

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

### **Foreword**

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 EU 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 tertiary 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. As a matter of practice, the Dutch government has decided to discuss a draft version of the NRP with the social partners each year. The government, however, will bear full responsibility for the final content of the NRP.

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. The report outlines 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 follows the ten guidelines of the EU 2020 Strategy (some of which have been clustered) and indicates the measures the social partners undertook between April 2014 and March 2015 in order to contribute to achieving 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.

- ***Agreements contained in the Social Agreement dated 11 April 2013***

On 11 April 2013, the social partners signed the Social Agreement that was endorsed that same evening by the Dutch Cabinet [*kabinet*]. This document contains the building blocks '*...for responsibly restructuring the social security system, a new foundation for rebuilding trust in a sustainable, prosperous Netherlands, and a new basis for society.*' The approach consists of short-term measures that are primarily aimed at stopping the downward economic spiral at home and mid-term measures that are primarily intended to build a new infrastructure for work and income.

Implementing this Agreement requires a great deal from the social partners. The consultations regarding the implementation that were held between the social partners themselves and between the social partners and the Cabinet led to most of the agreements made in the Social Agreement being codified into laws and regulations throughout the course of 2014. The agreed projects and advisory reports are helping to ensure that the Netherlands slowly emerges from the economic and social crisis. The individual agreements are cited in the context of the relevant guidelines.

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

## 1 European cooperation

As members of the SER, employer organisations and employee organisations regularly discuss their strategy and possible contribution to the European consultations on achieving these goals.

### • *Presidency of the European Union in 2016*

The SER sent a letter to Minister Koenders listing the issues that should be assigned priority during the Dutch presidency of the European Union in the first semester of 2016.<sup>1</sup> The letter, which the Minister had requested SER to send, contains a list of the socio-economic actions whose implementation the SER broadly supports. These focus on the recovery of sustainable growth and employment. In this respect, the SER requests the Presidency to devote particular attention to:

- the EU 2020 Strategy and the EU Investment Plan;
- promoting the internal market, including for energy and digital services;
- establishing a capital markets union in addition to the banking union;
- promoting fair labour mobility;
- open and fair world trade;
- investments in infrastructure and knowledge;
- the earning opportunities presented by a circular economy;
- initiating open coordination to promote ‘lifelong learning’;
- protecting the safety and health of employees by establishing common limits on exposure to certain substances.

The SER endorses the Cabinet’s intention to use its upcoming Presidency as an opportunity to further educate the Dutch public about the functioning and importance of European integration and cooperation. The SER very much wishes to remain involved with defining the priorities for the Dutch Presidency and the resulting activities.

In its letter of 28 January 2015, the Cabinet indicated that it was adopting the SER’s priorities.<sup>2</sup>

### • *Consultations*

In the context of the Dutch preparations for the EU Spring Summit, consultations between an SER delegation and Minister of Economic Affairs Kamp were held on 11 March. The parties discussed the priorities of the 2016 Dutch Presidency, with the top priority being the recovery of sustainable growth and employment. They also agreed that the upcoming Presidency should be used as an opportunity to promote the Dutch economy and the Dutch polder model of consensus-based policymaking.

Employers and employees alike drew the Minister’s attention to the importance a level playing field has for cross-border labour mobility in connection with the free movement

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<sup>1</sup> SER Advisory Report, *Prioriteiten Nederlands voorzitterschap EU* (‘Priorities of the 2016 Dutch Presidency of the EU’), The Hague, 19 December 2014.

<sup>2</sup> The Cabinet’s response can be found at [www.ser.nl](http://www.ser.nl).

of services. This is a prerequisite to garnering public support for European integration. It was noted that the Juncker Commission's investment plan will be a welcome incentive for both investments and the financing of small and medium-size enterprises (SMEs). While the social partners are more involved in preparing the Dutch contribution to the EU 2020 Strategy, they note that the outside world has little interest in the Strategy. They emphasise that the achievement of smart, sustainable and inclusive growth – that will also lead to sustainable jobs – is and will remain the primary responsibility of the individual Member States.

## 2 Wage, unemployment and pension developments

**Guideline 1: Ensure the quality and the sustainability of public finances.**

**Guideline 2: Address macro-economic imbalances.**

**Guideline 3: Reduce imbalances in the euro area.**

The government is ultimately responsible for fulfilling these guidelines. The principal role of the social partners in this regard is the development of negotiated wages and pensions.

### Wage and unemployment developments

- *Rises in negotiated wages*

The Netherlands Bureau for Economic Policy Analysis (CPB) has calculated a 1% movement in negotiated wages for 2014. The CPB is forecasting a 1.25% movement in negotiated wages for 2015.

The derived inflation rate in 2014 was 0.75%; consumer prices rose by 1%. The inflation figures for 2015 are expected to equal those for 2014.

Salary costs per worker rose by 1.75% in 2014. These are expected to rise by 0.5% in 2015.

- *Unemployment*

According to the definition of the term used previously by Statistics Netherlands (CBS), the unemployment rate stood at 8.3% at the end of 2014 (8.6% in January 2014). According to the ILO definition – which has also been applied in the Netherlands since 2015 because of its international comparability – the unemployment rate stood at 7.2% in January 2015.<sup>3</sup>

### Pensions

- *Funding ratio development*

At the end of December, the funding ratio at pension funds stood at 108%, a decrease of one percentage point in comparison to the funding ratio as at 31 December 2013. Since 1 January 2015, pension funds have been prohibited from averaging their funding ratio over three-month periods; as a result, the average funding ratio dropped to 103%. Although that is lower than the statutory minimum of 104.3%, this does not automatically mean that pension funds will have to reduce pensions. Under the new Financial Assessment Framework (nFAF) that entered into effect on 1 January 2015, the average funding ratio over the last twelve months is decisive. As at 31 December, this stood at 110%. What this development does mean, however, is that most pension funds

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<sup>3</sup> CBS Socio-economic Trends, B. Janssen, H.J. Dirven: *Werkloosheid: twee afbakeningen* ('Unemployment: Two Definitions'), 2015/02.

will be unable to index benefits because the conditions under which they are permitted to do so have been made more stringent.

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

In December 2013, an agreement was reached between the Cabinet and a number of opposition parties (D66, ChristenUnie and SGP) to reduce the maximum pension accrual percentage from 2.15% to 1.875% and set the maximum pensionable salary at EUR 100,000. This led to a proposal to amend the Witteveen tax framework bill that had been submitted to the Cabinet earlier in 2013. The Dutch Senate and House of Representatives passed the amendments before the summer recess of 2014. The amendments entered into effect on 1 January.

The effect of reducing the tax incentive for pension accrual is that tax revenues are being brought forward in time and that workers will have to continue working longer in order to receive the same amount in pension. A net savings scheme has been made available (free of tax on imputed return on investment [*vermogensrendementsheffing*]) in respect of salary exceeding EUR 100,000. This scheme is based partly on an advisory report issued by the Labour Foundation in 2013.

The Labour Foundation has also drawn the Cabinet's attention to occupationally disabled employees and their surviving dependents who will be disadvantaged by the EUR 100,000 pensionable salary limit without being able to remedy the situation. The House of Representatives also questioned the State Secretary about this issue, resulting in a commitment for consultations regarding whether a transition measure can be implemented.

