

March 2019

Contribution of the Dutch social partners to the National Reform Programme relating to the EU 2020 Strategy March 2018 – February 2019

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 achieve a higher 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 and sub-targets that must ensure that the targets agreed in the strategy are 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: CO₂ emissions, energy from renewables and energy efficiency;
- reducing school drop-out rates to 10% and increasing the percentage of 30-40-year-olds who have completed 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.

Each year, in cooperation with the Social and Economic Council of the Netherlands [*Sociaal-Economische Raad*] (SER), the Labour Foundation [*Stichting van de Arbeid*] prepares a 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 contains the social partners' main contributions towards meeting the headline targets arrived at in consultation between the Labour Foundation and the SER. Contributions that the social partners have made separately to achieving these targets fall outside the scope of this report.

This report clusters the ten guidelines for each theme of the EU 2020 strategy and indicates the measures the social partners undertook between March 2018 and February 2019 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.

- ***Final remarks***

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 European cooperation

As members of the SER and the Labour Foundation, employer organisations and employee organisations regularly discuss their views and possible contributions to the European consultations on achieving these EU 2020 targets.

Consultations concerning the EU Spring Summit

On 8 March, a consultation chaired by SER chair Mariëtte Hamer was held between an SER delegation, which included the central employer and employee organisations, and Minister Eric Wiebes of Economic Affairs and Climate Policy (EZK) to prepare for the EU Spring Summit.

The preparations for this consultation were based in large part on the various European Semester documents, including Country Report The Netherlands for 2018.

Minister Wiebes cited the positive status of the Dutch economy and drew attention to the necessity of the Climate Agreement from a European perspective. Discussions were also had regarding Brexit, the strengthening of the EMU, labour migration, the divide on the labour market, innovation, and the position of self-employed workers.

The social partners were unanimous on the necessity of avoiding a hard Brexit. Various speakers linked the Brexit debate to the earlier SER advisory report on the TTIP (the investment and free-trade convention with the US) dating to 2016, which includes a social and environmental standard for trade conventions. In their view, the EU has sufficient scale to champion fundamental labour standards via trade agreements.

SER chair Hamer concluded by announcing that the SER was working on an advisory report on energy transition and employment for the Cabinet. The SER hopes that this will contribute to achieving the ambitions that were jointly expressed during the consultation.

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 three guidelines. The principal role of the social partners primarily regards the development of negotiated wages and pensions.

2.1 Wage, employment and unemployment developments

- ***Rises in negotiated wages***

The Netherlands Bureau for Economic Policy Analysis (CPB) has calculated a 2.0% movement in negotiated wages for 2018. The CPB is forecasting a 2.8% movement in negotiated wages for 2019.

Inflation (harmonised price index) was 1.6% in 2018; inflation for 2019 is estimated at 2.4%.

The hourly wage rate (wage costs) rose by 2.7% in 2018. This is expected to rise by 3.5% in 2019.

- ***Unemployment***

According to the definition of the term used by Statistics Netherlands (CBS), the unemployment rate stood at 3.9% at the end of 2018. The CPB expects this rate to drop further, to 3.6%, the point at which it stood prior to the 2008 credit crisis.

2.2 Pensions

- ***Funding ratio development***

Based on the average funding ratio over the past twelve months, the policy funding ratio rose from 106% to 108% in 2018. The final ratio for 2018 was higher than the 104.3% minimum required by law. Expectations are, however, that several pension funds will end the year with a funding shortfall. Several large funds, in particular, still have funding ratios that fall short of the 104.3% minimum. As a result, reductions of pensions in 2020 still remain a realistic scenario. The social partners discussed the state of affairs regularly with the Minister of Social Affairs and Employment [*Sociale Zaken en Werkgelegenheid*] (SZW), the Dutch Central Bank (DNB), and the Pension Federation [*Pensioenfederatie*].

- ***New pension agreement***

The SER outlined several variants for a future pension contract in 2015 and 2016. In response, the Cabinet indicated in the coalition agreement that it wished to join the social partners in taking a step towards a modernised pension system. This must eliminate the weaknesses of the current pension system while retaining its strengths – examples of the latter being mandatory participation, collective administration, risk sharing, and tax support. The parties in the SER did not succeed in 2018 in arriving at a unanimous advice on this issue, not least because it is closely related to the Dutch State Pension [*AOW*].

There are divergent opinions on the amendment of statutory provisions to reflect the increase in the State Pension retirement age, as well as on the speed at which that increase should be implemented.

- ***Other pension-related issues***

In addition to the broader debate on the future pension system, which is taking place primarily in the SER, the social partners in the Labour Foundation have been focusing mainly on developing solutions for the imperfections in current pension laws and regulations. A few examples follow.

