

March 2014

## **Contribution of the Dutch social partners to the National Reform Programme within the context of the EU 2020 Strategy**

### • *Introduction*

The EU 2020 Strategy, which the European Union (EU) agreed in 2010, focuses on the promotion of sustainable, inclusive and smart growth, i.e. growth that is driven by knowledge and innovation. The aim of this strategy is for the European Union to emerge from the economic crisis stronger and to achieve a high level of employment, social cohesion and productivity.

The objectives of Europe 2020 are summarised in five headline targets and ten guidelines. Based on the agreements, the Member States are required to set their own national targets that must ensure that the agreed strategy is achieved in 2020.

When the guidelines were adopted, the Commission decided that the guidelines should remain fixed until 2014 to ensure a focus on implementation. Starting in 2014, the guidelines will be established annually.

The five headline targets for 2020 are:

- increasing the employment participation rate from 69% to 75%;
- increasing R&D expenditure from 1.9% to 3% of GDP;
- 20/20/20 targets: greenhouse gas emissions, energy from renewables and energy efficiency;
- reducing school drop-out rates to 10% and increasing the percentage of 30-40 year olds completing third level education to 40%;
- reducing the number of people in or at risk of poverty by at least 20 million.

Each year, the EU Member States prepare their own National Reform Programmes (NRPs), in which they set out their strategy for meeting the EU 2020 targets. Every two years, each Member State prepares a National Social Report (NSR). As a matter of practice, the Dutch government has decided to discuss a draft version of the NRP and NSR with the social partners each year. The government, however, will bear full responsibility for the final content of the NRP and NSR.

Each year, the Labour Foundation [*Stichting van de Arbeid*] prepares an annual report entitled “Contribution of the Dutch Social Partners” regarding achieving these joint European goals. This report is added as an appendix to the NRP and NSR. The report contains the social partners’ main contributions towards meeting the headline targets arrived at in consultation between the Labour Foundation and the Social and Economic Council (SER). Contributions that the social partners have made separately to achieving

these targets fall outside the scope of this report.

This report clusters guidelines for each theme of the EU 2020 strategy and indicates the measures the social partners undertook between April 2013 and March 2014 in order to achieve the headline targets of that strategy. Of course, many of the social partners' recommendations and advisory reports pertain to several headline targets and guidelines. Where this is the case, the contribution concerned is not included in respect of several guidelines, but has been placed with the most suitable guideline.

Finally, it should be stressed that it is mainly through their policy on conditions of employment, which incorporates the recommendations and advisory reports of the Labour Foundation and the SER, that the centralised and decentralised social partners contribute to the EU 2020 Strategy.

## 1 Macro-economic and financial stability

### **Guideline 1: Ensuring the quality and the sustainability of public finances**

### **Guideline 2: Addressing macro-economic imbalances**

### **Guideline 3: Reducing imbalances in the euro area**

The government in particular is responsible for complying with these three guidelines, with the social partners playing a role in this primarily with regard to the development of contract wages and pensions.

- *Rises in negotiated wages*

The Netherlands Bureau for Economic Policy Analysis (CPB) has calculated a 1.5% movement in negotiated wages for 2013. The CPB is forecasting a 1.5% movement in negotiated wages for 2014.

The derived inflation rate in 2013 was 1.3%; consumer prices rose by 2.5%. Derived inflation for 2014 is expected to be 1.25%.<sup>1</sup>

Salary costs per worker rose by 2.2% in 2013. The wage rate, which was 2.2% in 2013, is expected to be 2.5% in 2014.<sup>2</sup>

- *Unemployment*

According to the definition of the term used by Statistics Netherlands (CBS) the unemployment rate stood at 8.6% in January 2014.

- *European cooperation*

European cooperation promotes sustainable growth and jobs. The EU is influential enough to exercise considerable influence on the rules the world economy must follow and to demand favourable conditions in trade conventions. The social dimension of the EMU must contribute to economic and social progress in the EU. This means that policy must be formulated in such a way that it promotes welfare in a broad sense. CPB studies show that the Netherlands is profiting from the internal market and from the euro.<sup>3</sup>

As a result of the financial crisis, the emphasis on maintaining budgetary and financial discipline remained heavy in 2013. It is at least as important that economic and social reforms offer perspective on bolstering welfare in a broad sense and on the labour market in particular. These must be formulated in a socially responsible manner, with social dialogue being assigned a major role. On an EU-wide scale, European employers' and employees' organisations have expressed their readiness to take on a share of the responsibility for socio-economic policy.<sup>4</sup> The Joint Declaration [*Gezamenlijke Verklaring*] relates to how that consultative obligation will be structured.

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<sup>1</sup> CPB, Central Economic Plan 2014 dated 18 March 2014.

<sup>2</sup> This result has been adjusted by the distortion for entitled private limited companies.

<sup>3</sup> CPB (2011), Europe in crisis.

<sup>4</sup> Declaration by the European social partners: Social Partner Involvement in European Economic Governance, Tripartite Social Summit, Brussels, Belgium, 24 November 2013.

- ***Social Agenda dated 11 April 2013***

After the Cabinet [*kabinet*] and social partners agreed to tackle the crisis by arriving at a joint agenda “*for the creation of jobs and economic growth*” at what later came to be known as the Midwinter Meeting on 19 December 2012, the social partners in the Labour Foundation worked hard on a social agreement that would be endorsed by the Cabinet. These negotiations resulted in the agreement of the Social Agenda on 11 April 2013.

In this document, the social partners formulated an approach “*...for responsibly restructuring the social security system, a new foundation for rebuilding trust in a sustainably prosperous Netherlands, and a new basis for society.*” The approach consists of short-term measures that are primarily aimed at stopping the downward spiral at home and mid-term measures that are primarily intended to build a new infrastructure for work and income.

On 11 April, in the letter captioned “Results of Social Consultation” sent by Minister Lodewijk Asscher and State Secretary Jetta Klijnsma to the Lower House of the Dutch Parliament, the Cabinet endorsed virtually the entire approach.

The concrete results of the Social Agenda will only become apparent over the course of the next four years, once all of the commitments have been translated into concrete measures and partially enacted as laws.

Briefly, it regards:

- Tackling the crisis

The social partners and the Cabinet wish to offer comprehensive support to the labour market by establishing an Action Team and investing a total of EUR 1.2 billion (EUR 600 million from the Ministry of Economic and Social Affairs (SZW) and EUR 600 million from the social partners and regions) to support jobs in certain sectors and regions. To make this possible, and with the support of the social partners, SZW designed the Sector Plan Co-financing Scheme [*Regeling cofinanciering sectorplannen*]. This scheme was published on 14 August 2013.

The first application tranche opened on 1 October 2013 and ran up to and including 31 December 2013. Thirty-seven sectors and regions submitted applications, two of which were withdrawn. Two of the plans submitted were rejected as being insufficiently substantiated. In March 2014, SZW was still very busy assessing the plans, with six sectors having received approvals.

Since January, several sectors that have been hard-hit by the economic crisis, such as construction, transport, and employment agencies, have been pressuring the government for incentives to stimulate the labour market and create jobs in their sector/region.

The underlying goal in carrying out the sector-wide and regional plans is to develop a functional infrastructure for job-to-job commitments as we go and thus take action in the near future to prevent as much long-term unemployment as possible.