- ***Reforming pension contracts***

After a veritable era of preparation – the Foundation began addressing the structure of a new pension contract with the Pension Agreement in 2010 – the Cabinet submitted the Financial Assessment Framework (FAF) Bill to the House of Representatives on 25 June. The Senate passed the bill on 16 December, and the new FAF entered into effect on 1 January 2015.

The social partners met with politicians throughout 2014 with regard to the debate in the House and the Senate, in particular to improve stability. This led to several adjustments. In addition, the decision was taken to conduct two studies that had been requested by the social partners: the Ultimate Forward Rate (UFR) will be tested against European developments, and a study into the effects of interest rate coverage will be conducted in the summer of 2015.

In summary, the new FAF imposes higher requirements on the amount of capital that pension funds must maintain, which makes pension indexation more difficult, but it also enables reductions to be spread over a longer period of time. Another element of this is that pension contributions will be put exclusively towards future pension accrual and will no longer be used to remedy any shortfalls in pension entitlements that have already been accrued. This will help to stabilise both pension benefits and pension contributions.

The Foundation has requested that specific attention should be paid to the ‘indexation supplement deposits’ [*indexatiedepots*] being maintained pursuant to collective agreements. These deposits are intended to facilitate mergers between pension schemes and ease the transition to other pension schemes. In the Foundation’s view, an unintended consequence of the new FAF will be that these deposits will no longer be able to be used for those very legitimate purposes. Further to a letter dated 16 December from the Foundation to the State Secretary for Social Affairs and Employment [*Sociale Zaken en Werkgelegenheid*] (SZW), consultations are being held to arrive at an appropriate solution.

- ***Collective risk-sharing in defined contribution agreements***

Defined contribution agreements [*premieovereenkomsten*] require members to convert the pension capital they have accrued into an annuity by no later than their retirement date. This means that they no longer receive a return on their investment after they retire. In addition, investment risk must be reduced before the retirement date. Moreover, the amount of the pension benefit is strongly dependent on the interest rate on the date the annuity is purchased (conversion risk). All of these factors unnecessarily limit the resulting pension.

At the urging of the social partners, the political agreement reached in December 2013 included ordering a study of the possibilities for building more collective risk-sharing into defined contribution agreements. In December, after multiple meetings between the social partners and pension administrators, the Cabinet decided to detail two key approaches for defined contribution agreements. The net result of both approaches is that retirees will continue to be able to run a partial investment risk in the benefit phase. The Labour Foundation is involved in fleshing out the new approaches.

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

In 2013, as a supplement to the Improved Governance of Pension Funds Act [*Wet versterking bestuur pensioenfondsen*], the Labour Foundation and the Dutch Pension Fund Federation [*Pensioenfederatie*] drafted the Pension Fund Code [*Code pensioenfondsen*]. This Code contains provisions on the performance of the three core governance functions: management, supervision, and reporting. The goal is to make the relationships within pension funds and communications with stakeholders transparent.

In April 2014, both organisations established an independent monitoring committee charged with determining the extent to which the standards laid down in the code are being applied in practice. This monitoring committee has been appointed for a term of four years and issues a report each year. The first report, which regarded a survey of 200 pension funds, was published in February. It concludes that many of the standards included in the Pension Fund Code are being applied. Extra efforts may sometimes be required of pension funds. The committee will perform another survey in the course of 2015 to assess progress.

- ***Pension communication***

The Pension Communication Bill [*Wetsvoorstel pensioencommunicatie*] was presented to the House of Representatives on 2 September. The Foundation issued a written response to the bill in early October. In general terms, the Foundation agrees with the bill because it proposes more transparency and honest communication with members ('pension is not a 100% guarantee').

The Labour Foundation had a hand in preparing the bill as a member of a broadly composed working group led by the Ministry of Social Affairs and Employment (SZW). The bill included many of the group's suggestions. The Foundation indicated that fact in the letter it sent to the Cabinet and the House of Representatives on 3 October. This letter made suggestions for eliminating several remaining practical problems. The House passed the bill unanimously on 5 March.

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

In two advisory reports issued by the Labour Foundation at the State Secretary's request – one of which outlined the main issues and another which discussed them in detail – the Labour Foundation advocated eliminating the problems associated with additional payments [*bijbetalingen*] and making the system of individual transfer of pension rights more transparent by discontinuing the practice of transferring entitlements based on financed value. Since then, SZW has been working on fundamentally revising the pension transfer system. They are not expected to present a proposal before the summer of 2015.

At the end of 2014, in the meantime, the House requested the Cabinet to scrap the maximum application period of six months for individual transfers of pension rights. Because the consequences of that action cannot easily be predicted, the Foundation sent a letter on the matter on 16 December. That letter expressed support for the extension of the application period, but also advocated limiting that extension for the time being to one year, and making that extension a part of the discussions on the fundamental revision of the pension transfer system. In February, the State Secretary sent a draft decree to the House entirely scrapping the six-month period in accordance with the House's wishes, but limiting the problems additional payments may pose for employers by setting a maximum limit on those payments. If the House has no comments on the decree, it will enter into effect in mid-March.

- ***New pension institution***

On 19 December, the Cabinet introduced a bill on the General Pension Fund [*algemene pensioenfonds*] (APF). The APF is a new type of pension fund that differs from the existing professional, industrial and company pension funds and offers parties to collective agreements an additional alternative for pension scheme administration. If parties to a collective agreement or an employer wish to transfer their pension scheme to another administrator, they must generally choose between an insurer or an industrial pension fund. The latter option is not available to every sector, however, and the APF would offer those sectors a new alternative. The APF will make it possible to combine various pension schemes.



The Labour Foundation is an advocate for this new vehicle for pension administration. It may offer solutions, particularly to smaller company pension funds that are in liquidation or in the midst of a merger.

- ***European developments***

The Labour Foundation closely follows European developments regarding IORP<sup>4</sup> and Solvency 2<sup>5</sup> by regularly meeting with the social partners' representatives in Brussels and with pension funds. IORP and Solvency 2 may have a significant impact on second-pillar pensions in the Netherlands. Now that the Member States have reached a compromise on IORP, the European Parliament will debate the proposal. The debate will be premised on the Commission's original proposal dating from March 2014 (rather than on the Member States' compromise). The Foundation appreciates the compromise reached between the Member States and notes that it acknowledges the fact that pensions as a fringe benefit are primarily the domain of parties to collective agreements. The Foundation urges the European Parliament to adopt the compromise proposal.

- ***SER analysis of the future pension system***

Although the Netherlands' pension system has its strengths, the financial crisis in 2008 and long-term low interest rates revealed that it has its weaknesses as well, which has led to decreased confidence in the system. In addition, people need more transparency and more freedom of choice. The pension system of the future must also be more compatible with labour market developments, such as increased labour mobility and the growing number of self-employed persons. For these reasons, State Secretary for Social Affairs and Employment Klijnsma has organised a national pension dialogue.

In this context, the SER has explored four alternatives for developing and strengthening the pension system.<sup>6</sup> During the 'dialogue meetings', the SER collected focused input from a wide range of stakeholders and many experts. This broad-based involvement enriched and gave a great deal of impetus to the discussion. The alternatives explored were:

- a defined-benefit agreement with declining accrual;
- a national pension scheme;
- personal pension capital with voluntary risk-sharing;
- personal pension capital with collective risk-sharing.