- In the last ten years, the number of pension funds has decreased from more than 700 to fewer than 250. The social partners agree that further consolidation is desired to achieve benefits of scale and reduce administration costs. Mandatory industry pension funds may not merge, however, if their funding ratios are too disparate on the merger date. The merger of industry pension funds would be simplified if they worked with financially separate assets for no more than five years and their respective funding ratios were harmonised. The Cabinet had submitted a proposal to that effect, but additional conditions were included here as well. According to the pension sector, the conditions were too stringent. The Cabinet ultimately decided to withdraw the proposal. The social partners are now in consultations with SZW to determine whether there is sufficient support for an alternative.
- In November, in a joint letter, the Pension Federation and the Labour Foundation called on the pension funds and the nominating employer and employee organisations to increase diversity in pension fund boards. Increasing diversity by including more women and young people in pension fund boards will contribute to increasing the quality of those boards. Decisions can then be taken based on a wider variety of perspectives. The proportion of female and younger board members continues to fall short of the standards laid down in the Pension Funds Code of Conduct [*Code Pensioenfondsen*]. In order to encourage these parties to answer the call, the Labour Foundation and the Pension Federation have also drafted an action plan that may assist the parties with taking specific measures.
- In 2014, the Labour Foundation worked with the Pension Federation and the Dutch Association of Insurers to draft the *Pension Funds Code of Conduct* and the *Code of Conduct for Directly Insured Schemes* [*Code rechtstreeks verzekerde regelingen*], respectively. These codes of conduct contain provisions to promote good governance, including effective communication with members. Both codes were assessed in 2018, with contributions being made by stakeholders other than the social partners. The assessments prompted minor amendments to the codes. At the end of 2018, at the Labour Foundation and the Pension Federation's request, the *Pension Funds Code of Conduct* was integrated into regulations so that it would apply to all pension funds. *The Code of Conduct for Directly Insured Schemes* is expected to be included in the regulations in early 2019.

- The variety of pension schemes often leaves members and their partners unaware of what financial consequences the member's death will have. If a surviving dependants pension is part of a scheme, the definitions of the term 'partner' can vary. In January, with a view to promoting uniformity, the Labour Foundation, the Pension Federation, and the Dutch Association of Insurers [*Verbond van Verzekeraars*] jointly drafted a proposal and offered it to the Minister of SZW. The proposal advocates a 'baseline partner definition' for schemes that include a surviving dependants pension. Parties to collective agreements will remain free to agree broader definitions.

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.

3.1 Guideline 5: Improve resource efficiency and reduce greenhouse gas emissions

• *Implementation of the Energy Agreement for Sustainable Growth*

The energy transition in the Netherlands gained significant traction with the conclusion of the *Energy Agreement for Sustainable Growth* [*Energieakkoord voor duurzame groei*] (*Energy Agreement*) in 2013. This agreement between governments, the social partners, and other stakeholders ensures that the implementation of countless measures remains cohesive, cooperative, and result-oriented. A special SER committee has been tasked with safeguarding the *Energy Agreement*.

The first five years of the *Energy Agreement* implementation ended in September. Three of the five key targets are expected to have been achieved:

- a saving in final energy consumption averaging 1.5% annually;
- 16% renewable energy generation in 2023;
- at least 15,000 extra full-time jobs each year.

Two of the key objectives will remain difficult to achieve. The saving of 100 petajoules (PJ) of extra energy in the country's final energy consumption by 2020 has proven to be an intractable problem. According to current insights, the energy saving in 2020 will be 81 PJ, with a possible range of 52-108 PJ. The successive prognoses may indicate that the share of renewable energy is approaching the envisaged target of 14% in 2020, but is currently stagnating at 12.1%.

• *Preparations for a national Climate Agreement*

The year 2018 was also characterised by intensive consultations about the next phase of the energy and climate transition in the Netherlands: an ambitious Climate Agreement that paves the way towards providing low-carbon power and a circular and sustainable economy by the middle of this century.

By way of implementing the Paris Agreement, the Dutch Cabinet has set a target of reducing greenhouse gas emissions in the Netherlands by at least 49% in comparison to the levels in 1990. In 2018, consultations were held to reach a national Climate Agreement in order to achieve this target. The *Draft* of this agreement, which was presented on 21 December, is the result of intensive consultations between five sector tables, three task forces, and dozens of working groups. The draft agreement consists of an extensive package of approximately 600 commitments and measures that will substantially reduce Dutch CO₂ emissions by 2030. The effects of the draft agreement

will be assessed in early 2019 and the results will then be discussed with the participating organisations. A final Climate Agreement will be adopted based on these results and discussions.