- A new infrastructure for the labour market and social security  
In order to promote cooperation between the social partners and municipalities and arrive at a well-functioning labour market, the social partners and the Association of Netherlands Municipalities [*Vereniging van Nederlandse Gemeenten*] (VNG) have taken a number of measures, including setting up The Workroom [*De Werkkamer*] on 14 March 2013. For the specific measures, see section 3 under “The Workroom”.
  - A new balance between flexibility and security  
Taken in tandem with the agreement to amend dismissal laws, increase the statutory rights of those working flexible hours (flex workers), and deal much more stringently with sham arrangements, the social partners wish to tackle both ‘excessive flexibility’ in labour relations and ensure a balanced application of dismissal laws.  
In the course of the year, the social partners have acted as a sounding board for SZW in drafting the Work and Security Act [*Wet werk en zekerheid*] – which was passed by the Lower House in February – and in tackling sham arrangements.
  - Reorienting towards the future of employees’ insurances with solid unemployment insurance policy conditions.  
The SER is currently processing the Cabinet’s request to reorient employees’ insurances towards the future labour market infrastructure.
  - The future of pensions  
The proposals the social partners are making to the Cabinet in this area follow up earlier agreements on pensions (see “Pensions”, below, for specific measures).
- ***The consequences the budget agreement with opposition parties D66, ChristenUnie and SGP dated 11 October 2013 will have for the Social Agenda***

On 15 October 2013, the Labour Foundation wrote to the Prime Minister and Deputy Prime Minister informing them that it had examined the 2014 budget agreements, some of which related to the Social Agenda [*Sociaal Akkoord*] and had been agreed without consulting the Foundation. The Foundation noted that the amended budget agreement represented an acceleration of several agreements in the Social Agenda that could wind up conflicting with the premises underlying this Agenda. The low point of the economic crisis will have to be behind us before we can fundamentally change how the labour market functions, such as by amending the dismissal laws. Because the core points of the Social Agenda were ultimately unaffected, however, the Foundation stands by its endorsement and will meet its obligations in this regard.

- **Pensions**
- ***Reforming pension contracts***

In the Social Agenda, the Labour Foundation again called upon the Cabinet to move forward with changing the financial assessment framework (FAF) to facilitate new

contracts for supplementary pensions. The Foundation issued the same advice in June 2010 in the Pension Agreement [*Pensioenakkoord*], which was explained in more detail in its Memorandum [*Uitwerkingsmemorandum*] in June 2011.

The goal of the social partners is to make pension contracts more stable and the pension system more future-proof in anticipation of increasing life expectancies and shocks on the financial markets. In the past year, in order to expedite the reforms advocated in 2010, the social partners have taken action that has included the following:

- In September, the SER issued an advisory report<sup>5</sup> on an alternative structure for the expected return on shares, with the related calculations showing that the alternative would result in more stable contribution amounts that would have no generational effects. This will benefit macro-economic stability. The advisory report is an elaboration on the April 2013 advisory report entitled “Dutch economy in calmer waters: a macro-economic study” [*Nederlandse economie in stabielere vaarwater: Een macro-economische verkenning*].
- In November, the Foundation wrote the Cabinet advocating its position that a more stable ultimate forward rate (UFR) should be used for pensions, and that that rate must be consistent with European directives. The UFR is the long-term interest rate that financial institutions must use to value their long-term contractual obligations. At a certain point in the future, because of the long-term nature of those obligations, there will be insufficient trade relating to, and thus insufficient reliable information about, those obligations. The European Commission consulted the European Parliament and the European Council regarding setting the long-term interest rate for contracts with terms of over 20 years towards a convergence point of 4.2% for financial institutions such as insurers. In November a committee especially established for that purpose advised SZW that the UFR applied to Dutch pension funds should be more closely linked to the fair market rate. Since there now seems to be a breakthrough after twenty years of discussion at European level, the Foundation believes that the advice of the UFR committee is superseded.
- On 11 September 2013, the Labour Foundation responded to a draft bill for a new FAF. The Foundation concluded that the draft bill still offered insufficient security for pensions and contributions and restricted the freedom of choice decentralised parties would have to arrive at an indexation target they set for themselves.
- Last summer, in order to expedite implementation and increase support for more stable pension contracts, the Foundation also took the initiative to join forces with youth branches of trade unions, pensioners’ organisations, and pension administrators to formulate a uniform outlook. The goal of this is to bridge gaps between generational viewpoints without losing sight of the premises underlying the Pension Agreement of 2010. As a result, these eight parties prepared a joint statement<sup>6</sup> dated 12 September 2013 calling on the Cabinet to develop an FAF

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<sup>5</sup> SER advisory report: To macrostable realistic pensions [*Naar macrostabiele reële pensioenen*], The Hague, 12 September 2013.

<sup>6</sup> The eight parties are the Labour Foundation, the Dutch Pension Federation [*Pensioenfederatie*], the youth branch of the Netherlands Trade Union Confederation [*FNV-Jong*], the youth branch of the Christian Trade Union Federation [*CNV Jongeren*], the CSO [*Centrale Samenwerkende Ouderenorganisaties*] umbrella organisation (comprising the Union of Catholic Pensioners’ Associations [*Unie KBO*], the Protestant Christian Pensioners’

that would, among other things, be consistent with the principles of stable contributions and benefits, as well as a stable long-term investment policy.

No bill has yet been introduced in the Lower House. SZW is still engaged in emending the draft bill based on the responses it has received and the possibilities afforded by law. The Foundation regularly consults SZW on this issue, both on its own and as part of the eight-party group. The social partners advocate for the speedy enactment of legislation that will provide the necessary additional stability.

- ***Pension reductions***

At the end of December 2012, the average funding ratio for all pension funds was 102%, below the minimum required funding ratio of approximately 105%. As a result, on 1 April 2013, 66 Dutch pension funds were forced to reduce pension benefits and accrual rates for a total of 5.6 million members, 1.1 million of whom were already retired. The reductions varied between 0.5% and 7.0%, averaging 1.9% for the fund members affected. It was the first time in history that so many pensioners and employees had to endure a reduction in their benefit (or accrual) rate.

The swap rate rose slightly over the course of 2013. At the same time, share prices and returns on fixed-interest securities rose, as a result of which the total pension capital also rose. By the end of December, the average funding ratio had climbed to 109%. According to estimates provided by the Dutch Central Bank [*De Nederlandsche Bank*] (DNB), a maximum of 38 pension funds will have to reduce pension benefits (or accruals) again by an average of 1.1% with effect from 1 April 2014. This reduction will affect approximately 2.5 million members, 500,000 of whom are already retired.

- ***Amendment of tax regulations (Witteveen tax framework)***

In May, in accordance with the Social Agenda, the social partners proposed two technical alternatives to the intended amendment of the Witteveen tax framework announced by the Cabinet, which will, with effect from 1 January 2015, reduce the maximum permissible accrual percentage from 2.15% to 1.75% of the average salary and eliminate tax incentives for pension accrual on salaries exceeding EUR 100,000. The Cabinet had set aside EUR 250 for the alternatives. In addition to this technical measure, the Foundation wrote the Cabinet a letter announcing that the Foundation urges a policy permitting an accrual percentage of 2%, regardless of income.

The Cabinet used one of the proposed technical alternatives with a supplementary top-up scheme as the basis for the bill amending the Witteveen tax framework. Although this bill was passed by the Lower House on 27 June 2013, there were objections adduced to it in the Upper House. This ultimately led to a new agreement being reached between the Cabinet and the opposition parties (D66, ChristenUnie and SGP) on 18 December 2013.

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Association [*PCOB*], the Netherlands Association for Obstetrics and Gynaecology [*NVOG*] and the Network of Organisations of Older Migrants [*Noom*]), the ANBO Association (a senior citizens' advocacy organisation), the Dutch Association of Pensioners Umbrella Organisation [*Koepel Nederlandse Vereniging van Gepensioneerden (KNVG)*] and the seniors branch of the Netherlands Trade Union Confederation [*FNV Senioren*]. The joint statement can be downloaded from the Labour Foundation's website at [www.stvda.nl](http://www.stvda.nl).