The 'personal pension capital with collective risk-sharing' may be an interesting alternative for the future. Because the details of several elements remain unknown, the SER will take the initiative in exploring this alternative further. This alternative involves a contract for personal capital accrual with collective risk-sharing, with capital accrual occurring in the accrual phase. The social partners would be able to stipulate the

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<sup>4</sup> The EC Pension Funds Directive.

<sup>5</sup> The EC Insurers Directive.

<sup>6</sup> SER Advisory Report, *Toekomst Pensioenstelsel* ('Future Pension System'), The Hague, 16 February 2015.

contribution amount, as well as which risks would be collectively shared, during collective bargaining. The average pension contribution system [*doorsneesystematiek*] would be eliminated in this alternative, which would create significant transition problems for which adequate solutions would have to be identified.

### 3 Growth capacity, sustainability and innovation

**Guideline 4: Optimise support for R&D and innovation, strengthen the knowledge triangle and unleash the potential of the digital economy.**

**Guideline 5: Improve resource efficiency and reduce greenhouse gas emissions.**

**Guideline 6: Improve the business and consumer environment and modernise and develop the industrial base for optimal operation of the internal market.**

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

In 2014, the social partners also contributed to achieving the goals of the Technology Pact.<sup>7</sup> This 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. Through initiatives such as sector-wide plans,<sup>8</sup> the decentralised social partners made significant efforts to reduce the shortage of technical staff.

- ***SME financing***

In a report on SME financing, the SER asserts that various forms of market failure are having an impact on credit being granted to SMEs.<sup>9</sup> Solving these financing problems is crucial because SMEs drive the Dutch economy. SMEs are responsible for half of the country's gross domestic product and 60% of its jobs. If SMEs cannot obtain sufficient financing, this will halt the recovery of economic growth and employment.

SMEs are also worse off because domestic spending has been consistently under pressure for years. SMEs depend more on the domestic market than do large enterprises. Implementing a policy that contributes to growth recovery and bolsters purchasing power would be an extremely welcome development for SMEs. Banks, moreover, are more reluctant to grant SMEs credit because they have to shore up their own balance sheets.

A broad, structural approach will be needed to address these financing problems. It would be advisable to make SMEs less dependent on bank credit. The situation calls for other credit providers, such as institutional investors – including pension funds and insurers – to provide SMEs with more risk-bearing capital. This, however, will require addressing information problems and disadvantages of scale.

Among the solutions suggested by the SER for these problems are a growth agenda for the Netherlands, more diversity in financing providers and types of financing, and solutions for information problems and disadvantages of scale. The SER cited the Dutch investment institution [*Nederlandse investeringsinstelling*] (NII) recently established by

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<sup>7</sup> 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 concluding the Technology Pact [*Techniekpact*] in 2013.

<sup>8</sup> For more on this topic, see Chapter 4, Crisis Action Team.

<sup>9</sup> Report, *Verbreiding en versterking financiering MKB* ('Expanding and Increasing SME financing'), SER Social and Economic Affairs Committee [*SER-commissie Sociaal-Economische Aangelegenheden*], The Hague, 8 October 2014. An English-language abstract of 'Expanding and Increasing SME Financing' is available at [www.ser.nl](http://www.ser.nl). ++

pension funds and insurers and urged devoting attention to the problems that are causing excessive transaction fees. That may be a reason for the government to offer facilities, perhaps in the form of guarantees, to smaller SMEs. One reason for government facilities is that the market is not in a position to finance smaller SMEs at reasonable rates. Another reason would be society's interest in ensuring that small, innovative start-ups have sufficient opportunities for growth in the Netherlands. It is these enterprises in particular that banks and alternative financing providers consider to be relatively risky and labour-intensive.

The Cabinet endorsed this report through its letter dated 2 February.

- ***Energy Agreement for sustainable growth***

The Energy Agreement for Sustainable Growth [*Energieakkoord voor duurzame groei*] (Energy Agreement) is aimed at making energy usage and the economy more sustainable (green growth). The Energy Agreement is intended to contribute to *'strengthening the economic structure and in the coming years will free up billions of euros in investments in every sector of society. This will create thousands of jobs and bolster the competitiveness of many companies, enabling them to profit from their knowledge, innovations and workmanship, both in the Netherlands and abroad. The Agreement will thus contribute to the country's, and particularly the construction industry's, recovery from the economic crisis and to long-term investment security for companies that invest in sustainable energy'*.

The Energy Agreement contains various, internationally oriented agreements, such as the ETS<sup>10</sup> and the EU innovation policy laid down in Horizon 2020. There is a great deal of interaction between the various levels of the energy transition (regional/national with European/global).

The Energy Agreement encompasses twelve implementation domains – such as energy saving, innovation, closing old coal-powered plants, and decentralised energy – containing a total of 160 agreements designed to achieve the primary goals of the first transition phase in 2020-23. More than 40 organisations are responsible for those agreements and are working together in implementation teams to perform them. Under the supervision of independent chairman Ed Nijpels, the SER's Energy Agreement Monitoring Committee [*Borgingscommissie Energieakkoord*], which was established in 2013, monitors the implementation of the Energy Agreement.

The employment goal relates to the agreement that at least 15,000 additional full-time jobs will be created between 2014 and 2020. The 2015 Energy Agreement Implementation Agenda [*Uitvoeringsagenda Energieakkoord 2015*] dated 10 February describes the priorities that have been set in this regard. An initial analysis indicates that, over time and based on the proposed calculable policy, investments in renewable energy will total some EUR 5 billion in 2020, and EUR 8 billion in 2023.<sup>11</sup> Investments in energy saving will amount to between EUR 9 and EUR 10 billion in 2020. The rapid

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<sup>10</sup> ETS stands for Emission Trading System.

<sup>11</sup> National Energy Exploration [*Nationale Energie Verkenning*] (NEV), 2014.

investment growth is primarily attributable to energy saving and renewable energy. As a result, the total number of full-time jobs from both activities will increase from 105,000 in 2013 to 163,000 in 2020, although these figures do not take displacement effects into account. Jobs in the conventional sectors and networks will remain roughly the same in that period, between 90,000 and 100,000 full-time jobs.

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

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

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

- ***The Work and Security Act and the Labour Market Fraud (Bogus Schemes) Act***  
The Social Agreement requires a balance to be struck between flexibility and security. By increasing the statutory rights of ‘flex workers’, and dealing much more stringently with bogus schemes and amending dismissal laws, the social partners wish to tackle both ‘excessive flexibility’ in labour relations and ensure a balanced amendment of dismissal laws.

Based on this premise, the social partners have acted as a sounding board for SZW this year during the drafting and detailing of two new laws: the Work and Security Act [*Wet werk en zekerheid*] (WSA) and the Labour Market Fraud (Bogus Schemes) Act [*Wet aanpak schijnconstructies*] (Fraud Act). The WSA entered into effect on 1 January 2015, and the Fraud Act was passed by the House of Representatives on 26 February.

