift. SEK 38.5 billion has been budgeted for this expenditure area for 1998, of which around SEK 36.4 billion is for unemployment benefit, and over SEK 2 billion for wage guarantee compensation.

The objective of the expenditure area is to facilitate and stimulate adjustment and thereby increase flexibility in the labour market. In the light of this, a new Unemployment Insurance Act was introduced on 1 January 1998.

Prioritised issues in 1999 are activity and adaptation during unemployment. A working group has been appointed at the Government Offices to ensure that the control function in unemployment insurance is made more effective. Furthermore, a system of temporary measures, temporary public work (OTA), is proposed. From 1999, expenditure is covered for these measures under expenditure area 14. Projects in process at the end of the year within the so-called more active use of unemployment insurance are proposed to continue at the longest to 30 September 1999.

The level of expenditure is primarily affected by the level of registered unemployment with respect to expenditure for unemployment bene-

fit and by the number of bankruptcies with respect to expenditure for wage guarantee compensation. Reduced unemployment has entailed that expenditure under the expenditure area has successively been revised downwards. As a result of this and a new calculation of the effects of increased levels of compensation in the insurance scheme, and revised arrangements for the appropriation for the wage guarantee, the estimated expenditure for the expenditure area has been adjusted downwards in relation to the estimate in the budget bill for 1998 by SEK 1,683 million in 1999, SEK 303 million in 2000 and by SEK 1,548 million in 2001.

Interest and amortisation on the remaining debt at the National Debt Office from the Wage Guarantee Fund will be paid from the appropriation Grants to Wage Guarantee Compensation until the end of 1998. This year, the Government will decide that the debt after the Wage Guarantee Fund that amounted to over SEK 900 million at the end of the first six months of 1998 shall be written off at the end of the year. With this, the appropriation from 1999 will only be charged with the expenses for wage guarantee compensation.

Due to the old age pension reform, it is proposed that the frame for the expenditure area will be increased by SEK 1,931 million in 1999, SEK 1,507 million in 2000 and SEK 1,362 million in 2001.

13. Financial security in the event of unemployment SEK 000s	A	Unemployment compensation	33.789.000
		<i>Unemployment benefits, appropriation frame</i>	32.796.000
		<i>Grants for wage guarantee payment's, appropriation frame</i>	93.000

14 Labour market and working life

48.3 SEK BILLION

This expenditure area includes labour market programme measures, the Labour Market Administration, the National Board of Occupational Safety and Health and other agencies, and research and development in the field of the labour market and working life. The area also includes certain expenses for Samhall AB's operations, matters relating to equality of opportunity, and to the state in its role as employer. SEK 48.2 billion has been budgeted for this expenditure area for 1998, of which around SEK 34.5 billion is for labour market, SEK 5.6 billion for working life issues, SEK 0.03 billion for equality issues, and SEK 8.1 billion for state employer issues.

The task of labour market policy is to increase flexibility in the labour market, break the imbalances that exist in various labour market segments, assist persons with special needs and to prevent permanent exclusion from working life. The objective of labour market policy is to reduce the risks of ill health and accidents in working life, and to improve the working environment in a holistic perspective.

Within the expenditure area, priority in 1999 is given to measures to improve the mode of functioning of the labour market, and in this way to contribute to increased employment, and measures to improve the efficiency and targeting of forms of support directly at those with a work handicap.

The Government has appointed a working group with the task of reviewing the control, follow-up and evaluation of labour market policy. The working group shall inter alia review the present goals for the National Labour Market Agency (AMV). To ensure an effective follow-up of the goals that allow evaluation of the initiatives carried out and provide a basis for evaluation of the initiatives made and provide a basis for reconsideration is an important task.

It is also important to review the forms of collaboration that should exist in labour market policy in future with the objective of ensuring a high quality in carrying out the existing tasks.

The Government intends to review the volume requirements for the labour market policy measures and introduce proposals in the Budget Bill in spring 1999.

