

We do what we can together

2008 Autumn Consultations Tripartite Declaration

7 October 2008

Economic policy

The 2008 Autumn Consultations took place under turbulent circumstances. The effects of the credit crisis are now being felt in full and it is not at all clear when the situation will stabilise and what the final effects will be on economic circumstances. In this uncertain period, the cabinet and the social partners wish to work together and make every effort to strengthen the economic basis and increase the employment participation rate.

In the Spring Consultations of 23 April 2008, the cabinet and social partners held exhaustive discussions about the economic outlook. It was concluded at the time that the economic slowdown on the one hand and rising inflation on the other were worrisome developments. The social partners made a specific proposal to postpone the intended VAT increase, while pursuing the intention to reduce the unemployment insurance contribution. During the Spring Consultations, the cabinet emphasised that responsible wage cost movements are important for a structural strengthening of the economy and that this is a condition for an increase in the employment participation rate, particularly for disadvantaged groups. The parties agree that, partly in the light of the current economic situation, a wage and price spiral must be avoided. In this context, employers wish to at least stabilise wage costs and employees hope for an increase in purchasing power.

Purchasing power is influenced by wage demands being met and by the effects of taxes, social security contribution burdens and inflation. The parties have jointly considered ways in which these instruments can be used to obtain the best possible results for everyone. At a time like this when economic and financial uncertainties abound with all their consequences, the parties are fully aware of the need to make a joint effort to achieve the best possible result.

The parties have agreed as follows:

- On the one hand, the cabinet will not increase VAT during this cabinet period. In 2009, it will lower the unemployment insurance contribution for employers and reduce the unemployment insurance contribution for employees to zero. On the other hand, the trade unions will ensure that, with a view to responsible wage cost movements, wage claims in the coming collective agreement year will be in line with those of this year. The starting point is that this will apply to all persons working in industry. In this way, the parties will contribute to creating balanced purchasing power and avoiding a wage and price spiral, thereby preventing negative effects with regard to competitive position, economic development, employment and participation opportunities.
- In a letter of 16 September 2008 to the Lower House of the Dutch Parliament, the cabinet indicated that it was confident that – as a result of the measures to be taken in the context of the transition from the exceptional medical expenses arrangement to the arrangements on the basis of the Dutch Chronically Ill and Disabled Persons Allowances Act [Wet tegemoetkoming chronisch zieken en gehandicapten] – the purchasing power development will become more balanced. In this context in particular, the social partners have requested attention for the position of minimum income groups, the elderly and chronically ill and the disabled. The cabinet has explained how compensation for the various groups will be

arranged more effectively. The consequence will be that standard purchasing power for these groups will improve noticeably.

- The turbulence on the financial markets referred to above may also influence decentralised pension policy. It is up to the social partners at meso and macro level and directors of pension funds to take appropriate action if required, e.g. by adopting a more trend-related approach. The Dutch Labour Foundation will formulate a recommendation for this purpose in the short term.

Labour market and participation

The challenge for the future is to avoid staff shortages and to involve as many groups as possible – including disadvantaged groups – in the employment process and to allow them to use their talents and competences to best effect. Reducing shortages can boost economic growth, strengthen the competitive position and safeguard the quality of public services.

In order to encourage the operation of the labour market, the parties have reached the following agreements relating to:

1. stimulating employment participation for groups with a vulnerable labour market position;
2. stimulating job retention/employability/training/advancement/from work to work;
3. stimulating smarter working methods/labour productivity.

1. Stimulating employment participation for groups with a vulnerable labour market position

The parties have concluded that the detailing of agreements such as those made at the Participation Summit (P-top) is on course (see appendix: “Evaluation of agreements made at the participation summit”). In the 2009 budget, the cabinet has taken account of most of the agreements reached at the P-top. In recent times, the Labour Foundation has drawn up or reconfirmed recommendations to collective agreement parties. A more detailed conversion into specific collective agreement arrangements will be required particularly in the coming collective agreement rounds. The participation rate is increasing, also in the case of the various groups. However, continued efforts will be required for a more effective use of available labour. This will involve more part-time jobs and the continued working of senior employees until they are 65, and employing groups with a vulnerable labour market position, in particular unemployed older people, ethnic minorities (including those with higher qualifications), less skilled young people (including from ethnic minorities), people who are occupationally disabled for less than 35% and young disabled persons.

The parties have reached the following agreements:

- Together with the Centre for Work and Income (CWI), the Employee Insurance Agency (UWV) and the Council for Work and Income (RWI), the Labour Foundation will analyse the numbers per group, the training level, professional focus and regional spread. Subsequently, a strategic plan will be drawn up with social partners in sectors and trades where training and placements are possible. This strategic plan will contain a realistic forecast of when and how many (trained) people can be helped to find employment at sector/trade level. Agreements with regional implementation organisations, a proper implementation and possibilities for public/private partnerships (e.g. between Work and Income Desks (LWI) and temporary employment organisations) are essential in this respect.

- The cabinet wishes to ensure that regional agreements are reached that will result in a larger number of people finding work. The cabinet will be organising an administrative summit for this purpose in November. At the summit, the social partners and the cabinet, together with representatives from municipalities and UWV/CWI, will discuss the conditions required in order to achieve extra placements, including for those not entitled to benefits. They will then conclude agreements to facilitate regional consultations and arrive at commitment in such a way that the parties at regional level will be able to bring about these placements. In the implementation of the future work and income desks, customer focus and a demand-driven approach will be central, as a result of which a contribution can be made to creating the intended placements.