- ***Ban on zero-hours contracts in the health care sector***  
One of the arrangements laid down in the Social Agreement regarding increasing the rights of flex workers relates to banning zero-hours contracts in the health care sector. On 5 December, the Labour Foundation informed the Minister of SZW which sectors it considered to be part of the ‘health care sector’ and that the decentralised parties should play a significant role in fulfilling this agreement and embodying it in their collective agreements. The Foundation assumes that collective agreements will be amended on this point by no later than 1 July 2015.<sup>12</sup>

- ***Advisory report on complying with and enforcing collective agreements***  
On 8 June 2013, Minister Asscher asked the Foundation for advice on improving compliance with, and enforcement of, collective agreements in light of the arrangements stipulated in the Social Agreement. Arriving at this advice required a good deal of consultation, since it also had to serve as a recommendation to the decentralised negotiation parties, particularly in the ‘risk sectors’.

On 27 June, the Foundation responded to the following issues:

- the regulation of private collective agreement compliance and collective agreement enforcement;
- disclosing the key provisions of generally binding collective agreements, i.e. collective agreement provisions that apply to employees seconded to the Netherlands from abroad;

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<sup>12</sup> Letter dated 5 December 2014 from the Labour Foundation to Minister Asscher.

- possibly establishing an intersectoral private collective agreement enforcement agency;
- a general code for responsible procurement.

- ***Governance code for collective agreement funds***

On 11 July, the Labour Foundation called on parties to collective agreements and the boards of collective agreement funds to discuss whether a form of governance had to be established for those funds. If that is the case, the parties will have to determine which form of governance would be the most suitable and advisable. The Foundation has prepared a checklist for that purpose.

- ***Transfer of enterprises***

Another arrangement in the Social Agreement relates to regulating the transfer of enterprises. The parties must determine how they will deal with procurement, outsourcing and bogus bankruptcies in order to ensure that employees will follow the work while retaining their employment benefits. These consultations are ongoing.

## **Labour Market**

- ***Crisis Action Team***

The social partners and the Cabinet wish to offer comprehensive support to the labour market by establishing an Action Team and investing at least EUR 1.2 billion (EUR 600 million from SZW and at least EUR 600 million from the social partners and regions) to support employment 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*].

In the meantime, 79 sectors and regions are busy implementing their sector-wide plans to vitalise their sector/region and retain or create jobs. The last tranche of subsidy funding – EUR 150 million – is specifically intended to create jobs under the From-Work-to-Work [*Van-Werk-Naar-Werk*] (VWNW) or Unemployment-to-Work [*Werkloosheid-naar-Werk*] (UNW) schemes. The application deadline is 31 May 2015.<sup>13</sup> The underlying goal in carrying out the sector-wide and regional plans is to develop a functional infrastructure for VWNW commitments as we go and thus take action in the near future to prevent as much long-term unemployment as possible.

- ***The Workroom and the Regional Job Centres***

The most important goal of the administrative consultations between the Labour Foundation and the Association of Netherlands Municipalities [*Vereniging van Nederlandse Gemeenten*] (VNG) in The Workroom [*De Werkkamer*] is to meet one of the agreements contained in the Social Agreement: helping 100,000 occupationally limited people find jobs in the private sector and helping another 25,000 find jobs with

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<sup>13</sup> More information on the sector-wide plans can be found by clicking on ‘Actieteam’ on the Foundation’s home page at [www.stvda.nl](http://www.stvda.nl) (in Dutch only).

the government.

The Workroom has thus initially focused on promoting cooperation between municipalities and the social partners and on establishing 35 Regional Job Centres [*Werkbedrijven*] to assist this target group with finding jobs in the regions. The efforts in this regard have included organising a national meeting of regional stakeholders, initiating discussions with the regions, reaching agreements on starting points for the regions, publishing informational brochures, and disseminating good practices resulting from four pilot projects.

Starting in 2015, every region will have a Regional Job Centre where municipalities, regional employers' organisations, trade unions, and the employees' insurance agency (UWV) work together to meet the goal at regional level. Other parties, such as educational institutions and organisations for the occupationally disabled, may also be involved.

Because the target group for the jobs are disabled young persons (for whom the UWV is responsible) who are eligible for assistance under the new Participation Act [*Participatiewet*] (for which the municipalities are responsible), the arrangements will not all be the same for the target group and the employers. The Workroom thus sent the State Secretary of SZW a letter dated 10 October urging her to at least advocate that all of the jobs should be eligible for the no-risk policy, mobility bonus, and job coaching. After administrative consultations in November, the State Secretary notified the House of Representatives that she wanted this advice to be heeded by passing legislation to equalise the arrangements starting in 2016. For 2015, at the request of The Workroom, the VNG and the UWV, agreements have been made to harmonise the arrangements as much as possible within the existing statutory and regulatory framework.

The salary subsidy [*loonkostensubsidie*] is another important tool for supporting the creation of jobs under the Social Agreement. This subsidy enables employers to pay the minimum wage to employees whose occupational limitations make it impossible for them to earn the minimum wage on their own. Before this can be implemented, experts will have to determine the wage value in an objective manner. To ensure this, The Workroom and SZW have had the Blik op Werk Foundation validate various providers' methods for determining wage value.

- ***Preventing unemployment***

The Social Agreement stipulates that the SER will provide advice on the future of employee insurances with robust policy terms and conditions. At the Cabinet's behest, this request for advice has been expanded to include advice on a reorientation of the future labour market infrastructure. The advisory report was issued on 20 February.<sup>14</sup>

The SER wants more emphasis placed on prevention. Employees who are in jeopardy of losing their jobs must be offered support from the 35 Regional Job Centres (which have

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<sup>14</sup> SER Advisory Report, *Werkloosheid voorkomen, beperken en goed verzekeren: Een toekomstbestendige arbeidsmarktinfrastructuur en Werkloosheidswet* ('Preventing, limiting and adequately insuring unemployment: a future-proof labour market infrastructure and Unemployment Act'), The Hague, 18 February 2015.



yet to be opened) before they end up receiving unemployment benefit. The Regional Job Centres should offer support, VWNW schemes and guidance that primarily focus on the period before people apply for unemployment benefit. These services will supplement those offered by the UWV. The SER proposes financing these Regional Job Centres using unemployment benefit contributions.

This model offers leeway for trade unions and other parties to play a role in implementation. The SER is opting for a practice-based approach. In the coming years, those involved can gain experience by participating in pilot projects.

In order to foster improved cooperation between parties at regional and sectoral level, the social partners must be assigned a greater role in labour market policy and in controlling the implementation of the Unemployment Act. The SER advocates improvement at three levels. At central level, the SER proposes assigning the social partners a significant advisory role regarding certain aspects of the implementation of the Unemployment Act, such as the system for establishing contributions and the policy on intermediation and reintegration. At sector level, parties to collective agreements must be afforded the opportunity to issue advice on establishing the contributions for sectoral funds. At regional level, it is important to link sectoral initiatives to regional policy. This is in line with the shifting of responsibility for certain aspects of the labour market policy to regional level. The SER will take the initiative in exchanging the information and experience gained at regional level.

- ***Fair labour mobility in the EU***

Cross-border labour mobility is a given and a consequence of both the internal EU market and globalisation. It is part of an internationally oriented economy.<sup>15</sup> However, a situation that is both positive for the Netherlands and for migrants can only be created within a larger framework of fair competition and a level playing field for companies and employees.