The budget proposal for the expenditure area is based on the proposals announced by the Government in this year's Spring Budget Bill. With the objective of counteracting bottlenecks in the labour market and reinforcing the work of the employment offices with corporate contacts, SEK 850 million is being made available to the National Labour Market Board (AMS) for temporary personnel reinforcements at the employment offices and labour market institutes during the present fiscal year. The Government proposes that corresponding funds be made available during 1999 as well. As the situation in the labour market improves, it should be possible to reduce these funds in a first step by SEK 250 million in the year 2000. The Government further proposes, as an element in its endeavour to simplify the rules for labour market programme measures, an introduction of a reinforced insurance protection for participants in these measures. In this context, it is also proposed a labour place introduction and labour life development be replaced with a uniform set of rules. The Government moreover proposes as an element in an investment in initiatives for measures for handicapped employees to improve their situation in the labour market.

Due to the old age pension reform, it is proposed that the frame for the expenditure area be increased by SEK 781 million in 1999, SEK 837 million in 2000 and SEK 767 million in 2001.

14. Labour market and working life SEK 000s	A	Labour market	34.721.212
	B	Working life	5 76.815
	C	Equal opportunities	33.373
	D	The state in its capacity of employer	8.143.000

15 Study support

22.4 SEK BILLION

This area primarily consists of study assistance to upper secondary pupils in the form of study grants, boarding allowances, etc., study aid and various forms of adult study support. SEK 21.3 billion has been budgeted for this expenditure area for 1998, of which SEK 10 billion is for study aid, SEK 6 billion for special development grants and SEK 2.3 billion for special adult study support.

The objective for the expenditure area is that study support should aid recruitment and thus contribute to a high participation in education. It shall moreover have an equalising effect that promotes increased social justice.

Priority is given in the 1999–2001 budget period to an increase in study assistance by SEK 100 per month from the year 2000 and a further

SEK 100 from 2001. The increase in study aid is a consequence of the Government intending to suggest to the Riksdag an increase in child allowance provided that public finances give scope for such a measure.

The budget proposal for 1999 is further based on the investment in education in adult education and the expansion of higher education that the Government presented in the 1998 Budget Bill. It entails inter alia that the volume successively increases with respect to study aid, especially special adult study support for unemployed and special development grants.

Due to the old age pension reform, it is proposed that the frame for the expenditure area be increased by SEK 600 million in 1999, SEK 642 million in 2000 and SEK 660 million in 2001.

15. Study support SEK 000s	<u>A Study support</u>	<u>22.447.075</u>
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16 Education and university research

29.0 SEK BILLION

This expenditure area includes education and childcare, adult education, qualified vocational training, higher education and research, and central government agencies in the sphere of responsibility of the Ministry of Education. SEK 27.1 billion has been budgeted for this expenditure area for 1998, of which around SEK 5.1 billion is for child care, schools and adult education, SEK 19.2 billion for universities and higher education, etc. and SEK 2.2 billion for national and international research resources.

In childcare, the most important objectives are to give children support and stimulation in their development, and to facilitate for parents to combine paid employment or studying with caring for and being responsible for children. The aim of the educational service is that children and young people regardless of sex, geographical residence, and social and economic conditions, should have equal access to education of the same standard. The objective for adult education is to overcome educational gaps, to contribute to change in working life, to contribute to full employment, and to satisfy adults' individual wishes for expanded study and educational opportunities. Universities and other institutions of higher education have as their most important objectives to offer education of a high and uniform quality in all parts of the country and to contribute to a balanced regional development.

The Government will continue to give priority to work of strengthening the quality of educa-

tion and to ensure uniform standards in school. It is proposed that a ten-point programme with this objective be introduced. A programme for IT in school will be carried out at a cost of around SEK 1.5 billion during the period 1999 to 2001. Furthermore, funds will be made available to strengthen adult education for children and young people and adults in the big city regions. The special adult education initiative will continue with an additional 10,000 places. A further investment will also be made in the trial activity with qualified vocational training which is to be expanded from 8,800 places in 1998 to 12,000 places from 1999.

In addition, the trial activity will be extended up to and including the year 2001.

The expansion of higher education is to continue throughout the country. In 1999, 15,000 new places will be made available. The emphasis is to be on the technical and natural science courses. A national IT investment is taking place in the area of higher education and library sector. It is proposed that the university computer network, Sunet, be strengthened. The investment in research and development will continue to contribute to a high level of knowledge and competence in society.

Due to the old age pension reform, it is proposed that the frame for the expenditure area be increased by SEK 28.2 million in 1999, SEK 30.6 million in 2000 and SEK 33.1 million in 2001.