- It is advisable (per strategic plan) to set up 'driver teams' selected from employer and employee organisations to initiate and boost the process. Committing individual employers at regional level is crucial in this respect. This also applies to the government and other employers in the public sector. Social partners at central and decentral level must be involved in drawing up the strategic plans. The strategic plans must also encourage new or extra collective and other agreements between social partners at sector and trade level.

The cabinet is supporting disadvantaged groups in various ways: introducing income-related employed person's tax credit, temporary wage cost subsidy for employers for taking on long-term unemployed persons (younger than 50) and a premium reduction for taking on persons entitled to benefit over the age of 50. The premium reduction will also apply for employing or continuing to employ persons aged 62, 63 and 64. In addition, the cabinet is intending to introduce a temporary no-risk policy for employing older unemployed persons. Finally, the public reintegration resources are also available.

2. Stimulating job retention/employability/training/advancement/from work to work

On 16 June 2008, the Labour Participation Committee issued its report. In the strategic plan that the cabinet sent to the Lower House on 16 September 2008, it stated that the work budget and the work insurance cannot be introduced at present in the intended form. The work budget as proposed by the Labour Participation Committee would have to be financed by the resources created by shortening the unemployment benefit period, increasing the pensionable age and limiting severance pay. Those measures are unacceptable. Within the context of those decisions, it is important that the development of the employability of the labour force and the improvement of from work to work supervision continue.

The cabinet and the social partners have reached the following agreements in this respect:

Employability

- The functioning of the labour market is strengthened by focusing on training and acquiring skills. In a dynamic economy, with international competition and successive technological innovations, increasing employability is essential. The parties wish to focus on employability, particularly by more systematic and broader training of all employees in the Netherlands. Employability is also increased by allowing employees more space for civic integration. Greater employability reduces the likelihood of unemployment and boosts advancement on the labour market. Sustainable employment participation in the form of continuous employability on the labour market is the final goal.

- The parties agree that in that context, training, lifelong learning and continuous employability (across businesses, trades and sectors) require an extra boost. The sectoral training and development and business funds play an important role in this respect by seriously considering intra-sectoral and inter-sectoral cooperation (and financing) and by

exploring to what extent individual drawing rights provide encouragement in this context for greater training participation, and to introduce such where meaningful.

- In this respect, the cabinet is considering making resources available as a boost in order to bring about co-financing in the case of cross-business and cross-sector training activities.
- Consideration will be given as to whether and in what way making public reintegration resources available can contribute to encouraging employability.
- Agreements between sectors and regional joint ventures will be targeted. Private intermediaries can act as agents for inter-sectoral cooperation between R&D funds.
- The parties will explore in the short term in what way and under what conditions cross-sector training and employability can be boosted. The finalisation is planned for early 2009.

From work to work

- Continued employability and preventing unemployment can also be boosted by detailing the principle of 'from work to work'. In that context, the Labour Foundation will explore to what extent a supervisory role for the unemployment benefit implementation by the social partners can contribute. In that respect, the effect of sectoral financing (employers/employees) will also be considered. An important question is how all this can be organised for small and medium-sized enterprises. The duration and level of the unemployment benefit will not be affected in this context.
- The Foundation will make proposals for detailing from work to work processes, and include unemployment benefit payment. The aim is to make proposals in the spring of 2009.
- The cabinet and social partners will discuss the position of the self-employed without staff, taking the view of the cabinet in this respect as a basis. This view is the cabinet's response to current investigations into the motives to become self-employed without staff. This investigation will be completed this autumn.

3. Stimulating smarter working methods/labour productivity

Stimulating smarter working can contribute to both encouraging labour productivity important in view of the competitive position) and to coordination between work and private life.

The following has been agreed in this respect:

- The Labour Foundation, together with partners including the Netherlands Centre for Social Innovation (NCSI), will explore how smarter working can be stimulated via collective agreement arrangements. The planned completion is spring 2009.
- As far as the cabinet is concerned, part of smarter working involves detailing family-friendly policy. A policy that – as regards, for instance, leave arrangements and working times – responds more effectively to the wishes of parents and/or those providing care, as a result of which they can go and work, or work for longer periods, more easily. The parties have agreed to discuss this further in the coming months, partly on the basis of the expected Family and Leave Policy Documents.
- In line with this development, the cabinet will organise a conference in early 2009 with the help of social partners.
- The parties will hold consultations regarding the cabinet position on the Task force Mobility management (*Taskforce Mobiliteitsmanagement*). This will also involve the mileage allowance. In relation to the cabinet position, the Labour Foundation will consider whether to adopt its recommendation on a permanent basis.

Final comments

It has been agreed to maximise the severance payment to be awarded by the Sub-District Court for incomes in excess of 75,000 Euros at an annual salary. This amount will be indexed annually. This agreement will not prejudice the freedom to negotiate. This will clear the way for the required joint measures to stimulate employment participation and to strengthen the economic starting position¹.

¹ The MHP trade union federation for professional and managerial staff has rejected the agreement for maximising the severance payment. One of the reasons for this decision is that this would have relatively serious consequences for a specific, but sizeable, group of employees. The Federation of Christian Trade Unions in the Netherlands (CNV) originally distanced itself from this agreement. It has now accepted it as yet in view of the supplementary agreements reached.