- ***Towards a Circular Economy Implementation Programme***

The Cabinet has expressed its ambition to create a completely circular economy by 2050. The interim target is for the Netherlands to reduce its use of primary raw materials (mineral, fossil, and metals) by 50% by 2030.

In May, against the backdrop of the *Circular Economy Implementation Programme 2019-2023* that is currently in development, the SER also published an extensive study entitled *Financial Instruments for a Circular Economy [Financiële instrumenten voor een circulaire economie]*. At the Cabinet's request, this analysis sets out the options for better structuring existing tax instruments, levies, subsidies, and other financial incentives for the transition to a circular economy. The study distinguishes four phases:

1. Raw materials extraction;
2. Processing of raw materials into semi-finished products (materials) and then into end products (upstream and downstream);
3. End-use of products (including repair and reuse via the second-hand market);
4. Waste phase (disposal, incineration, dumping, and recycling of materials).

The SER has also formulated items to be addressed in each of these four phases. For example, there still appears to be insufficient knowledge about the effects financial instruments can have on raw materials- and materials-intensive sectors. A follow-up study is needed. The government also need not limit itself to financial instruments. Invoking norms, bans, or orders, as well as the responsibility of manufacturers and citizens, can also be effective. Finally, the efforts must include preventing undesirable side-effects such as competitive disadvantages for industry, job losses, and reductions in purchasing power.

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

- ***International Responsible Business Conduct (IRBC)***

In its 2014 advisory report on IRBC agreements, the SER argued that economic sectors and businesses should take the initiative to conclude IRBC agreements with government, trade unions and civil society organisations. Such agreements give rise to a new instrument that can considerably lower the risk of human rights violations and environmental damage in the supply chain. It will also offer employees and local communities better protection against negative effects and help businesses deal with problems that they cannot solve on their own.

The agreements are based on the existing aims and standards laid down in the *UN Guiding Principles on Business and Human Rights* and the *OECD Guidelines for Multinational Enterprises*. The current Cabinet will continue the approach proposed in this SER advisory report.

The sectors initiate the process of negotiating an agreement. The SER can facilitate this process at the request of the parties. In such cases, the SER supervises discussions between the parties – businesses, industry associations, NGOs, unions and government – with a view to arriving at an agreement within a sector. In some sectors, the SER also supports the implementation of IRBC agreements upon the parties’ request by providing a joint secretariat. Below is a schematic illustration of the status of various sectors as at year-end 2018.

State of play IRBC agreements



Has a separate action list. --Point of attention: involvement of SER chair and GS at various meetings?

Financing of sub-activities requested via parties by means of the Fund for Combating Child Labour-FKB van Laar (management RVO); request has been approved, project is being launched.

Assessment framework has been developed, new due diligence cycle and action plans of companies have started.

Intensive cooperation with the German sister initiative, contacts have been intensified with the French government via their NCP; great deal of interest also among businesses.



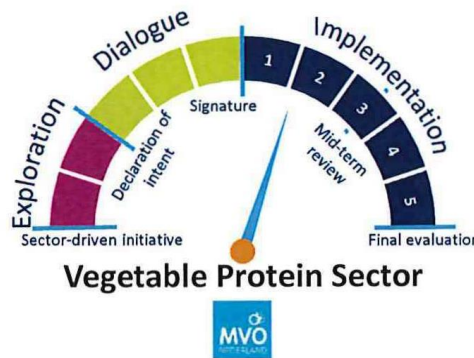
Monitoring and progress:

The annual report (including 3 reports -> cacao, IL and palm oil consultation) was issued earlier this month. This took place below the radar in accordance with the wishes of the parties. The feedback was mainly positive. There are points for improvement concerning the layout and publication process, which could be better at the SER (greater involvement of parties in the drafting process, less of an SER emphasis on publications).

An evaluation meeting was held on 30 August, at which the parties presented several action plans. A public stakeholder meeting will be held on 2 November.



'On 1 October, the first annual report was published. There has been no attention in the media or Dutch House of Representatives for the time being. On 1 October, a public event was organised regarding the agreement. The response was positive and it may well lead to several new signatories. Philips will probably remain involved in the agreement, but it is not yet known in what form. The first year will probably be evaluated on 8 November, with Martien heading the evaluation. 'Code of Practice' for industry associations is in the process of being completed. The Dutch Central Bank has expressed an interest in the agreement.'