16. Education and university research SEK 000s	A	Child care, schools and adult education	6.802.492
	B	Universities	19.499.795
	C	Higher education agencies	452.856
	D	National and international research resources	2.218.483
	E	General sector purposes	57.121

17 Culture, the media, religious organisations and leisure

7.5 SEK BILLION

This expenditure area includes general cultural activities, support to popular education, youth issues and matters relating to popular movements and sport. SEK 7.3 billion has been budgeted for this expenditure area for 1998, of which around SEK 4.2 billion is for culture and the media.

The most important objectives in the area of culture are safeguarding freedom of expression, participation in cultural life, cultural diversity, artistic renewal and quality, the safeguarding and use of the cultural heritage, promoting educational efforts, and international cultural exchanges, as well as promoting sporting activities.

Within the expenditure area, priority will be given in 1999 among other things to initiatives to

continued efforts to strengthen literature and reading, measures to improve conditions for artists, and for the democratic function of the cultural heritage. Furthermore, an investment will be made in a Sweden for all, and on architecture, and design. Culture as a development factor and film and media issues will be given prominence.

Savings will be introduced in 1999 in the area of central museums since they were exempted from these in 1998.

Due to the old age pension reform, it is proposed that the frame for the expenditure area be increased by SEK 4.9 million per year during the period 1999–2001.

17. Culture, the media, religious organisations and leisure SEK 000s	A	General cultural activities	297.949
	B	Theatre, dance and music	1.399.887
	C	Libraries, literature and cultural magazines	227.356
	D	Art and other forms of art handicrafts	86.203
	E	Remuneration and grants to artists	262.138
	F	Archives and records	294.198
	G	Cultural environments	441.259
	H	Museums and exhibitions	961.949
	I	Film and media	193.665
	J	Research	37.123
	K	Religious organisations	55.700
	L	Popular organisations	2.589.228
	M	Youth issues	108.756
	N	Popular movements and sport	496.736

18 Community planning, housing supply and construction

20.5 SEK BILLION

This expenditure area includes the planning, construction and housing sector, geotechnological issues, county administrative boards, regional self-government bodies, land surveying activities, and support to ecological adjustment and development. SEK 22.9 billion has been budgeted for this expenditure area for 1998, of which around SEK 20 billion is for the planning, construction and housing sector, SEK 1.7 billion for the county administrative boards, etc., and SEK 0.8 billion for ecological adjustment and development.

The most important objectives are to create the prerequisites for all to live in good housing and a secure environment in ecologically sustainable framework, and to contribute to equal and fitting living conditions and especially to promote a good upbringing for children and young people. Furthermore, planning and construction shall be based on ecological sustainability. Support to local government bodies for investment programmes shall increase the pace of adjustment to a sustainable society. Cross-sector planning is to be applied. In the bill Housing Policy for Sustainable Development, the Government put forward a proposal in the spring for a long-term housing policy (Government Bill

1997/98:119, bet. 1997/98: BoU10, rskr 1997/98:306).

Priorities in the area are that the National Land Survey shall ensure a financial, operational and organisational balance and a rational property parcelling. Furthermore, a centre of expertise on ecological sustainability is to be created and localised to Umeå. A follow-up of developments in the sphere of social housing is to take place.

The expenditure for interest subsidies continues to fall mainly due to the level of interest rates being lower than previous assumptions. Expenditure for credit guarantees has increased dramatically in 1998, however. This development is expected to continue in 1999–2001 and is due, among other things, to an underestimation of the financial problems in tenant-owned housing associations that have not been included in the basis for the National Housing Credit Committee's previous forecast. The frame has been adjusted to take this into account. A reprioritisation of resources will be made that will entail that certain funds will be transferred from the local investment programmes to expenditure area 20 General environmental care and conservation.

18. Community planning, housing supply and construction SEK 000s	A	Planning, construction and housing	16.728.372
	B	Geotechnology	23.012
	C	Country administrative boards, etc.	1.778.359
	D	Land survey and real estate data	433.337
	E	Support for ecological adjustment and development	1.500.000

19 Regional balance and development

2.7 SEK BILLION

This expenditure area includes, among other things, various forms of regional policy enterprise assistance, and funds at the disposal of the County Administrative Boards, self-government bodies and the Swedish National Board for Industrial and Technical Development for regional project activities, as well as part of the Swedish co-financing of the EC structural programme. The expenditure area also includes payments from the EC regional fund and funds for the National Rural Development Agency (GBV) and the Swedish Institute for Regional Research (SIR). SEK 3.6 billion has been budgeted for this expenditure area for 1998, of which around SEK 1.6 billion is for regional policy measures, and SEK 0.7 billion for payments from the EC regional fund.