A ‘trust offensive’ will be needed to increase support for the free movement of employees, and particularly for the free movement of services/secondment. At the outset, this will mean devoting attention to enforcing the rules on free movement that are already in place. The SER urges the Cabinet to work with the social partners to start an action plan for promoting fair labour mobility in the EU and devoting attention to the integration [*inburgering*] of EU migrant workers and their social and employment positions. This plan will also have to focus on better utilising the qualifications of EU migrants; many EU migrants are actually overqualified for the work they do.

The action plan should also call for the revision of the secondment directive. This could mean emphasising the temporary nature of employment in connection with cross-border services. Moreover, it would be useful to have clarification of such terms as ‘salary components’ [*loonelementen*], ‘tax-free allowances’ [*onbelaste vergoedingen*], and ‘applicable employment terms and conditions’ [*toepasselijke arbeidsvoorwaarden*]. In

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<sup>15</sup> SER Advisory Report, *Arbeidsmigratie* (‘Labour Migration’), The Hague, 10 December 2014. An English-language abstract of ‘Labour Migration’ is available.

addition, the social security coordination regulation must be re-examined in order to promote a level playing field between Dutch companies and those based elsewhere in the EU, as well as between Dutch employees and those originating from elsewhere in the EU. In this context, the advisory report also states that attention should be paid to the information directive, the establishment of special enforcement rules for the transport sector, and to increasing the efforts at EU level to prevent abuse and fraud.

As far as the need for knowledge migrants is concerned, the primary challenge facing the Netherlands is getting the country on potential knowledge migrants' radar. Recruiting and binding foreign students can play an important role in achieving this.

## **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. This can be accomplished, for example, by providing incentives for industries and companies to draft occupational health and safety catalogues. 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, using a subsidy from SZW, the occupational health and safety catalogues follow-up project (Follow-up Project) was started and ran until 31 December (after being extended). The Follow-up 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. Various activities were undertaken to achieve these goals.

In October/November, three round-table discussions regarding the catalogues were held in the Dutch cities of Zwolle, Utrecht and Eindhoven under the title: 'Occupational health and safety catalogues, unknown or unpopular?' [*De arbocatalogus, onbekend of onbemind?*]. The purpose of these meetings was to promote the implementation of these catalogues at sector and company level. Each meeting highlighted an occupational health and safety issue, such as language as a safety risk, and explained the catalogue's effect in a particular sector, after which the participants engaged in discussions with one another. Many tips and a great deal of useful advice were exchanged regarding engendering support, communication, accessibility, monitoring, keeping the catalogues up to date, embedding the catalogues within a learning culture and broader policy that focuses on occupational health and safety and vitality.

In accordance with the project proposal, new guidelines 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 guidelines entitled 'Psychosocial strain' [*Psychosociale arbeidsbelasting*] and 'Language on the shop floor' [*Taal*]

*op de werkvloer*] were published in the spring, while the other guidelines, ‘Inhalable allergens’ [*Inhaleerbare allergenen*] and ‘The HSE officer’ [*De preventiemedewerker*], were published at the end of the project. Rather than updating the guideline entitled ‘Emergency Response Team’ [*Bedrijfs hulpverlening*] (2008), a ‘List of FAQs about the Emergency Response Team’ [*Lijst veelgestelde vragen over de bedrijfs hulpverlening*] was published. A practical study was also conducted regarding the best way to reach SMEs in particular with the catalogue, especially the solutions the catalogue contains for occupational health and safety risks. The study was the basis for the guideline entitled ‘Promoting the implementation of occupational health and safety catalogues at SMEs’ [*Bevordering implementatie arbocatalogus in mkb-bedrijven*].<sup>16</sup>

- ***Coordination and monitoring***

During this reporting year, preliminary meetings were held to determine whether a coordination desk could be set up in order to streamline the consultations between the social partners themselves and between the social partners and SZW (and the other ministries) on occupational health and safety issues. These meetings were prompted by the fact that the social partners need a higher degree of structure in order to deal with the multitude of occupational health and safety issues that become the subjects of consultations. Another task for such a coordination desk would be to ensure that attention to the catalogues does not wane after the Follow-up Project ends. The guidelines, websites, and other tools developed by this project will, after all, have to be updated on a regular basis if they are to remain useful to decentralised occupational health and safety consultations.

- ***Vitality***

Vital employees are indispensable to the business community. In addition to a healthy and safe work environment, promoting a healthy lifestyle is essential to keeping employees fit for work longer. In this context, the Labour Foundation and the Healthy Weight Covenant [*Convenant Gezond Gewicht*] organised the fourth symposium entitled The Healthy Shop Floor [*De Gezonde Werkvloer*], which was held at the SER building on 7 October. This year’s theme was: ‘Get on the floor! Developing your own structural vitality policy’ [*De vloer op! Zelf aan de slag met structureel vitaliteitsbeleid*]. Various speakers – including Prince Pieter-Christiaan of Orange, chairman of Laureus Nederland, and Henriëtte Prast, a professor of health and behaviour – explained how to change the behaviours of both employers and employees. Afterwards, the approximately 120 participants literally got on the floor: at standing tables where they shared their thoughts on the theme. Finally, Paul Rosenmöller, chair of the Healthy Weight Covenant, spoke with experts, managers, and employees about how they can promote healthy behaviour at work.

- ***RI&E Centre***

Employers are required by law to use a Risk Inventory and Evaluation (RI&E) to outline the risks inherent in the work their employees perform. In the action plan that constitutes part of an RI&E, the employer describes all of the measures being taken to minimise

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<sup>16</sup> These guidelines can be downloaded (in Dutch only) from the Foundation’s website at [www.stvda.nl](http://www.stvda.nl).

these risks. The result must be tested by a certified key expert [*gecertificeerd kerndeskundige*] (these are company doctors who are registered under the Dutch Individual Health Care Provision (Professions) Act [*Wet op de beroepen in de individuele gezondheidszorg*, or *BIG*], certified employment experts, safety experts, occupational health strategists, etc.).

Since 1 April 2011, companies employing no more than 25 employees have not been required to obtain this approval as long as they use an RI&E instrument that has been registered with the RI&E Centre [*Steunpunt RI&E*]. Under order of SZW, the Labour Foundation is responsible for the RI&E Centre. This Centre handles the digitisation of industry-specific RI&E instruments and makes these available to all businesses via its website at [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.

- ***Improving the quality of occupational health care***

On 19 September, the SER published an advisory report on occupational health care. The premise of the report is that this type of health care must be improved: it must be made more effective and better informed; it must devote attention to prevention and re-integration; *and* it must be accessible to all workers.<sup>17</sup> This advisory report outlines a future strategy for occupational health care, referring in particular to the changes on the labour market and the increased importance of workers' sustainable employability. The firm support of an accessible knowledge infrastructure will be needed to provide qualitatively better occupational health care. This will enable insights into, and knowledge of, occupational health problems, diagnoses, and treatments to be combined and disseminated. This will also improve the identification, diagnosis, and prevention of occupational illnesses. Improved effectiveness and efficiency will lead to fewer absences, fewer dropouts and lower health care costs, which will also mean lower costs for employers, employees, and society as a whole.

Within the SER, opinions differ on which route must be followed to arrive at better occupational health care. Some advocate that employers, along with the employee participation body [*medezeggenschapsorgaan*], should remain responsible for managing employee absence. Companies themselves must determine which occupational health and safety services [*arbodiensten*] and experts they will engage. Others argue that the desired improvements must be achieved through investments and statutory support. This faction advocates such measures as providing financing for company doctors and legally ensuring that employees have access to company doctors.