This agreement opts for an accrual percentage of 1.875% on a pensionable salary of up to EUR 100,000. A net annuity scheme will be available (free of tax on imputed return on investment [*vermogensrendementsheffing*]) in respect of salary exceeding EUR 100,000.

- ***Amendment of corporate governance requirements for pension administrators***

In the wake of the SER's advice on this topic in 2012, the Improved Governance for Pension Funds bill [*Wetsvoorstel versterking bestuur pensioenfondsen*] was passed by the Lower House in May 2013 and the Upper House in July 2013. This law revises the statutory rules applicable to pension funds in the fields of governance and employee participation. The three goals of the law are to:

- improve expertise and internal supervision of pension funds;
- provide for adequate representation of all risk bearers within the fund; and
- streamline the tasks and organisational structure of industrial and other pension funds.

As a supplement to this law, the Labour Foundation and the Pension Federation published the Pension Funds Code of Conduct [*Code pensioenfondsen*]. A code of conduct has also been agreed with the Dutch Association of Insurers [*Verbond van Verzekeraars*]. The first code contains provisions on the operation of various governing bodies within a pension fund. The second indicates how employees and pension insurers can keep members apprised of developments that will affect the pension entitlements they have accrued. The goal of both codes of conduct is to make communication with beneficiaries more transparent, thereby contributing to an improvement in 'good pension fund governance'.

- ***Pension communication***

The Foundation believes it is essential for employers and members to become more aware of pension issues. In practice, the interaction between employers and pension administrators is particularly important. This interaction will vary according to situation; for example, smaller employers generally need more support from pension administrators. This is why the Foundation believes it is important for thorough agreements to be made between employers and administrators regarding the delegation of tasks and responsibilities. On 19 March 2013, the Foundation issued an advisory report on this topic to the State Secretary of SZW, and it issued a recommendation to parties to collective agreements [*cao-partijen*] on 4 July 2013. At the end of November, the State Secretary published a draft version of the Pension Communication Act [*Wet pensioencommunicatie*] that incorporated that advisory report. This law also contains many other provisions regarding pension communication with members. Although the Foundation considers good communication with members about agreements and pension accrual essential, it also warns that more information is not necessarily better. Communication spending must also be monitored.

- ***Individual transfer of pension rights***

In 2012, the Labour Foundation, the Pension Federation, and the Dutch Association of Insurers contended that the present system of transferring pension rights would have to be reconsidered. The original objective of the statutory right to transfer accrued pension benefits – which was to prevent loss of pension under final pay schemes after changing jobs – no longer exists because of the mass transition to average pay schemes. There are also problems in implementing these transfers, the most obvious of which is the problem of additional payments [*bijbetalingsproblematiek*]. The transition to a new, entirely conditional and realistic pension contract will make it even more difficult to decide whether or not to transfer accrued pension benefits and, moreover, may necessitate an overhaul of the calculation rules applied to those transfers. Given this, the Foundation teamed up with actuaries from pension funds and insurers to investigate the possibilities for using a system based on financed value rather than on accrued entitlements.

Three conditions were imposed beforehand:

- the new system had to be workable and could not result in ‘perverse incentives’ or other unintended effects;
- employees changing jobs had to be able to take reasonable and rational decisions on this issue;
- the additional payments problem had to be eliminated or significantly mitigated.

Based on the investigation, the Labour Foundation concluded that it would be difficult to meet all three conditions. The second condition of transparency and clarity for employees, in particular, will be difficult to meet given the increasing complexity of the transfer of pension rights. A transfer system based on financed value would, however, prevent employers from making additional payments. For employees, however, this could translate into significant differences in the value of their entitlements before and after transfer. If the decision is taken to continue to permit pension rights to be transferred, additional rules will have to be formulated for at least the following situations:

- if an insured scheme with a ‘retroactive reduction due to interest earnings’ [*rentestandkorting achteraf*] is involved in the transfer;
- if a company pension fund that has agreements with the company about additional deposits and withdrawals is involved in the transfer; and/or
- buffers and/or equalisation reserves are involved.

Within the Labour Foundations, opinions differ on the issue of whether the right to transfer pension rights should be continued. Employers believe that, taking everything together, the right to transfer pension rights should be repealed, while employees remain in favour of the benefits associated with such transfers. They believe that the right to effect such transfers should be preserved.

- ***New pension institution***

On 28 April 2013, the Labour Foundation responded to the ‘general pension institution’ [*algemene pensioeninstelling*] (API) Internet consultation. In 2007, the then-Cabinet established that an API would have to be established step by step. At the end of February

2013, after the premium pension institution (PPI) and the multi-company pension fund (MCPF) were established, the State Secretary of SZW published the API policy document. According to SZW, an API would benefit Dutch company pension funds. They could achieve benefits of scale in administration while reducing their administrative burden. The API could also be relevant for multinationals who want to administer a cross-border pension fund. An API could centralise and simplify the administration of pension schemes for corporate divisions from different countries. Mandatory industrial pension funds could not use the proposed API.

The Foundation views the API as a new administrative vehicle that would permit parties to collective agreements more choice as to where they want their pension schemes administered, but notes several issues in this regard. For example, the Foundation believes that the amendments to pension legislation such as the FAF and the Pensions Act must be clarified before final decisions can be taken regarding the possibilities for setting up an API. The Foundation also believes that further research must be performed regarding the consequences the API would have on aspects such as the playing field between insurers and pension funds.

## 2 Growth capacity, sustainability and innovation

**Guideline 4: Optimising support for R&D and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy**

**Guideline 5: Improving resource efficiency and reducing greenhouse gas emissions**

**Guideline 6: Improving the business and consumer environment and modernising and developing the industrial base for optimal operation of the internal market**

- ***Technology Pact 2020 [Techniekpact 2020]***

On 13 May 2013, representatives from education, employers, employees and regions joined Minister Bussemaker (Education, Culture and Science (OCW)), Minister Asscher (SZW), Minister Kamp (Economic Affairs (EZ)) and State Secretary Dekker (OCW) in signing the Technology Pact [*Techniekpact*]. The Technology Pact is aimed at drawing young people's attention to, and encouraging them to opt for, careers in technology, as well as at retaining employees in those sectors.

The Pact must better tailor technological educational programmes to the labour market and reduce the scarcity of qualified engineers. This must be accomplished across the board, with pupils being put in contact with the business community at every level of education. Activities will be undertaken by organisations on both an individual and collective basis. A study will also be made of whether amending legislation would contribute to reaching these goals.

- ***2014 Spring Meetings with top EU officials***

Minister Kamp (EZ) consulted the SER in preparation for the Spring Meetings with top EU officials held in Brussels on 20 and 21 March 2014, at which the European Council set priorities for the socio-economic policy of the EU and its Member States. The Netherlands will set up its next national reform programme based in part on these priorities. A link was also made to the country-specific recommendations formulated last summer.

SER chair Draijer listed four common topics relevant for the social partners and Crown-appointed members.<sup>7</sup> These regard:

1. guiding the socio-economic policy and social dialogue;
2. financing SMEs and the European banking union;
3. bolstering growth capacity via the internal market, industry policy, knowledge and energy; and
4. safeguarding the free movement of employees and services.

Employees' organisations referred to the necessity of strengthening the social dimension in Europe and resolving social inequalities such as high unemployment, the expulsion of non-Dutch employees, and displacement on the Dutch labour market. They also advocate retaining high-grade jobs in the Netherlands, highlighting the importance of foreign knowledge workers. They emphasise that the Refit programme, which is

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<sup>7</sup> A summary of these social discussion points has been published on [www.ser.nl](http://www.ser.nl).

designed to lighten the commercial sector's administrative burden, will miss its mark now that the announcement has been made that employee protection rules will be repealed or otherwise undermined.