The objective for regional policy is that it shall create the prerequisites for sustainable economic growth, social justice and freedom of choice so that equivalent living conditions are created for citizens throughout the country. The goal of the expenditure area is that activity is to facilitate the development of the business sector in areas given priority in regional policy in order to meet the goals of regional policy. The expenditure area is often called "small-scale" regional policy.

The "large-scale" regional policy includes measures of regional policy significance within other areas of policy. This policy is of fundamental importance for regional development.

In the expenditure area, priority is given in 1999 to the work of increasing co-ordination of and the effectiveness of measures for achieving better balance and growth in vulnerable regions

and to reinforce regional policy initiatives within the "large-scale" regional policy. Further priority is given to the work of reviewing the national regional policy support areas, a parliamentary committee is to present proposals on the future direction and design of Swedish regional policy and the direction of the EC structural fund policy for the new programme period from 2000 to 2006.

Within regional business sector policy, priority is given in 1999 to the work on regional growth rates. The Government's programme of SEK 500 million for regional business sector policy and special regional policy measures shall be continued.

The Government proposes that new appropriations be taken up in the budget for 1999 in order to cover part of the capital contribution to the Norrland Fund of SEK 200 million, and the operation of a commercial airport at Ljungbyhed of SEK 3 million and finally the undertakings entered to before 1999 for certain regional policy infrastructure projects etc. of SEK 70 million.

The Government also proposes a new appropriation for regional policy measures at SEK 950 million be introduced in the budget and that a system of authorisation be introduced for the new appropriation. The present grant for regional policy measures will thus be a so-called older appropriation. Moreover, the Government proposes that the appropriation for rural areas be reduced by a total of SEK 360 million, among other things, to finance the capital contribution to the Norrland Fund.

19. Regional balance and development SEK 000s	<u>A</u> Regional balance and development	2.742.897
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20 General environment and nature conservation

1.5 SEK BILLION

This expenditure area includes matters relating to biological diversity and nature conservation, air and water conservation, waste management, car exhaust issues, environmental protection, environmental and ecocycle research, chemical control, radiation protection, nuclear safety and safety issues related to nuclear power and international environmental co-operation. SEK 1.2 billion has been budgeted for this expenditure area for 1998, of which around SEK 1 billion is for conservation, and SEK 0.2 billion for radiation protection and nuclear safety.

The most important objectives in the expenditure area are to protect people's health, to preserve biological diversity, promote long-term good management of natural resources, and to protect the natural and manmade landscape.

As a basis for future environmental work are the fifteen environmental quality goals presented in the bill Swedish Environmental Goals – Environmental Policy for a Sustainable Sweden (Government Bill 1997/98:145). A follow-up of the work of leading Sweden towards ecological sustainability is to be presented to the Riksdag in a separate document (skr. 1998/99:5).

Within the expenditure area, priority is given in 1999 to the introduction of an Environmental

Code, initiatives to maintain and further develop competence for monitoring organic environmental toxins in nature, safeguarding of biological diversity by a greatly increased protection for valuable natural areas, primarily forest areas and decontamination and restoration of polluted areas.

The Government proposes a strong reinforcement of the resources for protection of natural areas, to protect biological diversity. It is proposed that resources increase by a total of SEK 660 million during the period 1999–2001. Furthermore, the Government proposes that a new appropriation for decontamination and restoration of polluted areas comprising of a total of SEK 170 million for the period 1999–2001 be introduced. In accordance with the Spring Budget Bill, it is proposed that a reinforcement of the expenditure area be made for environmental monitoring and the research carried out by the foundation Institute for Water and Air Preservation and financed jointly by the state and the business sector for 1999. Furthermore, two new appropriations are proposed as a one-off measure for 1999: Measures to clean the Dala river and Environmental initiatives in the Baltic Sea region.

20. General environment and nature conservation SEK 000s	A	Environmental protection	1.299.598
	B	Radiation protection, nuclear safety, etc.	249.301

21 Energy

1.7 SEK BILLION

This expenditure area includes measures to adapt and develop the energy system, and measures to promote the development of efficient energy markets and good emergency reserves. SEK 2 billion has been budgeted for this expenditure area for 1998, of which around SEK 0.2 billion is for energy system issues and SEK 1.8 billion for adaptation and development of the energy system.