On 28 January, in its response to this advisory report, the Cabinet noted that there is no broad support for altering the occupational health care system.<sup>18</sup> Given this, the Cabinet

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<sup>17</sup> SER Advisory Report, *Betere zorg voor werkenden: Een visie op de toekomst van de arbeidsgelateerde zorg* ('Better health care for employees: a strategy for the future of occupational health care'), The Hague, 19 September 2014.

<sup>18</sup> The Cabinet's response can be found at [www.ser.nl](http://www.ser.nl).

wishes to make an effort to develop specific measures that will improve both occupational and regular health care services while allowing employers to govern the policy on employee absence.

## Social security and health care

- ***Private supplemental unemployment and partial disability insurance***

The WSA (Work and Security Act) limits both the statutory duration and accrual of benefits under the Unemployment Insurance Act [*Werkloosheidswet*, or WW] (WW) and the salary-linked Partial Capability for Work Act [*Wet gedeeltelijk arbeidsgeschiktheid*, or WGA] (WGA). Moreover, despite the fact that the Social Agreement stipulates that employees facing the risk of unemployment must be given access to VWNW schemes, this has not prevented those employees from ultimately receiving unemployment benefit. This is why the Foundation – in accordance with the Social Agreement – sent the parties to collective agreements a letter dated 11 July calling on them to anticipate the upcoming changes by including provisions on supplemental WW/WGA insurance in their collective agreements. This letter explains how they can achieve the arrangement stipulated in the Social Agreement.

In the meantime, the social partners in the Labour Foundation have begun working on enabling parties to collective agreements to transfer the supplemental insurance schemes to a national administrative organisation in order to increase efficiency. In doing so, the social partners are taking into account the various possibilities laid down in the SER Advisory Report entitled ‘Preventing, limiting and adequately insuring unemployment’.

- ***Organising the Unemployment Insurance Act as a structural, cost-covering employee insurance***

The Social Agreement also stipulates that contributions for unemployment insurance must be set at an amount that will cover costs. Based on this stipulation, the SER<sup>19</sup> advises setting a WW contribution that will structurally cover costs. In other words, a contribution that is high enough to cover all of the expenses associated with WW, including the costs of effective intermediation and reintegration, as well as the costs of the activities to be performed by the proposed Regional Job Centres.

The contribution amount will be based on the costs associated with the average unemployment rate over a period of ten years. This will result in a stable contribution that is not procyclical and will thus not add to the country’s unemployment woes. In accordance with the Social Agreement, the SER advises having employees once again begin paying part of the WW contribution, at a 50-50 ratio to keep purchasing power at the same level.

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<sup>19</sup> SER Advisory Report, *Werkloosheid voorkomen, beperken en goed verzekeren: Een toekomstbestendige arbeidsmarktinfrastuctuur en Werkloosheidswet* (‘Preventing, limiting and adequately insuring unemployment: a future-proof labour market infrastructure and Unemployment Act’), The Hague, 18 February 2015.

- ***Second opinions by the UWV***

Despite the Labour Foundation's pleas to the contrary, the Minister has decided to implement a sharp increase in the fees<sup>20</sup> for a second opinion from the UWV.<sup>21</sup> The Foundation feared that the financial barriers would restrict accessibility to, and use of, second opinions and that, as a result, employee reintegration would stagnate and the success of the Permanent Invalidation Benefit (Restrictions) Act [*Wet Verbetering Poortwachter*] would be undermined.<sup>22</sup> According to reports, the number of second opinions requested fell from 20,274 in 2012 to 14,019 in 2013. This trend continued in the first four months of 2014 in comparison to the same period in 2013 (from 6,169 in 2013 to 4,939 in 2014).

In February 2014, the Labour Foundation requested the UWV to investigate the reason for this significant decrease. Because this request had not been granted, the Foundation sent another request to the UWV on 17 February 2015.

- ***Emergency Scheme***

On 17 August 2012, the Foundation objected to the Emergency Scheme [*Calamiteitenregeling*] proposed by the Minister, which would extend the waiting period for filing claims under the Unworkable Weather Scheme [*Regeling onwerkbaar weer*] from two weeks to four weeks. Moreover, the social partners would no longer be able to deviate from this scheme in their collective agreements. On 17 June 2013, the Foundation requested the House of Representatives to postpone implementing the Emergency Scheme until after the SER issued its advisory report on the future labour market structure and the organisation of the WW.

On 22 August, the SER sent the Minister its advisory report entitled 'Unemployment Insurance Act Emergency Scheme' [*Calamiteitenregeling WW*]; that advisory report was consistent with the position of the Labour Foundation. In its advisory report of 20 February entitled 'Preventing, limiting and adequately insuring unemployment', the SER stood by the advice contained in its advisory report of 22 August. The Cabinet has not yet issued a response.<sup>23</sup>

- ***The UWV's provision of information to the sectors***

The Labour Foundation has an increasing and urgent need for more specific information from the UWV. The information provided must contribute to:

- meeting the obligations under the Social Agreement in respect of the WW and the WGA/Sickness Benefits Act [*Ziektewet*] (ZW);

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<sup>20</sup> The fees have been raised from EUR 50 to EUR 100 for employees and from EUR 50 to EUR 400 for employers.

<sup>21</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 SZW.

<sup>22</sup> Letter dated 7 November 2012 from the Labour Foundation to the House of Representatives regarding the fee increase for second opinions from the UWV.

<sup>23</sup> The Explanatory Memorandum to the Work and Security Act stated that the Emergency Scheme would not enter into effect before 1 April 2016.

- the sectors' development and implementation of labour market and occupational disability policies;
- enabling sectors and subsectors that fall within the scope of the WW contribution group system [*premiegroepensystematiek WW*] to issue optimal advice regarding contribution-setting.

The Foundation, along with representatives of the hospitality [*horeca*], retail, painting, and agriculture industries, discussed these issues with SZW. Expectations are that most of the desired information can be provided starting on 1 January 2016, which will enable the sectors to limit their expenses under the Work and Income (Fitness for Work) Act [WIA]/the Occupational Disability (Benefits) Act [WAO]/the Occupational Disability (Self-Employed Persons) Act [WAZ]/the ZW and the WW. It will also enable the sectors to promote employees' return to work.

- ***Limiting 'safety netter' absence due to illness and occupational disability***

The UWV is legally responsible for providing assistance to 'safety netters' – employees with temporary contracts who begin receiving sickness benefits before their employment terminates – and ensuring their reintegration into the labour market. In the context of the Social Agreement, the social partners agreed to continue bearing the responsibility to ensure that fewer people apply for WIA benefits. To that end, the social partners designed reintegration-oriented pilots that will be rolled out nationwide.<sup>24</sup> The social partners want to determine whether a sector-specific approach to reducing safety netter absence due to illness would work better than the approach taken by the UWV.