Employers' organisations are demanding attention for SME financing and the need for a solid base for the banking union. They also are also asserting that Europe needs a permanent growth agenda, particularly with regard to industrial policy. For example, energy-intensive sectors are suffering from the continued lack of a European energy market. They cite the importance of bolstering the social dimension in the EU, such as the statutory minimum wage in Germany, which is mitigating the problem of unfair competition. The Netherlands must strive for quality, knowledge, and innovation and that will demand thorough cooperation between the public and private sectors.

The Crown-appointed members emphasise the important role a solid banking union could play in breaking the reciprocal 'hostage' situation between weak euro countries and weak banks. The Netherlands is troubled by existing friction on the internal market, which is hindering export opportunities and thus the country's economic growth. We need to replace inconsistent and restrictive national rules with harmonised European rules.

Minister Kamp responded that he endorsed the social partners' desire for broad and timely involvement in detailing the country's socio-economic policy. With respect to unemployment, he indicated the importance of unemployed Dutch residents being available and applying for work so that employers will not have to fill too many job openings with foreign employees. It is important for people to take responsibility for their own labour market prospects by completing their studies in fields with good job prospects and by lifelong learning. He will make efforts to recruit enough knowledge workers within the Netherlands; the Technology Pact is a good example of these efforts. The Cabinet is aware of the underbidding compared to Dutch salaries laid down in collective agreements. Finally, he indicated that the government has made significant efforts to keep SME financing level, for a start by keeping Dutch banks afloat.

The SER chair closed the meeting by stating that, in the SER's view, the European Union had made substantial progress, but that it was not finished yet. This will demand a proactive agenda with an important role for the social partners in the individual EU Member States.

- ***Energy Agreement for Sustainable Growth***

On 6 September 2013, more than forty organisations led by SER chair Draijer became parties to the Energy Agreement for Sustainable Growth [*Energieakkoord voor duurzame groei*]. The Energy Agreement concerns the government, employers, environmental organisations, other social organisations, and financial institutions. These national agreements on sustainable growth were prompted by calls by politicians and the need to imbue the private sector and social organisations with new zest. The SER offered itself as a platform and facilitated the process.

The Energy Agreement is intended to offer broad support for a solid, future-proof energy

and climate policy while contributing to strengthening the Dutch economy and employment. The Energy Agreement consists of ten interrelated components:

1. Saving energy in the built environment and improving efficiency in business;
2. Scaling up renewable energy generation;
3. Providing incentives for sustainable decentralised energy generation;
4. Preparing an energy transmission network;
5. Establishing a well-functioning EU emissions trading system;
6. Generating energy from fossil fuels and coal-fired power stations;
7. Facilitating mobility and transport;
8. Ensuring employment and training;
9. Providing incentives for energy innovation and export  
(<http://www.ser.nl/~media/files/internet/talen/engels/2013/energy-agreement-sustainable-growth-summary.ashx>);
10. Funding sustainable investments.

On 1 October 2013, at the request of the participating organisations, the SER established the special Energy Agreement Assurance Committee under the chairmanship of Ed Nijpels. The committee will be monitoring and safeguarding progress.

- ***Advisory report on recruiting and retaining foreign talent***

Because the Netherlands' knowing how to recruit and retain international talent is important to the country's general growth, the economy and higher education, the SER issued an advisory report on how this can be achieved, contingent on cooperation by businesses, educational institutions, government organisations, and non-profit organisations.<sup>8</sup> According to this advisory report, businesses and organisations that operate internationally, such as multinationals and companies in the high-tech and creative industries, have a particular need for trained foreign students. The same is true for companies and organisations that have positions that are difficult to fill, such as those for people with degrees in science and engineering. The SER notes that the influx of ambitious, enterprising foreign students improves the quality of higher education. An international classroom ensures that Dutch students acquire international skills.

In short, a high-quality, international knowledge infrastructure makes the Netherlands an attractive home base for international companies and creates jobs. The Netherlands must be promoted more abroad as an attractive country with a stimulating international work environment. Companies, organisations and social partners must work closely with educational institutions to offer internships and traineeships. Companies and organisations can also advertise their job openings on existing 'career portals' for foreign students and offer financial incentives in the form of scholarship and tuition reimbursement.

At the same time, however, the SER realises that temporarily binding foreign students to the Dutch labour market could mean displacing Dutch students, which is why the SER's

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<sup>8</sup> SER advisory report: Make it in the Netherlands! [*Make it in the Netherlands!, advies over binding van buitenlandse studenten aan Nederland*], The Hague, 19 April 2013. An English summary is available at [www.ser.nl](http://www.ser.nl)

position is that, in addition to generic efforts to recruit and retain more students, the recruitment and retention of foreign students should be linked more to the labour market.

The SER urges the government to take a joint, nationally agreed approach to promote the recruitment and retention of foreign students to mitigate the problems currently caused by local and regional approaches that often do not take sufficient account of, or involve sufficient cooperation with, the surrounding areas and regions. Moreover, regulations must be relaxed with regard to students working during and after their studies. Another recommendation would be to provide the Employees Insurance Agency (UWV) with permanent financing for preparing sector descriptions. The resulting labour market information must then be made accessible, including in English. To further simplify administrative processes, the SER recommends continuing the supply management system known as The Red Carpet [*De Rode Loper*] with all parties that play a role in retention. Finally, the SER urges placing responsibility for strategic recruitment and retention under a single administrator, such as Nuffic.

- ***Advisory report on skilled trades***

In its advisory report on skilled trades,<sup>9</sup> the SER notes that insufficient value is attached to working in a skilled trade. This labour market offers a great many opportunities, however, because there is an increasing shortage of trained people available to work in the skilled trades. Many older skilled workers are leaving the labour market, and the number of young people entering the market from vocational education programmes has been declining for years.

Both young people and their parents, however, place a higher value on a general education than on training in a skilled trade. Given that people are less inclined to try something they are unfamiliar with, the SER notes that increasing appreciation for the skilled trades must start with making them more visible in society. Repeated and timely introductions to the skilled trades in schools will contribute to increasing pupils' interest in vocational education. It is also important to make the prospects for employment more visible; the career prospects associated with obtaining a pre-vocational/vocational education must be made clearer and more visible. The government could support these efforts by offering up-to-date and accessible labour market information on individual vocations.

As a result of new technological developments, knowledge and technical skills are playing an increasingly important role in the skilled trades. The idea that these jobs can be filled by unskilled workers is a misconception. Another point for improvement would be increased lateral mobility between courses of study. The SER wishes to draw particular attention to small-scale training programmes. The SER believes that these programmes for specialised vocations with realistic job prospects – such as those for bicycle repair, piano repair, hearing aid technicians, dental technicians, glass blowers, potters and furniture makers – must be allowed to continue. For example, the implementation of a master's title in the skilled trades would make workmanship and

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<sup>9</sup> SER advisory report: Handmade in Holland: workmanship and entrepreneurship in skilled trades [*Handmade in Holland: vakmanschap en ondernemerschap in de ambachtseconomie*], The Hague, 21 June 2013.

excellence more visible. Masters could also act as ambassadors for their skilled trades.

Because most skilled tradespeople work in small companies or as sole proprietors, skilled workmanship and entrepreneurship are often two sides of the same coin. As a practical matter, this combination of skills is very demanding. The SER believes that the requisite entrepreneurial skills should be developed and taught at the same time pupils are acquiring their vocational skills. The new Entrepreneurs' Corners [*Ondernemerspleinen*] can provide support and information to bolster entrepreneurship, with the focus on new entrepreneurs.

Because entrepreneurship also encompasses devoting attention to qualitatively good work and sustainable employability, the SER recommends that pupils be taught about working in a healthy and safe environment as part of their educational programmes. This issue can already be highlighted in work-study placements, where pupils often obtain their first work experience.

