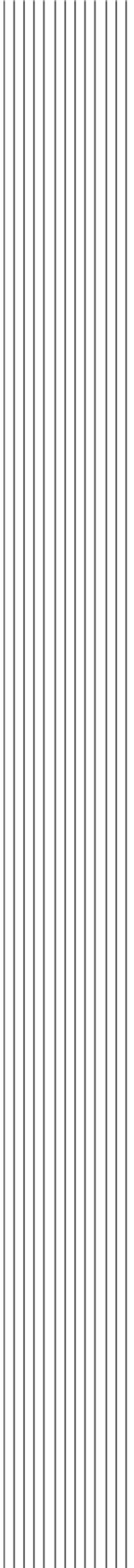


Budget Statement



1 Budget Statement

Budget Bill for 2019 has been decided by a caretaker government

Sweden is being governed by a caretaker government. Following the autumn 2018 elections, more than half the newly and re-elected members of the Riksdag voted against supporting the Prime Minister in the Riksdag. For this reason, all ministers were relieved of their duties. No new government has yet taken office. Consequently, under the Instrument of Government, the discharged ministers remain in office as a caretaker government. When there is a change of government in connection with a parliamentary election, the Budget Bill must, under the Riksdag Act, be submitted within three weeks from the date on which a new government takes office, but no later than 15 November. Since no new government has yet taken office, the Budget Bill for 2019 has been agreed by a caretaker government.

This is the first time a caretaker government has submitted a Budget Bill to the Riksdag. The Instrument of Government, the Riksdag Act and the Budget Act contain provisions on the Budget Bill and its contents. There are no special regulations concerning the design of a Budget Bill submitted by a caretaker government. A memorandum from the Prime Minister's Office contains certain guidelines for the practical work at the Government Offices during a transitional period (Prime Minister's Office memorandum *En övergångsregerings befogenheter* [The powers of a caretaker government], SB PM 1990:1, revised 7 July 2014). The Committee on the Constitution has referred to these guidelines when reviewing the powers of a caretaker government. According to the guidelines, a

caretaker government should only take decisions on ongoing or urgent matters. The guidelines also state that a caretaker government should not submit any government bills that are politically controversial or have a clear party-political direction. With particular regard to a Budget Bill submitted by a caretaker government, the guidelines state that it should not contain proposals that have a clear party-political direction. In addition, the Instrument of Government makes clear that the most recently adopted budget will continue to apply in the event the Riksdag has not adopted a new budget. In preparing this bill, the government has therefore considered that the design of the budget for 2019 should be based on the budget adopted for 2018, until a new government takes office and can submit any proposals for amendments in line with its policy direction.

Taking the abovementioned into account, special principles have been developed for the design of this bill. These principles were developed following contact with representatives of the Moderate Party, the Centre Party, the Left Party, the Christian Democrats and the Liberal Party. The principles are presented below.

The proposals are based on the budget the Riksdag adopted for 2018 following the proposals in the Budget Bill for 2018. The following general adjustments have been made:

- Appropriations used for administrative and investment purposes have been recalculated regarding prices and salaries in the usual manner. Appropriations regarding rule-governed transfer systems have been adjusted on the basis of macroeconomic developments and altered volumes (such as the number of people covered).

- Appropriations have been adjusted as a result of adopted acts and ordinances, international agreements, agreements binding under civil law or EU legal instruments.
- Appropriations have been adjusted due to Riksdag decisions to move purposes and activities between expenditure areas.
- Appropriations have been adjusted where necessary to maintain vital societal functions.
- To ensure that activities based on an authorisation to place orders for the coming year are given the conditions to operate at the same level in 2019–2021, the appropriation levels for all years have been adjusted with regard to the level of expected realisation of the economic commitments in 2019.
- Legislative proposals that are politically uncontroversial and that cannot be implemented during the ongoing fiscal year have been included where there is political consensus on them.

In accordance with the fiscal policy framework, the customary financing principles used in preparing the government's budget proposals have also been applied in drafting this bill (Govt communication 2017/18:207, Committee Report 2017/18:FiU32, Riksdag Communication 2017/18:334).

Corresponding principles for proposals concerning central government revenue have been taken into account where appropriate.

In addition to proposals for revenue estimates and appropriations, the government also submits other proposals necessary for the coming fiscal year, including financial commitments. In assessing the level of authorisations to place orders, a review has been carried out, based on

previously adopted authorisations and the proposed appropriation levels.

Only those changes in relation to the Riksdag's original budget decision for 2018 that are subject to any of the abovementioned principles and compatible with the abovementioned guidelines have been proposed. The government's budget proposals mean that, in the vast majority of cases, central government activities can be carried out at the same level as in 2018. Where necessary, proposals for amendments to the budget can also be submitted during the ongoing fiscal year.

In accordance with the requirements of the Budget Act, in this bill the government is submitting proposals on expenditure ceilings for 2021 and on preliminary income estimates and expenditure limits for 2020 and 2021. Given that this bill is being submitted by a caretaker government, the assumptions these estimates are based on are very uncertain. Consequently, the information value of these estimates is limited.