The 'Temporary decree on experimentation with the Sickness Benefits Act' [*Tijdelijk besluit experimenten Ziektewet*] authorised the UWV to transfer its responsibility for health and safety issues under the ZW for a limited number of safety netters to these sectors.<sup>25</sup> The agreement involved *Gezond Transport* (transport industry) assuming responsibility for 60 safety netters, while *Stigas* (agriculture industry) assumed responsibility for another 100 and *Vakcentrum* (retail industry) assumed responsibility for another 60.<sup>26</sup>

The innovation is that responsibility for reintegration after the termination of temporary employment will be retained by the employer rather than being transferred to the UWV; there will no longer be a transition between the employer's and the UWV's responsibility. This will enable the parties to implement longer and alternative reintegration programmes. The UWV will continue to be responsible for paying benefits. In order to support reintegration, a no-risk policy will apply after the first year of sick leave. An employer who hires a safety netter who has been ill for more than a year will not run any risk of being required to continue making salary payments in case of illness for a period of five years. The rationale is that this will make employers more prone to

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<sup>24</sup> Subject to SZW's commitment to refrain from implementing the work history requirement [*arbeidsverledeneis*] that had been provided for in the bill on Limiting Safety Netter Absence Due to Illness and Occupational Disability.

<sup>25</sup> Decree dated 1 September 2014, Bulletin of Acts, Orders and Decrees [*Staatsblad*] Volume 2014, 319.

<sup>26</sup> Covenant pursuant to the 'Temporary decree on experimentation with the Sickness Benefits Act' [*Convenant Tijdelijk besluit experimenten Ziektewet*], a covenant concluded between the Transport and Logistics, Agriculture, and Retail industries and the UWV on 15 September 2014.

hire safety netters.

The intended result is to prevent safety netter absence due to illness by taking the same preventive measures for them that are deployed for employees with permanent employment contracts. It is also intended to shorten the current UWV term of absence due to illness by an average of two months (43.5 days of social security benefits).

Due to pressure of work at the UWV, these pilot projects will not start until 15 September. The pilot projects are financially possible thanks to the Sector Plan Co-financing Scheme [*Regeling cofinanciering sectorplannen*]. Initial feedback has been positive.

- ***Study of the monitoring and evaluation of pilot projects under the Sickness Benefits Act***

The results of the sector-wide pilot projects relating to safety netters are important because they will provide information based on which safety netter programmes can be rolled out nationwide. The Foundation, the sectors involved and the UWV met on 20 January met in order to supervise the study of the monitoring and evaluation of pilot projects under the Sickness Benefits Act [*Monitoring en evaluatie pilots Ziektewet*], which was commissioned by SZW. The primary question to be addressed is whether safety netters whose employment has been terminated will stop receiving sickness benefits sooner if the sectors, rather than the UWV, are responsible for the safety netters' occupational health and safety issues and their reintegration.

- ***Assessment of the Bezava Act***

The Bezava Act, also known as the Act on Limiting Safety Netter Absence Due to Illness and Occupational Disability [*Wet Beperking ziekteverzuim en arbeidsongeschiktheid vangnetters*], entered into force in January 2013. A study is now being conducted to assess the extent to which the modernisation of the Sickness Benefits Act has affected the behaviour of employers, current and former sickness benefits recipients, and insurers and how it has affected developments on the insurance market. The assessment of the law will have to be completed at the end of 2015, three years after its implementation.

- The purpose of the Bezava Act is to enable temporary 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>27</sup>
- The Labour Foundation has opposed this law for various reasons.<sup>28</sup> In order to gain insight into how the effects of the Bezava Act are being measured, the Labour

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<sup>27</sup> According to the Rutte I Cabinet, the amount of sickness benefit and the length of time it is received must also be made dependent on the length of a person's work history.

<sup>28</sup> On 7 December 2011 and 6 September 2012, the Foundation presented letters to the House of Representatives and the Senate, respectively, expressing the Foundation's view that the usefulness, necessity and effectiveness of the included measures had not been demonstrated. The letters also stated that, in the Foundation's view, the



Foundation has become a member of the external supervisory committee charged with assessing that Act.

- ***Follow-up study of 80-100 WGA***

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’.<sup>29</sup> Because this study showed that, over a longer period of time, 28% of the WGA 80-100 population fully recover, SZW has decided to do a follow-up study. The Labour Foundation will participate in the sounding boards.

This time, the question being studied is: *What meaningful opportunities are still available to WGA 80-100 people, how can these be promoted (and utilised), and what chance do these offer for modified work over the long term?* The answer must help the social partners arrive at specific measures to ensure that fewer employees are compelled to claim an occupational disability benefit, and that those that do claim the benefit are reintegrated more quickly. This will satisfy one of the stipulations of the Social Agreement.

- ***Assessment of the SUWI***

The Labour Foundation is involved in SZW’s assessment of the Work and Income Administration Agency (Structure) Act [*Wet structuur uitvoeringsorganisatie werk en inkomen*] (SUWI). This assessment was instituted partly in light of the discussion about the new division of labour market-related responsibilities between the government and the social partners. The issue being assessed is whether the SUWI is helping more people find jobs.

- ***Continued payment of wages during sick leave and degree to which SMEs are insured***

The 2014 Budget Agreement [*begrotingsakkoord 2014*] stipulates that a study will be conducted regarding employers’ obligation to continue paying wages to employees who are on sick leave, employers’ risks relating to illness and occupational disability, and the chances for promoting solidarity among SME employers, perhaps by increasing the degree to which they are insured through private reinsurance policies or collective funds for SME employers.<sup>30</sup> The Foundation will participate in the sounding boards.<sup>31</sup>

- ***Cancer and work***

Since October, employers’ and employees’ organisations have been participating in SZW’s Cancer and Work Action Plan Steering Group [*Stuurgroep Actieplan Kanker en*

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effects on employment opportunities, the chances on safety netters returning to work and the reduction of new claims under the Sickness Benefits Act and the WIA had not been sufficiently explained.

<sup>29</sup> ‘WGA’ is the abbreviation for the Resumption of Work (Partially Fit Persons) Regulation [*Werkhervattingsregeling gedeeltelijk arbeidsgeschikten*].

<sup>30</sup> Parliamentary Documents II 2013/2014, 33 750, no. 19.

<sup>31</sup> Panteia, *Prikkels en knelpunten: Hoe werkgevers de loondoorbetalingsverplichting bij ziekte beleven* (‘Incentives and problems: Employers’ experiences with the obligation to continue paying wages during sick leave’), 8 December 2014 and Ape survey, *Verzekeringsgraad kleine werkgevers* (‘Degree to which small employers are insured’), November 2014.

*Werk*]. This steering group consists of all of the parties who are involved in providing sick leave guidance during the first two years of illness. The group is identifying problems and determining whether they are specifically related to a cancer diagnosis or whether they are attributable to larger causes. The group is also assessing whether new measures are needed, such as an expansion of the no-risk policy and more effective reintegration efforts on the part of the UWV.

- ***Health insurance and migrant workers***

In early 2014, the CNV Vakmensen trade union instigated a debate on alleged abuses in connection with insurers offering cheap health insurance exclusively to foreign employees. On 19 May, the Minister of Health, Welfare and Sport [*Volksgezondheid, Welzijn en Sport*] (VWS) held a round-table discussion with the parties involved. The outcome of this discussion prompted the Minister of SZW to join forces with the Labour Foundation to investigate ‘*how migrant workers can be better informed and how health insurance abuses can be prevented*’.<sup>32</sup>

The Labour Foundation is consulting with representatives of health insurers and employment agencies as it works to formulate a response regarding how these problems can be addressed.

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<sup>32</sup> Letter dated 16 January 2015 from the Minister of SZW to the House of Representatives regarding health insurance and migrant workers.