Given the small scale of the businesses in these fields, and the often correspondingly small-scale industrial organisations, it might be useful to encourage related organisations to cooperate with one another. In order to combat fragmentation, the SER advocates a private coordination structure to centrally coordinate several cross-sector activities. The government will have to support the relevant organisations in achieving such a structure.

### 3 Operation of the labour market, employment and social inclusion

#### **Guideline 7: Increasing labour market participation for both men and women, reducing structural unemployment and promoting job quality**

##### **Policy regarding terms of employment and employment relationships**

- *Offsetting efforts against the transition allowance*

With effect from 1 July 2015, the Work and Security Act will introduce the right to a transition allowance in cases of involuntary dismissal. A general administrative order [AmvB] will establish which employer costs can be set off against the transition allowance. These costs relate to activities and efforts made in cases of dismissal – or when dismissal becomes imminent (job-to-job schemes and shortening periods of unemployment), but may also include costs incurred during the employment relationship which do not directly relate to a possible imminent dismissal but which are aimed at the employability of the employee. These are investments in an employee's broader development and training relating to his/her possible future labour market position.

On 12 February 2014, the Foundation advised the Minister of SZW regarding the details of the general administrative order. This advisory report formulates the prerequisites that must be met, such as the type of activities to which the offset will relate and how the employer and employee will record the agreed offset.

- *Reconsidering collective agreement provisions regarding prohibitions and restrictions on hiring temporary agency workers*

Directive 2008/104/EC regarding temporary agency work entered into force on 6 December 2011, with one of its effects being that, from that date onwards, collective agreement conditions that prohibit or restrict the employment of temporary agency workers may only be justified on grounds of the general interest. These grounds particularly relate to the protection of temporary employees, the requirements of health and safety at work and the need to ensure that the labour market functions properly and that abuses are prevented.

On 6 February 2014, the Foundation again requested decentralised parties to collective agreements who have not done so to examine the provisions of their collective agreements that could restrict the deployment of temporary agency workers. The parties to the collective agreements were requested to reconsider any such provisions.

To facilitate this process, the Foundation's letter lists the most common restrictive provisions found in collective agreements.

- *'Home for Whistleblowers' bill*

On 14 June 2013, in anticipation of the upcoming debate in the Lower House on the 'Home for Whistleblowers' bill, the Labour Foundation and the Council for Public Sector Personnel Policy [Raad voor het Overheidspersoneelsbeleid] (ROP) wrote to the Lower House urgently requesting changes to a number of aspects of the bill. Both

organisations noted that previous comments had resulted in virtually none of the requested clarifications and improvements. The Foundation and the ROP want to ensure that the law does not result in an employee who acts as a whistleblower because he/she feels responsible for doing so as an employee or citizen being insufficiently protected for doing his/her duty, and then having to bear all of the social consequences and other fallout.

The most urgent issues that should be changed or made clearer regard:

- *A watertight distinction between advising and investigating;*
- *Protection of employees who properly report an irregularity in good faith;*
- *Statutory assurance that the whistleblower is always in control;*
- *Not putting the Home for Whistleblowers under the purview of the national ombudsman;*
- *A right to complain in the event of wrongful conduct on the part of the Home.*

Both organisations called on the Lower House again on 10 December 2013. They also requested that the Whistleblowers Advisory Centre [*Adviespunt Klokkenluiders*] should be maintained even after 2015 and that a watertight distinction should be made between the Home for Whistleblowers and the Whistleblowers Advisory Centre.

Despite these calls, the bill will be passed with few changes.

- ***SER advisory report on broadening support for collective agreements<sup>10</sup>***

There is currently enough support for the collective agreement system, which is crucially important to labour relations in our country. In anticipation of the future, however, parties to collective agreements will have to continue to recruit support for those agreements, such as by further increasing employer and employee involvement with those agreements, and particularly by involving employees more in the conclusion of collective agreements.

Approximately 80% of all Dutch employees fall within the scope of a collective agreement. Surveys show that both employers and employees take a positive view of the arrangements contained in collective agreements. There is little difference between members of the employers' organisations and trade unions concluding the collective agreement and non-members on this point.

There is concern, however, about the relationship between the degree to which employees are organised and support for collective agreements. Currently, approximately 20% of employees belong to trade unions. Another relevant factor is that, in the Netherlands, even employees who do not belong to a trade union can profit from its collective agreements. Employers that are bound by collective agreements must apply their terms to all of their employees, both members and non-members.

The SER believes it is necessary to involve as many employees as possible in collective agreement negotiations. That would compensate for the low percentage of organised workers and bolster trade union legitimacy in those negotiations. The SER notes that parties to collective agreements have taken measures to involve non-members in these

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<sup>10</sup> SER advisory report: Broadening support for collective agreements [*Verbreiding draagvlak cao-afspraken*], The Hague, 23 August 2013. An English-language extract can be found on [www.ser.nl](http://www.ser.nl).

negotiations. The SER calls on these parties to continue these efforts and intensify them where necessary.

For collective agreements to remain relevant and continue to be supported, they must take into account the developments on the labour market, such as the increasing prevalence of individual and flexible arrangements. The flexibility of the collective agreement itself even facilitates this. In the recent past, this led to the contribution of new topics, such as personal training budgets, efforts aimed at sustainable employability, accreditation for prior learning, and job-to-job programmes. Nearly all collective agreements lend themselves to customisation.

One noteworthy development on the labour market is the emergence of sole proprietorships [*zzp'ers*]. As entrepreneurs, they generally do not fall within the scope of collective agreements, and their exclusion affects the import of the collective agreement applicable to their sector. The same is true for the increasing number of foreign workers, a great many of whom are not covered by collective agreements.

In the case of unfair competition, such as that associated with sham arrangements, support for collective agreements can best be garnered by enforcing legislation prohibiting sham arrangements. Agreements were made to that effect in the recent Social Agenda and in the Action Plan to Combat Sham Arrangements [*Actieplan aanpak schijnconstructies*]. For the rest, it will be up to the parties to collective agreements to respond to new developments and bolster support for collective agreements. One option might be to allow sole proprietors to participate in training opportunities stipulated in collective agreements.

- **Labour market policy**

- *The Workroom*

On 14 March 2013, the Labour Foundation and the VNG established The Workroom in tandem with a letter of intention. The establishment of The Workroom is intended to intensify mutual administrative consultations and cooperation. The primary aim of this is to forge links between national, sector-wide and regional labour market policies.

The initial activities performed by The Workroom will mostly focus on improving cooperation between municipalities and the social partners in the context of the planned Job Corners [*Werkpleinen*] for the 35 labour market regions and the creation of the 35 Regional Job Centres [*Werkbedrijven*] that were agreed in the Social Agenda.

- *Regional Job Centres and guaranteed jobs*

The cooperation is even more important because by 2026, at the latest, at least 125,000 people qualified by the UWV as having functional occupational limitations will have to be employed in sheltered workshops or assigned to work in 'guaranteed jobs'. The share of the government (and quasi governmental institutions) in these guaranteed jobs will be at least 25,000 people in 2026.

Starting in 2015 and in accordance with the Participation Act [*Participatiewet*] – which is still being debated in the Upper House – municipalities will be responsible for, among

other things, young people that are first qualified as occupationally disabled and then prove to be only partially occupationally disabled.

In preparation for this, The Workroom has made agreements at national level regarding what form the services offered to employers and employees in the 35 labour market regions must take in order to successfully support placement of job seekers with occupational limitations. These will include, for example, the minimum package of facilities and incentives that must be available in each region and the method that will be used to establish these employees' salaries. The intention is to have Regional Job Centres established in each region by 2015 to fulfil these agreements. The Regional Job Centres will include representatives from municipalities in that region, as well as regional employers' organisations and trade unions, and arrangements will be coordinated with the UWV. Other parties, such as educational institutions and organisations for the occupationally disabled, may also be involved in the service.