The most important objectives in the expenditure area are to safeguard short and long-term access to electricity and other energy on competitive terms with trading partners in order to promote a good economic and social development in Sweden, to create conditions for an efficient use of energy and a cost-effective Swedish energy supply with low negative effect on health, the environment and the climate, and to facilitate adjustment to an ecologically sustainable society.

Within the expenditure area, priority will be given in 1999 to the follow-up of energy policy programme adopted by Parliament (Government Bill 1996/97:84, bet. 1996/97:NU12 rskr. 1996/97:272). This investment amounts to a total of over SEK 9 billion and will continue until 2004. The major part of these measures includes measures aiming at greatly reducing the costs of new and more efficient technology by develop-

ment and demonstration. The goal is to increase the production of electricity and heating from renewable sources of energy over the next ten to fifteen years and to develop commercially viable technology for more efficient energy.

The Riksdag's energy policy decision entails that the two nuclear power reactors at Barsebäck are to be decommissioned. The loss of electricity will be compensated for by more efficient use of electricity for heating, using the existing electricity system more efficiently, and increasing the supply of electricity from other sources of energy. Over a five-year period, investment grants will be provided for expansion of electricity and heating production, and to making more efficient and reducing the use of electricity in the housing sector. Energy policy initiatives in the climate area will be carried out.

The amounts proposed for 1999 and which are estimated for 2000 entail a reduction of SEK 150 million for each year compared with the amounts estimated in the Budget Bill for 1998. The reason for this change is that disbursements for certain appropriations are expected to be concentrated to the latter part of the five-year programme period from 1998 to 2002. It is expected to increase the appropriation by the equivalent amounts for 2001 and 2002.

21. Energy	A	Energy research	113.434
SEK 000s	B	Adaptation and development of the energy system	1.568.056

22 Communications

25.5 SEK BILLION

This expenditure area comprises highway and track maintenance, road and rail transport, shipping, aviation, postal communications, telecommunications and general information technology issues. Sector research and environmental issues are also included in the expenditure area. SEK 24.1 billion has been budgeted for this expenditure area for 1998, of which around SEK 21.5 billion is for roads and railways.

In 1998 a new objective was adopted for transport policy of ensuring an economically efficient and long-term sustainable provision of transport for citizens and the business sector throughout the country. The overall goal consists of the sub-goals: an accessible system of transport, a high transport quality, a secure transport, a good environment and a positive regional development.

One of the most important objectives for the expenditure area, besides transport policy, is to broaden and stimulate use of information technology in a way that promotes creativity, growth and employment, and to stress the importance of both women's and men's competence being made use of. In addition, the goal is that individuals and agencies in different parts of the

country shall have access to efficient telecommunications, and that there shall be a good quality postal service throughout the country so that all can receive letters and parcels.

Within the expenditure area, priority will be given in 1999 to measures to stimulate an ecologically sustainable transport system and contribute to the eventual attainment of the zero vision in transport safety. Weight will also be given to measures that contribute to the transport system being adapted to the needs of the disabled, growth and employment in all parts of the country and high transport quality. Measures to create good accessibility to a stable and secure IT infrastructure, a secure adaptation to the millennium shift and continued work on an energetic, long-term IT strategy will be given priority. Infrastructure measures will be carried out according to the guidelines in the Riksdag decision on infrastructure policy (Government Bill 1996/97:53, bet. 1996/97:TU7, rskr. 1996/97:174). The Government intends to increase the grant to shipping if the social partners in the shipping sector reach agreement on measures to tangibly improve the competitiveness of Swedish merchant shipping.

22. Communications	A Infrastructure	22.931.173
SEK 000s	B Shipping and air transport	807.075
	C Post and telecommunications	694.875
	D Swedish State Railways, public transport and public service procurement	632.550
	E Communications research and meteorology	435.641

23 Agriculture and forestry, fisheries, etc.

12.0 SEK BILLION

This expenditure area consists primarily of agriculture and market gardening, fisheries, reindeer husbandry, animal protection and animal health care, foodstuffs control, some education and research, and the forest industry. SEK 13.7 billion has been budgeted for this expenditure area in 1998, of which around SEK 11.4 billion is for agriculture and SEK 1.2 billion for research and development.