## 5 General and vocational education and training

**Guideline 8: Develop a skilled workforce responding to job market needs and promote lifelong learning.**

**Guideline 9: Improve the quality and performance of education and training systems at all levels and increase 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. Education in the area of language skills, after all, forms the basis for improving employees' position on the job market. The Labour Foundation has spent the last year bringing these problems to the attention to decentralised parties to collective agreements. Together with Stichting Lezen & Schrijven (reading and writing foundation), the Labour Foundation is running the taalwerkt.nl website, which provides employers and employees with practical information for addressing low literacy skills in their organisations.

One of the causes for accidents at work is employees being unable to follow procedures and instructions at work because they have problems with the language. As part of the occupational health and safety catalogue Follow-Up Project, the Labour Foundation commissioned TNO to develop a practical guide for addressing language problems as the cause of unsafe situations on the shop floor. The guide, entitled 'Language and Safety Risks' [*Taal en veiligheidsrisico's*] contains practical solutions for situations in which language creates a safety risk. The guide is intended to support the representatives of employers and employees in sectors and industries that want to draft or expand an occupational health and safety catalogue.

- ***Language and arithmetic in vocational education (MBO) programmes***

Every young person who has completed an education or training programme should leave with a full-fledged diploma. Experience has shown, however, that not every student is capable of meeting the relevant language and arithmetic requirements. Now, students in their second and third years of MBO programmes who do not meet these language and arithmetic requirements will not receive an MBO diploma, even if they have completed the qualifications for their specific field of study.

The Labour Foundation supports an exception scheme in order to prevent young people with language and arithmetic problems from having to face the labour market without an MBO diploma in hand. These students should be afforded the opportunity to earn a certificate or an industry-specific diploma. On 3 November, the Foundation requested the House of Representatives to put this issue on the agenda for the debates on the OCW budget. The Minister has not yet responded to this request.

- ***Harmonising universities of applied sciences (HBO programmes) with the labour market***

In mid-2015, the Minister of OCW will be publishing the ‘2015-2019 Strategic Agenda for Higher Education’ [*Strategische Agenda hoger onderwijs 2015-2019*]. In anticipation of this, the social partners want to share their views on HBO programmes, which focus on stimulating and, if necessary, improving the harmonisation between HBO programmes and the labour market.

Intensifying the cooperation between the business community and vocational and professional education is important to the social partners. It should focus not only on initial HBO programmes, but also on training for employed persons and job seekers. The training programmes available to employed persons *must* be geared to *their* needs. The programme must be geared to the individual career prospects of both employed persons and job seekers, and it must take into account the experience and competencies they have already acquired. Since everyone will now be working longer and training is playing a more significant role in increasing employability, an increasing number of adults who have already been employed for some time are enrolling in HBO programmes for additional training or as part of making a career change.

The Labour Foundation expects to be able to complete its findings on this issue during the spring of 2015.

- ***APL***

An APL certificate [*Ervaringscertificaat*] is conferred to prove that one has received ‘Accreditation of Prior Learning’ [*Erkennen van Verworven Competenties*]; it is one of the labour-market tools 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 career possibilities for those already employed, and in terms of recruitment and career path for those seeking jobs. Through a covenant (2012), the government, employers and employees have undertaken to make their best efforts to promote APL as a job market instrument.

During the last reporting year, the parties to the covenant (OCW, SZW, Economic Affairs (EZ) and the social partners) drafted an implementation plan aimed at restructuring the APL system, converting it into a new, future-proof system that will begin issuing validations starting in 2016. The restructuring is intended to safeguard the tool’s quality, quantity and effectiveness. This system will be worked out in more detail in the transition period covering the years 2014 and 2015.

The Labour Foundation issues a periodic newsletter entitled ‘APL News’ [*EVC-berichten*] for distribution among the decentralised social partners. This newsletter reports APL-related developments and shares good APL practices.

- ***Helping flex workers earn starting qualifications***

In the Social Agreement, the decentralised parties to collective agreements were asked to ensure that flex workers and self-employed persons have the same access to training in

their businesses/sectors that are afforded to employees with permanent employment contracts. The Social Agreement also asserts that flex workers should be offered training that is at least sufficient for them to earn starting qualifications. Attention is also requested for cross-sector cooperation between education and training funds in order to, for example, increase the feasibility of VWNW transitions.

In its letter dated 5 February 2015, the Labour Foundation informed Minister of SZW Asscher that, this spring, the Foundation would be assessing the situation at decentralised level regarding this aspect of the Social Agreement.

## 6 Social inclusion and combating poverty

### Guideline 10: Promote social inclusion and combat poverty.

- **Combat discrimination and promote diversity in businesses and organisations**

Discrimination occurs in every facet of society, and the labour market is no exception. The issue of discrimination is still plagued by ignorance: what is it, how does it start, and what can be done about it? A great deal of discrimination is born of stereotypes and is unintentional, but discrimination is still discrimination, regardless of whether it is unintentional or unconscious. The SER considers combating all forms of discrimination in the labour market – including unconscious discrimination born of prejudice – to be a key priority, and this issue is the core of its advisory report entitled ‘Discrimination doesn’t work!’ [*Discriminatie werkt niet!*].

Combating discrimination on the labour market will require joint action by employers, employees and the government. The SER recommends employing a charter to stimulate businesses to implement diversity policies, having works councils play a greater role in combating discrimination, providing employers and employees with more information and training, and improving the SZW Inspectorate’s supervision and enforcement with regard to complaints.<sup>33</sup> The generic recommendations benefit people who experience discrimination at work. These include non-Western foreigners, people with occupational limitations, members of the LGBT community,<sup>34</sup> women in general (and pregnant women in particular) and the elderly. In order to do justice to the individual groups, the advisory report also contains specific advice for each of them.

In response to this SER advisory report, Minister Asscher sent a letter dated 16 May announcing an action plan for combating discrimination on the labour market.<sup>35</sup>

- **Diversity at work**

Last summer, at the SER’s request, the Labour Foundation began fleshing out several of the recommendations made in the aforementioned SER advisory report.<sup>36</sup> To that end, the Foundation developed the ‘Diversity at work’ [*Diversiteit in bedrijf*] project. In order to involve government employers and employees in the project, the Foundation sought out cooperation from the Council for Public Sector Personnel Policy [*Raad voor het Overheidspersoneelsbeleid*] (ROP).

The goal of this three-year Foundation and ROP project is to support businesses and works councils in promoting diversity and to assist companies that want to make a conscious step towards diversity by establishing a charter. The project commenced in February. Financial support has been sought from the Ministry of SZW.

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<sup>33</sup> SER Advisory Report, *Discriminatie werkt niet! Advies over het tegengaan van discriminatie bij de arbeid* (‘Discrimination doesn’t work! Advice on combating discrimination on the labour market’), The Hague, April 2014. An English language abstract of ‘Discrimination doesn’t work!’ is available at [www.ser.nl](http://www.ser.nl)

<sup>34</sup> LGBT stands for lesbian, gay, bisexual, and transgender.

<sup>35</sup> The Cabinet’s action plan can be found at [www.ser.nl](http://www.ser.nl).

<sup>36</sup> Letter dated 12 May 2014 from the Labour Foundation to the Minister and State Secretary of SZW.