In anticipation of the Participation Act entering into force, the employers and employees made commitments in the Social Agenda to help 2,500 occupationally limited job seekers find work in 2014. The government committed itself to making 2,500 jobs available in 2014.

The 2014 national budget agreement reached between the Cabinet and the opposition parties (D66, ChristenUnie and SGP) in October stipulates that 5,000 occupationally limited young people must be helped to find work in 2014, rather than the 2,500 agreed in the Social Agenda.

- *Specific salary scale for guaranteed jobs*

The Social Agenda includes an agreement with the government stipulating that employers will be able to file a salary subsidy claim for employees with a qualifying occupational limitation who are not fit enough to earn 100% of the statutory minimum wage (SMW). In other words, employers will be able to apply for a subsidy to supplement these employees' salary up to 100% of the SMW.

In order to ensure that employers also hire a sufficient number of occupationally limited job seekers, collective agreements include specific stipulations relating to adopting salary scales that are specifically tailored to this group ranging from between 100% and 120% of the SMW, starting with 100% of the SMW. The combination of the salary subsidy and the salary scales specifically tailored to this group will encourage employers to hire job seekers whose productivity is relatively limited.

In February, given the necessity for making a quick start with helping job seekers with limitations to find work, the Labour Foundation called on parties to collective agreements to investigate whether they had suitable salary scales in place, ranging from between 100% and 120% of the SMW, starting with 100% of the SMW. Those parties who do not have such salary scales in place have been urged to quickly reach agreements relating to salary scales tailored to this target group.

- **Working conditions and vitality**
- ***Occupational health and safety catalogues follow-up project***

The goal of the social partners is to promote the private sector's implementation of responsible occupational health and safety policies. Since the Dutch Working Conditions Act [*Arbowet*] was amended in 2007, employers and employees have been able to prepare health and safety catalogues that describe how the goals of that Act can be achieved in their own sectors. The SZW Inspectorate verifies whether the occupational health and safety catalogue satisfies the requirements of the Working Conditions Act.

In November 2012, after the Health and Safety Catalogues Project (2007-2011) was completed, the Health and Safety Catalogues Follow-up Project was begun with a subsidy from SZW. A project leader was appointed to work 3 days a week for 18 months on carrying out this follow-up project.

The project's goal was to promote the implementation of existing health and safety catalogues, to add priority risks to the existing catalogues, and to promote the development of new catalogues. In order to achieve this goal, meetings were organised in order to instructing employers and employees about using the catalogues.

Additionally, new guides were developed and existing guides were updated. Industries and companies can use these guidelines to draft or supplement their own health and safety catalogues. The new guides entitled 'Psycho-social strain' [*Psychosociale arbeidsbelasting*] and 'Language and safety risks' [*Taal en veiligheidsrisico's*] are expected to be completed in April 2014, while the guides 'Inhalable allergens' [*Inhaleerbare allergenen*] and 'The HSE officer' [*De preventiemedewerker*] will be developed in the course of 2014. The guides entitled 'Pregnancy- and work-related occupational health and safety measures' [*Arbomaatregelen zwangerschap en werk*] and 'Working for temporary agencies' [*Uitzendwerk*] were updated in 2013 and early 2014, respectively.<sup>11</sup>

- ***Status of guidelines and how they relate to occupational health and safety catalogues***

In the occupational health and safety catalogues, the social partners identify the measures that must be taken to meet the target requirements laid down in the Working Conditions Act. Professional associations of key experts draft guidelines explaining the current state of knowledge of certain occupational health and safety risks. Because decentralised social partners are sometimes unclear about the status of such guidelines as they relate to the catalogues, the Labour Foundation has drafted an explanation of how the guidelines and the catalogues relate to one another. Briefly put, when drafting an occupational health and safety catalogue, the social partners take into account the current state of knowledge, the current state of the art, and other knowledge resources. Catalogues that receive positive evaluations constitute the standard for enforcement by the SZW Inspectorate. This text was published on the website on 21 February 2014.

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<sup>11</sup> The guides can be downloaded from [www.stvda.nl](http://www.stvda.nl)

- ***Vitality Policy***

In addition to a safe and healthy working environment, healthy and vital employees are indispensable to a healthy and vital economy. Promoting a healthy lifestyle is essential to keeping employees fit to work longer.

This year, the Labour Foundation and the Healthy Weight Covenant [*Convenant Gezond Gewicht*] organised the fifth symposium entitled The Healthy Shop Floor [*De Gezonde Werkvloer*] which was held on 10 October 2013 at the New Babylon Meeting Centre in The Hague. About 200 participants attended the fifth Structural Vitality Policy [*Vitaliteit: structureel bedrijfsbeleid*] symposium.

Representatives of companies who attended the first symposium in 2009 spoke about their companies' vitality policies and have now, five years later, mapped the benefits those policies are yielding. They are convinced that good health is the key to sustainable employability. Over the years, the policies have come to focus more on preventive measures to keep employees healthy and vital. One key to staying vital is continuing to take courses and trainings and to arrive at a good work-life balance.

Various perspectives on a healthy lifestyle were discussed. For example, representatives of employers' and employees' associations discussed the issue of whether a collective agreement was necessary to permanent healthy company lifestyle policies. Practical issues were discussed as well, such as the negative consequences of sitting for long periods of time at work and switching off between sitting and standing. The trade unions did not share one healthcare insurer's view that a financial incentive in the form of discounts, free use of facilities, etc., would promote investment in a healthy lifestyle. According to the trade unions, awareness is the only factor that results in people changing over to healthier lifestyles.

- ***National Prevention Programme***

The National Prevention Programme 2014-2016 was kicked off at a symposium called "Everything is health..." [*Alles is gezondheid....*] presented by the Ministry of Public Health, Welfare and Sport [*Volksgesondheid, Welzijn en Sport*] (VWS) and SZW on 5 February 2014. The goal of this government programme is to promote health and prevent chronic illness by taking an integrated approach to four areas: child-rearing and education, working, living, and healthcare.

In preparation for the symposium, the Labour Foundation took stock of the activities the social partners have already undertaken in the area of prevention, including in the context of the Policy Agenda 2020 [*Beleidsagenda 2020*] drafted in 2011. The Foundation also authored a pledge that organisations can use to express their intention to make active efforts to promote vitality policy in the private sector. This pledge was presented to Minister Asscher of SZW during the symposium.

- ***RI&E Centre***

Employers use a Risk Inventory and Evaluation (RI&E) to outline the risks for

employees that are entailed by the work they perform. In the action plan that constitutes part of an RI&E, the employer describes all of the measures being taken to minimise these risks. The result must be verified by an occupational specialist.

Employers are required by law to prepare an RI&E. Since 1 April 2011, companies employing no more than 25 employees have not been required to obtain this approval as long as the employer uses an RI&E instrument that has been registered with the RI&E Centre [*Steunpunt RI&E*].

At the request of the Ministry of Social Affairs and Employment, the Labour Foundation is responsible for the RI&E Centre. The Centre handles the digitisation of branch-specific RI&E instruments and makes these available to all businesses via its website [www.rie.nl](http://www.rie.nl). In this way, the Centre intends to increase knowledge about RI&E and to promote both the development and recognition of industry-specific RI&E instruments as well as their use. The use of RI&E by small businesses is one of its priorities.

The Centre modified the [rie.nl](http://rie.nl) website in 2013, making it more accessible. A New Generation (NG) of RI&E tools that devote more attention to approaches to problem-solving was also developed. The health risk checklist was also amended for consistency with the NG-RI&E approach.