The main part of the funds allocated are financed from the EC budget. The major part of the EC support relates to mandatory measures such as area grants, livestock grants, intervention and export grants. In addition, partially financed assistance and grants which require national cofinancing. These include environmental payments, support to less-favoured areas, and structural assistance.

The most important objectives in the expenditure area are to strive for a reformed common agricultural policy and fisheries policy, to strive for a production of safe foodstuff of high quality, and to strengthen the consumer perspective, to

maintain a good state of health among livestock, to safeguard the natural and cultural environment, and to develop an ecologically sustainable foodstuffs production for increased employment, regional balance and sustainable growth.

Within the expenditure area priority will be given in 1999, among other things, to a new agency for economic analyses of agricultural policy and export promotion measures. In addition, supplementary training is to be introduced for foreign veterinary students, a new professorship in animal protection is to be established and a strengthening of resources for Swedish agricultural universities. In addition, priority will be given to compensation for damage caused by wild animals, work on preventing resistance to antibiotics and EHEC infection, production and environmental advice to forest owners and bio-type protection in forestry.

The reduction of the frame compared with 1998 is caused by the large appropriation balances in the expenditure area and does not reflect any savings measures.

23. Agriculture and forestry, A	International co-operation	37.989
fisheries, etc.	B Agriculture and market gardening	9.554.189
SEK 000s	C Fisheries	189.948
	D Reindeer husbandry, etc.	94.538
	E Animal protection and health	279.323
	F Food policy	176.469
	G Education and research	1.290.282
	H Forest industry	351.127

24 The business sector

2.9 SEK BILLION

This expenditure area consists of business sector policy, technological infrastructure, competition issues, technical research and development, foreign trade, export and investment promotion, consumer issues, and other commitments. SEK 2.7 billion has been budgeted for this expenditure area for 1998, of which around SEK 0.8 billion is for business sector policy, around SEK 0.2 billion for technological infrastructure, around SEK 0.1 billion for competition issues, around SEK 1.2 billion for research and development, around SEK 0.3 billion for export and investment promotion, and around SEK 0.1 billion for consumer issues.

Among the most important objectives within the expenditure area are to improve the conditions for business and entrepreneurial activities, and to reinforce the driving forces for increased growth and employment, to contribute to increased knowledge and competence in the business sector to stimulate growth and renewal, that consumers should have a strong position on the market and that their interests are met, and to contribute to a long-term sustainable develop-

ment by developing consumption and production patterns that reduce pressure on the environment.

Within the expenditure area, priority will be given in 1999 inter alia to increased initiatives to stimulate entrepreneurship and business, primarily for increased access to seed capital (SEK 50 million) and new initiatives to stimulate the development of electronic trade in the Nordic area and for initiatives to facilitate for small and medium-sized enterprises to make use of IT technology in their export activities (SEK 10 million). Moreover, new business sector initiatives are to be carried out in the Baltic Sea area (SEK 150 million) and new initiatives to increase the small and medium-sized enterprises trade with Europe (SEK 27 million).

The Government's investments in the coming three years will also give priority to work on creating the prerequisites for new establishment of businesses, and possibilities for primarily small and medium-sized enterprises to grow and promote trade in the Baltic Sea area.

24. The business sector	A The business sector	723.139
SEK 000s	B Technological infrastructure	191.874
	C Competition-related issues	68.476
	D Technical research and development	1.268.484
	E Foreign trade, export and investment promotion	413.492
	F Consumer issues	113.153
	G Other commitments	119.329

25 General grants to local government

103.6 SEK BILLION

This expenditure area includes the major part of the central government grant to municipalities and county councils. SEK 97.3 billion has been budgeted for this expenditure area for 1998, of which around SEK 74.9 billion is for the general central government grant, SEK 21.3 billion for central government equalisation grants, and SEK 1.1 billion for special initiatives in certain municipalities and county councils.

The objective of the expenditure area is to contribute to creating good and uniform economic conditions for municipalities and county councils to achieve the national goals in different areas of activity. The increased central government grants aim to provide municipalities and county councils with improved ability to invest in a developed and improved educational service, to reduce waiting times in health and medical service, to undertake significant improvements in care of the elderly and to at the same time achieve financial balance by the year 2000.