In view of the limitations that apply to a caretaker government, the government's guideline proposals for economic and budgetary policy comprise only an assessment of the outlook for the Swedish economy and a follow-up of the budgetary policy goals. No account of future policy direction has been presented. The framework for central government activities in 2019 will instead be stated in the proposed central government budget for 2019.

Implementation of the principles

Based on the principles described in section 1.1, the outcome of their implementation on expenditure area levels is presented in table 1. The table shows the change in the currently proposed expenditure limits compared with the adopted expenditure limits for 2018.

Table 1 Change in expenditure limits compared with adopted limits for 2018

SEK million

| Expenditure area | Adopted limits 2018 ¹ | Proposed limits 2019 | Difference 2019-2018 |
|--|----------------------------------|----------------------|----------------------|
| 1 Governance | 14 531 | 14 902 | 370 |
| 2 Economy and financial administration | 16 286 | 17 315 | 1 030 |
| 3 Taxes, customs and enforcement | 11 399 | 11 403 | 3 |
| 4 Justice | 45 777 | 46 343 | 566 |
| 5 International cooperation | 2 009 | 2 362 | 353 |
| 6 Defence and contingency measures | 53 836 | 56 191 | 2 355 |
| 7 International development cooperation | 42 985 | 44 945 | 1 960 |
| 8 Migration | 15 748 | 13 573 | -2 175 |
| 9 Health care, medical care and social services | 77 696 | 78 122 | 426 |
| 10 Financial security for the sick and disabled | 102 615 | 97 657 | -4 958 |
| 11 Financial security for the elderly | 34 636 | 34 450 | -185 |
| 12 Financial security for families and children | 94 586 | 97 332 | 2 746 |
| 13 Gender equality and introduction of newly arrived immigrants | 25 600 | 18 486 | -7 114 |
| 14 Labour market and working life | 74 084 | 76 815 | 2 731 |
| 15 Financial support for students | 24 353 | 25 023 | 670 |
| 16 Education and academic research | 77 966 | 81 347 | 3 382 |
| 17 Culture, media, religious communities and leisure activities | 15 880 | 15 995 | 115 |
| 18 Planning, housing provision, construction and consumer policy | 6 952 | 6 972 | 20 |
| 19 Regional growth | 3 922 | 3 497 | -425 |
| 20 General environmental protection and nature conservation | 10 773 | 11 836 | 1 063 |
| 21 Energy | 3 588 | 3 595 | 7 |
| 22 Transport and communications | 56 419 | 59 457 | 3 038 |
| 23 Land- and water-based industries, rural areas and food | 19 254 | 19 787 | 534 |
| 24 Industry and trade | 7 371 | 7 267 | -104 |
| 25 General grants to local government | 111 385 | 115 893 | 4 507 |
| 26 Interest on the national debt, etc. | 11 355 | 25 155 | 13 800 |
| 27 Contribution to the European Union | 39 511 | 40 914 | 1 403 |
| Total, all expenditure areas | 1 000 515 | 1 026 634 | 26 119 |

¹In accordance with a decision of the Riksdag based on the Budget Bill for 2018 (Govt Bill 2017/18:1, Committee Report 2017/18:FiU1, Riksdag Communication 2017/18:54).

Table 2 shows the largest changes in appropriations as a result of the currently proposed measures and changed decisions in relation to the estimates for 2019 in the 2018 Spring Fiscal Policy Bill.

Table 2 Changes in appropriations compared with estimates in 2018 Spring Fiscal Policy Bill

SEK million

| | |
|--|----------------|
| Previously announced changes in appropriations that will not be implemented | -7 993 |
| <i>of which major increases in appropriations that will not be implemented</i> | <i>-18 080</i> |
| Additional funds for municipalities | -5 000 |
| Labour market policy programmes | -2 364 |
| Socio-economically disadvantaged municipalities and areas | -1 000 |
| Swedish Police Authority | -720 |
| Rural policy | -650 |
| <i>of which major decreases in appropriations that will not be implemented</i> | <i>10 087</i> |
| Staffing, elderly care | 2 000 |
| Dimensioning, Swedish Migration Agency | 1 270 |
| Improvements to school premises and outdoor environments | 680 |
| Arbetsförmedlingen (Swedish Public Employment Service) | 622 |
| Cancer care | 500 |
| New proposals as a result of acts and ordinances, and to maintain vital societal functions¹ | 3 176 |
| <i>of which</i> | |
| Increased costs for pharmaceutical reimbursement system | 1 869 |
| Fees to international organisations | 351 |
| Legal counsels etc. for judicial proceedings in aliens cases | 131 |
| Public counsel in aliens cases | 118 |
| Swedish Coast Guard | 101 |
| Total changes in appropriations | -4 817 |
| Additional amending budget – New possibility to obtain residence permits (govt bill adopted by Riksdag on 7 June 2018) | 1 698 |
| Total changes in appropriations, incl. additional AB – New possibility to obtain residence permit | -3 120 |

¹ Excluding changes in appropriations that justify a technical adjustment of the expenditure ceiling and have no impact on net lending.