- ***Continuing to work while chronically ill***

The Dutch Federation of Patients and Consumer Organisations in the Netherlands [*De Nederlandse Patiënten Consumenten Federatie*] (NPCF) has set up a programme to promote enabling people with chronic illnesses to continue to work. The programme can be applied at every organisation in every sector. Digital tools are available to employers, employees and, e.g., company doctors, to enable the chronically ill to resume work as quickly as possible, and in the best possible way. The programme also makes the knowledge of hands-on experts available to answer specific questions posed by employers and employees.

On 7 February 2014, the Labour Foundation announced that it fully endorsed this initiative and sent a letter stating its position to the parties involved in drafting sector-wide plans.

- ***SER advisory report on the ratification of ILO Convention 170<sup>12</sup>***

During the Midwinter Meeting on 19 December 2012, it was agreed that the social partners would issue an advisory report on the desirability of the Netherlands' ratification of ILO Convention 170, which concerns safety in the use of chemicals at work. The Netherlands already satisfies all of the Convention's requirements, and no additional regulations would have to be promulgated.

The SER's advisory report from September recommended ratification. In its response dated 18 December 2013, the Cabinet concurred with the recommendation. The Cabinet intends to ratify ILO Convention 170.

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<sup>12</sup> SER advisory report: Ratification of ILO Convention 170 [*Ratificatie ILO-verdrag 170*], The Hague, 18 September 2013.

- **Social security and care**
- *UWV second opinion*

In order to better cover the costs associated with a UWV second opinion,<sup>13</sup> the Minister of SZW raised the fee for second opinions to EUR 100 (instead of EUR 50) for employees and EUR 400 (instead of EUR 50) for employers with effect from 1 January 2013. The Foundation advised against the fee increase because it will present financial obstacles that will limit accessibility to, and use of, second opinions. The fee increase will cause stagnation in employee reintegration and will thus reduce the positive effects that the Permanent Invalidity Benefit (Restrictions) Act [*Wet Verbetering Poortwachter*] has had on reducing absence due to illness and occupational disability. On 16 April 2013, the Foundation again held negotiations with SZW regarding the possibility of establishing an alternative fee structure, but these negotiations failed.

According to the reports, the number of second opinions requested dropped sharply in the first half of 2013. This was particularly true for second opinions requested by employers regarding reintegration efforts to be made by employers and employees and second opinions requested by employers and employees regarding whether an employee was occupationally disabled. The Foundation has requested the UWV to seek an explanation for this and to investigate the effects. The UWV is considering this request.

- *Limiting absence due to illness and occupational disability by “Safety Netters” (Bezava Act [Wet Bezava])*

The purpose of the Bezava Act is to enable temporary and other employees who are ill to return to work more quickly by, among other things, making employers pay higher contributions if more temporary employees receive sickness benefits (or occupational disability benefits) and request the UWV, after only one year of sick leave, to assess whether an employee who is incapable of doing his/her own work can do alternative work.<sup>14</sup>

Despite the Foundation’s request to the Upper House on 2 October 2012 to reject the entirety of the Bezava Act, the law was passed, although the Upper House gave the social partners an opportunity to submit an alternative to the work history requirement before 1 January 2014. The Labour Foundation spoke to the decentralised social partners about practical solutions for reducing absence due to illness and occupational disability among temporary employees who are ill and those who are ill and receiving unemployment benefit.

Three sectors have decided to implement sector-specific pilot programmes that will involve the sectors – rather than the UWV – assuming responsibility for reintegrating safety netters after termination of their employment contracts. In order to increase the

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<sup>13</sup> UWV is an independent administrative body that ensures the national administration of employee insurances such as unemployment benefit [*WW*], disability benefit [*WIA*], benefit for disabled young people [*Wajong*], occupational disability benefit [*WAO*], sickness benefit [*Ziektewet*] and provides labour-market and data services under the supervision of the Ministry of SZW.

<sup>14</sup> According to the Rutte I Cabinet, the amount of sickness benefit and the length of time it is received must be made dependent on the length of a person’s work history.

chance of successful reintegration, an agreement has been reached with SZW that a no-risk policy will apply to these pilot programmes after one year of sick leave (instead of two). The pilot programmes are being financed under the Sector-wide Plan Co-financing Scheme [*Regeling cofinanciering sectorplannen*].<sup>15</sup> In light of the capacity problems at the UWV, the supply of safety netters to the three sectors for the pilot programmes has been postponed until September 2014.

On 11 April 2013, Minister Asscher informed the Lower House that the work history requirement would not be implemented.

- *Assessment of the Bezava Act*

The Bezava Act entered into force in January 2013. The law will have to be assessed at the end of 2015, three years after its implementation. The Labour Foundation will supervise the assessment in the external assessment committee.

- *Simplification of UWV rules*

On 27 August 2012, the Labour Foundation advised the Lower House regarding the undesirable consequences of a number of measures included in the bill proposing the simplification of UWV rules [*wetsvoorstel Wet vereenvoudiging regelingen UWV*]. The Foundation particularly objected to the proposed emergency scheme which proposes extending the waiting period for filing claims from two weeks to four weeks. Moreover, the social partners would no longer be able to deviate from this scheme in their collective agreements.

According to the Foundation, employers who have already suffered as a result of the economic crisis would bear an even heavier financial burden if they could not file for unemployment benefit for the first four weeks of unemployment in times of long-term hard frosts. Because this scheme would result in the loss of a great many jobs, the Foundation has advocated retaining the two-week waiting period and affording the construction sector an opportunity to come up with a specific solution.

When the law was passed on 30 October 2012, the Minister of SZW promised the Upper House that he would consult the Foundation regarding the emergency scheme before its planned implementation on 13 September 2013. Later, in the response to the Social Agenda, which he addressed to the Lower house on 11 April 2013, Minister Asscher stated that: “*the new emergency unemployment benefit scheme will have an excess period of 3 weeks*” and that “*the scheme will be included in the SER advisory report on the future of the labour market and unemployment benefit financing, which will be completed by no later than May 2014.*”

On 17 June 2013, the Labour Foundation requested the Lower House to postpone implementing the emergency scheme until after the SER issued its advisory report. The debates – which according to the motion made by MP Heerma on 30 October 2012 were to be held with the relevant industries prior to implementing the emergency scheme but which were not held until after the Social Agenda was agreed on 11 April 2013 –

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<sup>15</sup> From a legal perspective, this will be made possible through a general administrative order relating to temporary experiments involving the Sickness Benefits Act [*AMvB (Tijdelijk besluit experimenten Ziektewet)*].

showed that the relevant industries and trade unions did not consider the new scheme to be feasible. They also expressed concerns about the implementation scheme.

The Explanatory Memorandum to the Work and Security Act announced that the emergency scheme would not enter into force before 1 April 2016. The excess period will be addressed in the SER advisory report.

- ***Study of WGA 80-100***

In 2012, SZW studied the group of people who had been declared fully, but not permanently, occupationally disabled; this group is known as the ‘WGA 80-100’ (‘WGA’ is the abbreviation for the Resumption of Work (Partially Fit Persons) Regulation [*Werkhervattingsregeling gedeeltelijk arbeidsgeschikten*]). This study was prompted by the fact that, when assessing the Work and Income (Fitness for Work) Act (WIA Act), there proved to be a higher number of fully but not permanently occupationally disabled persons applying for a WIA benefit than was expected when the WIA Act was introduced.

In 2012, the Labour Foundation participated in the SZW Sounding Board Group *Permanently Impermanent?: Study of persons declared fully but not permanently occupationally disabled*.<sup>16</sup> This study examined which factors were contributing to a relatively large group of employees being declared fully but not permanently occupationally disabled, as well as the long-term employment prospects for this group.