The Riksdag has decided on additional funds to municipalities and county councils in the years 1997 and 1998 totalling SEK 12 billion. In the 1998 Budget Bill, the Government announced a further increase for 1998 of SEK 4 billion for each of the years 1999 and 2000.

In this Bill the Government announces further contributions of SEK 2 billion for 2001. Decided and announced increases thus entail in comparison with 1996 level an increase in the central government grant by SEK 22 billion in 2001. A number of local government financial issues will be of interest in the coming years, for instance,

the equalisation grant for municipalities and county councils, general central government grants and a reduction of charges in childcare, which this increase in resources can partly finance.

In addition to the announced increase, the frame for the expenditure area in 1998 will be affected by central government measures which affect local government finances. The frame is also affected by a one-off compensation to municipalities and county councils amounting to SEK 2.6 billion due to the final regulation of 1997's tax revenues.

In the recent period, municipalities and county councils have incurred costs that can lead to the resources available for schools, care and social services being reduced. One example of such costs is the retroactive pension payments which municipalities and county councils have to make due to the Labour Court judgment on the local government pensions agreement. The Government therefore proposes that municipalities and county councils shall be provided with additional tax funds. According to current tax rules, all taxpayers with earned income pay a fixed amount of SEK 200 in state income tax in addition to the tax relating to the size of income. The Government therefore proposes that this state income tax for the 1999 income year be transferred to municipalities and county councils. Municipalities and county councils will be provided with a total of SEK 1.3 billion in additional tax revenues for increased costs and other demands.

25. General grants to local government SEK 000s	A	Grants and payments to municipalities and county councils	103.564.700
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26 Interest on Central Government debt, etc.

84.6 SEK BILLION

This expenditure area includes interest on central government debt, unforeseen expenditure and the National Debt Office's commission costs in connection with lending and debt management. The expenditure area central government debt etc. is not included in the expenditure ceiling. SEK 109.1 billion has been budgeted for this expenditure area for 1998, of which SEK 108.4 billion is for interest on central government debt, SEK 10 million for unforeseen expenditure and SEK 0.7 billion for the National Debt Office's commission costs in connection with lending and debt management.

As of 1999 the objective for central government debt management, is that the debt is to be managed in such a way that the cost of the debt will be kept to a minimum in the long-term at

the same time as the risks associated with this management are taken into consideration. This management shall take place within the framework of monetary policy requirements.

The size of interest expenditure depends on a number of different factors. Of fundamental importance are the size of central government debt, current borrowing requirements, and the development of interest rates and exchange rates. These factors are decisive for interest expenditure viewed over a longer period of time.

Due to the old age pension reform, it is proposed that the frame for the expenditure area be reduced by SEK 3,010 million in 1999 and SEK 1,680 million in 2000 and increased by SEK 1,050 million in the year 2001.

26. Interest on Central Government debt, etc. SEK 000s	A	Interest on Central Government debt	84.450.000
	B	Unforeseen expenditure	10.000
	C	The National Debt Office	100.000

27 EC budget contribution

21.9 SEK BILLION

This expenditure area includes Sweden's contribution to the EU budget. SEK 19,645 million has been budgeted for this expenditure area in 1998. Expenditure for 1999 is estimated according to the Commission's budget proposal. This contribution may be changed in the course of the year due to the actual amounts of customs and import dues collected, the outcome of the EU budget in previous years, supplementary budgets at community level, the rate of exchange and other adjustments to the contribution.

Sweden's goal is to work for an efficient and restrained budget policy in the EU, to contribute to the application of the principle of subsidiarity in the budget area, and to give priority to issues such as follow-up and control.

Negotiations on a new financial perspective are taking place within the framework of Agenda 2000. The decision on new financial perspectives to apply from 2000 to 2006 is expected to be made at the latest by March 1999.

The contribution has been revised in relation to the estimates presented in the Spring Budget Bill in 1998. These changes were brought about by adjustment of the assumptions on the development of customs and import duties, and also by adjustment of the assumptions for development of the value-added tax base and gross national income, taking into consideration the European Commission's proposed budget for 1999.

27. EC budget contribution SEK 000s	A	EC budget contribution	21.908.000
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Government Revenue

Revenue	
SEK BILLION	
	1999
Tax on income	412.2
<i>Individuals</i>	<i>344.4</i>
Local government tax	314.3
State tax	27.3
Tax on capital	7.5
Tax reductions.	-4.6
<i>Corporations</i>	<i>61.8</i>
Tax on profits	51.8
Earnings tax	10.1
Tax reductions, etc. .	-0.1
<i>Other income taxes</i>	<i>4.1</i>
<i>Social insurance contribution</i>	338.4
Employer's contributions	259.2
Self-employed chargers	5.8
Personal charges	58.7
Special wages tax	14.7
<i>Estate tax</i>	35.7
Other taxes on property	23.8
Wealth tax	6.1
Inheritance and gift tax	1.7
Stamp tax	4.2
Tax on goods and services	242.3
VAT	162.4
Tax on tobacco	6.5
Tax on ethyl alcohol	4.5
Tax on wine etc.	3.3
Tax on beer	2.1
Tax on energy	50.3
Advertising tax	1.1
Vehicle tax	6.1
Custom duties ¹	3.0
Others	3.1
General Government Revenue	1 026.7
of which	
Local government tax	314.3
Fees to pensionssystemet etc.	126.1
Central government accrued tax revenue	586.4

1999 Government Budget summary

Expenditure		
<i>SEK 000s</i>		
Area of expenditure 1	The Swedish political system	4 180
Area of expenditure 2	Economy and fiscal administration	1 705
Area of expenditure 3	Tax administration and collection	5 811
Area of expenditure 4	Justice	21 919
Area of expenditure 5	Foreign policy administration and international co-operation	2 871
Area of expenditure 6	Total defence	44 108
Area of expenditure 7	International development co-operation	11 900
Area of expenditure 8	Immigrants and refugees	4 324
Area of expenditure 9	Health care, medical care and social services	24 012
Area of expenditure 10	Financial security in the event of illness and disability	80 503
Area of expenditure 11	Financial security in old age	34 315
Area of expenditure 12	Financial security for families and children	39 896
Area of expenditure 13	Financial security in the event of unemployment	33 789
Area of expenditure 14	Labour market and working life	48 274
Area of expenditure 15	Study support	22 447
Area of expenditure 16	Education and university research	29 031
Area of expenditure 17	Culture, the media, religious organisations and leisure	7 452
Area of expenditure 18	Community planning, housing supply and construction	20 463
Area of expenditure 19	Regional balance and development	2 743
Area of expenditure 20	General environment and nature conservation	1 549
Area of expenditure 21	Energy	1 681
Area of expenditure 22	Communications	25 501
Area of expenditure 23	Agriculture and forestry, fisheries, etc.	11 974
Area of expenditure 24	The business sector	2 898
Area of expenditure 25	General grants to municipalities	103 565
Area of expenditure 26	Interest rate on Central Government Debt. etc.	84 560
Area of expenditure 27	Contribution to the European Community	21 908
Total areas of expenditures		693 379
Take-up of funds of expenditure		5 000
Total expenditure		698 379
Deposits and borrowing at the National Debt Office by agencies and others		26 988
Transfer from the National Pension Fund		-45 000
Total		680 367

General Government revenues and expenditures 1999

SEK 000s	Central Government	National Pension Fund	Local Government	* Total consolidated
Revenue	719.9	181.2	452.8	1163.8
Taxes and charges	613.1	90.4	311.2	1 014.8
Transfers from the General Government	46.5	52.3	91.2	
Other revenue	60.2	38.5	50.3	149.1
Expenditure	704.8	181.4	446.3	1 142.5
Transfers to households	308.6	135.2	74.7	518.5
Transfers to the General Government	144.1	45.0	0.9	
Consumption and investments	165.3	1.1	363.7	530.2
Interest expenditure	86.8	0.0	7.0	93.8
Financial savings	15.1	-0.2	6.5	21.3
<i>Central Government Debt</i>	1 382.3			
<i>Consolidated gross debt</i>				1 321.8
Per cent of GDP				
Revenue				61.7
Taxes and charges				53.8
Expenditure				60.6
Financial savings				1.1
Central Government Debt	73,3			
Consolidated debt				70,1

* Net of transfers between sectors.

Note: The table is arranged according to the presentation of the public sector finances in the National Accounts. This presentation differs in several ways from the one in the Government Budget Bill, with respect to both revenue and expenditure. Sweden's objective of a surplus refers to the public sector fiscal balance, as it is presented in the National Accounts. The financial savings is the measure that is used in the EU when assessing the public finances of a Member State.