On 11 June 2013, the Cabinet sent a response regarding the *Ape* report to the Lower House.<sup>17</sup> Included in this response were Minister Asscher’s statements that the Social Agenda included agreements to further limit new qualifications under the WIA Act, that he expected the measures taken by the social partners to specifically focus on prevention and the reintegration of safety netters and the WGA 80-100 group, and that he was proposing that a follow-up study be performed to assist the social partners in arriving at specific measures. This follow-up study will have to focus on the forms of these people’s capacities: which capacities do they still have, how can these be promoted, and what chances do they offer for long-term employment (including employment adapted to their capacities).

The Labour Foundation analysed the study and submitted several additional questions to the researchers on 17 December 2013. On 16 January 2014, the Foundation provided SZW with its comments on the structure of the follow-up study, which is expected to be completed in October 2014.

- ***Study of hybrid WGA system***

In 2012, the Labour Foundation participated in the SZW Sounding Board Group *Study of*

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<sup>16</sup> *Ape*, Permanently impermanent?: Study of persons declared fully but not permanently occupationally disabled [*Duurzaam niet-duurzaam. Onderzoek naar niet-duurzaam volledig arbeidsgeschikt verklaarden*], The Hague, February 2013.

<sup>17</sup> Letter dated 11 June 2013 from Minister Asscher to the Lower House regarding the *Permanently Impermanent?* study.

*the stability of a hybrid WGA system.* The report on the study was published by AStri on 15 February 2013. This report, along with the Cabinet's response to it, was submitted to the Lower House on 7 June 2013.<sup>18</sup> The study reviews the period from the start of the WGA up until the end of 2012.

The Labour Foundation has decided to acknowledge the Cabinet's response for the time being. The Foundation concurs with SZW's conclusion that the system is fairly stable; as stated asserted in the previous report, advocates for privatising the system see neither improvement nor deterioration. Another looming question for the market is whether the hybrid system would become unstable from the perspective of private insurers if all sick pay beneficiaries were to cease qualifying for the incentive before 2016.

- ***Employers' proposal for the UWV to provide information to sectors***

The issue of the UWV providing information to the sectors was raised when assessing the contribution classifications relating to unemployment benefit. When determining the contribution range, it is important to know the unemployment benefit entry and exit figures for the various sectors. Some sectors are divided into subsectors that have a much higher entry rate than other subsectors. Moreover, these subsectors are becoming less and less willing to pay for the entrants from other subsectors. The problem in this respect has been that the UWV is unable to provide breakdowns for these figures.

The Labour Foundation would like to see an improvement and more customisation in the information provided to employers and employees regarding these subsectors. This will be important to those wishing to implement their own preventive re-integration policies to reduce absence due to illness and occupational disability and to get those receiving unemployment benefit back to work or involved in job-to-job programmes. The Foundation also wants the costs to be allocated fairly and transparently. A better understanding of the degree to which sectors and subsectors in the Netherlands contribute to entry and exit relating to unemployment benefit, WIA benefit, and sickness benefit is becoming more important as contribution amounts are being customised and linked to sector results (contribution differentiation).

Together with representatives from the hotel, restaurant and catering sector, the retail and agricultural sectors, and the painting sector, the Foundation met with SZW to discuss this issue on 25 February 2014. The next meeting will be held in April 2014.

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<sup>18</sup> Letter dated 7 June 2013 from Minister Asscher to the Lower House regarding the *Hybrid WGA financing report* study.

This study was a follow-up to the study entitled *Effects of hybrid WGA financing, Interim assessment of the WGA [Effecten hybride financiering WGA, Tussenevaluatie WGA]* received by the Lower House on 13 April 2010.

#### 4. General and vocational education and training

**Guideline 8: Developing a skilled workforce responding to labour market needs and promoting lifelong learning**

**Guideline 9: Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education**

- *Low literacy skills*

Concluded in September 2007, the agreement on a structural approach to low literacy [*Convenant Laaggeletterdheid*] contains arrangements between the social partners and the Ministries of Education, Culture and Science, Social Affairs and Employment and the former Ministry of Youth and Family to combat low literacy levels in industry. The Labour Foundation is making every effort to bring this issue to the attention of decentralised parties to collective agreements, mainly by encouraging them to set out in their collective agreements an approach to low literacy levels.

The approach to low literacy is part of the goal to encourage employed people to continue training and to promote sustainable participation. Those who need language skills to work (or to continue working or to find a new job) or to remain employable need language training. Education in the area of language skills forms the basis for improving employees' position on the labour market.

In September 2013, an assessment was made of the language-related website that was launched in September 2012 [www.taalwerkt.nl](http://www.taalwerkt.nl) (a joint production of the Labour Foundation and the Reading and Writing Foundation [*Stichting Lezen & Schrijven*]). In the first year, 18,500 people visited the site, 10,000 of whom were unique visitors, for an average of 47 visitors per day. An examination was also made of how website use can be promoted and the channels of communication that could be used in this respect (e.g., works council and human resources publications and websites).

On 14 October 2013, the Labour Foundation facilitated a meeting for training and development funds to focus on how industries and companies can approach the problem of low literacy. In addition to looking at the status in terms of numbers (based on national and international research), the participants discussed such issues as which language courses were available, how much they cost, and formulating an action plan, the last of which may profit from assistance from the Reading & Writing Foundation.

- *APL*

An APL certificate [*Ervaringscertificaat*] is conferred to prove that one has received "Accreditation of Prior Learning" [*Erkennen van Verworven Competenties*]; it is a labour-market tool that employees can use to prove their competencies in the skills they have acquired. The APL may or may not lead to further training. The APL is a labour market instrument used to strengthen the position of employees on the labour market in terms of their career and the possibilities for those in employment and jobseekers in

terms of recruitment and career path. Through a covenant agreed in June 2012, the government, employers and employees have undertaken to make their best efforts to promote APL as a labour market instrument.

The covenant stipulates that the Labour Foundation will be responsible for evaluating and approving industry standards such as the APL standard. The Foundation will decide whether to accept or reject a standard based on an advisory report by the APL Knowledge Centre [*Kenniscentrum EVC*]. The Foundation established an appeals committee on 1 July 2013 in case an applicant appeals its decision. Rules governing the practices and procedures of the appeals committee were drafted on 31 May 2013.

Because a variety of reports published in 2012, including one by the Education Inspectorate [*Onderwijsinspectie*], indicated that APL practice has been subject to problems relating to quality, quantity and effectiveness of the APL instrument, the covenant partners (OCW, SZW, EZ and the Labour Foundation) are giving due consideration to the APL system. The goal is to develop a future-proof system for accrediting the results of non-formal and informal education. A proposal to this effect was made to the Minister of OCW on 12 June 2013. The proposal was prepared under the supervision of a national APL Steering Group [*Stuurgroep EVC*] and after ample consultation with the constituencies. The intention is to make accreditation available via two routes, the labour market and formal education, where individual options can be chosen based on the desired career goal.

Work was then done on an implementation plan focusing on converting the current APL system to a new accreditation system during a transition period (2014 to 2016). This implementation plan was submitted to the Minister of OCW on 24 February 2014.

- *Vocational Education and Private Sector Partnership*

In 2013, the social partners and representatives of the education system worked together through the Vocational Education and Private Sector Partnership [*Samenwerkingsverband Beroepsonderwijs Bedrijfsleven*] (SBB), which was established in 2012, to improve the harmonisation between secondary vocational education and the labour market. The improvements primarily focused on examinations, the content of the secondary vocational curriculum, macro-effectiveness, and practical vocational education (internships and work-study placements). They also issued advice on these issues to OCW.

**Social inclusion and combating poverty**

**Guideline 10: Promoting social inclusion and combating poverty**

See the agreements in the Social Agenda dated 11 April 2013.