On 29 June 2018, the agreement was signed in the presence of the government members of the ministries of Foreign Affairs and Agriculture, and the directors of companies. In September, Shift organised a workshop devoted to due diligence for businesses in the food products sector. Guidelines will now be developed for SMEs in particular. In October, the parties will reach agreements about the collective projects to be launched relating to living wages.



The parties are engaged in putting together the independent monitoring committee. Candidates are now being approached for that purpose.

The parties have also commenced all working group activities and the Association is focusing on boosting familiarity with the agreement among members (by means of a webinar and providing further information).



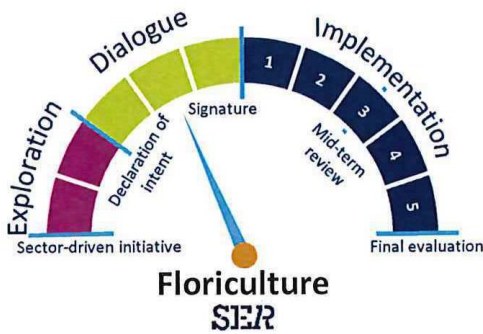
On 13 September, the negotiators reached agreement on the text. Approval has now been received from the boards, management boards and ministers, too. The discussion partners include the pension federation and the representatives of the 75 pension funds that have signed the declaration of intent for an agreement. The trade union partners include CNV and FNV. The NGO section consists of: Amnesty International, Pax, Natuur en Milieu, World Animal Protection, Save the Children, Oxfam Novib. The government is represented by the ministries of Foreign Affairs, Finance and SZW.

Jacqueline Cramer is chair during the drafting phase and has indicated that she will be too busy to remain in that position for the next few years. A new chair is therefore being sought for the implementation phase. The parties are aiming to have the agreement signed in December. The interim period will be used to prepare the implementation phase with the pension federation being engaged in attracting funds. Parties that wish to offer their support have already expressed an interest.



Agreement: In October, the parties will hold further discussions about the financing of the Dutch-Flemish initiative. When the financing has been agreed, the text can be adopted and businesses and the government will be approached to sign the initiative. The aim is to be able to sign the initiative early next year.

Pilot: The parties have received funding from RVO for a pilot devoted to responsible business conduct and child labour. In December, January and February, several knowledge sessions with public authorities and a workshop with businesses were organised. An evaluation session will take place in early November. On 6 July, an initial dialogue session with businesses and public authorities was held. The second dialogue session will take place in early November. Pilots will subsequently be developed. SER is offering substantive and secretarial support.



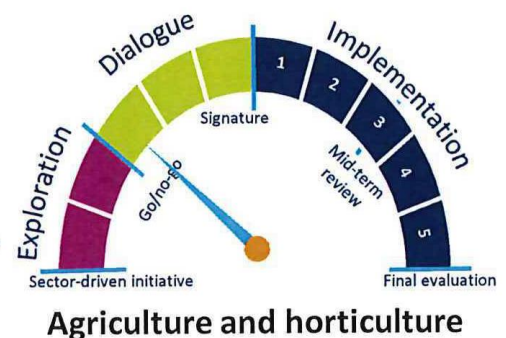
In the completion phase of the negotiations, FNV indicated its reluctance to participate in the agreement if no serious measures are taken to deal with working conditions in the floriculture sector in the Netherlands. Various discussions were held about this in the summer. There is a difference of opinion among businesses about the extent to which and in what way the wishes of the FNV can be met. Discussions are being held about this. Furthermore, the organisation and form for hosting the secretariat is still being considered. As things now stand, this will not be at the SER in any event. IDH is a serious possibility for this purpose.

Update: there is still no agreement on the wishes of the FNV. The business section is working on a proposal, which will be shared with the FNV in the short term.



The feedback from the grassroots consultations regarding the outline document was discussed during the plenary meeting on 4 September 2018. In general, the outline document was received positively by the parties' grassroots.

The feedback has been incorporated in the final version of the outline document that forms the basis for the text to be drafted for the agreement, together with the draft agreement text that was formulated for the outline document. The various working groups have identified possible gaps that will be included in the agreement text and have considered roadmaps for their various focus areas. Each working group will now work on the text of the agreement that relates to its focus and working area.



LTO, Natuur&milieu, IUCN, the Dutch ministries of the Interior, Agriculture, Nature and Food Quality, NAIK (association of young farmers and market gardeners), SFYN (Slow Food Youth Network) are holding discussions under the supervision of the SER, chaired by Marja van Schie, to prepare for the dialogue that will form the basis for an agreement. In addition to due diligence, prominent subjects include the problems concerning soya in cattle feed (deforestation) and the risks associated with phosphate extraction. Following a go/no-go from those involved, negotiations or discussions are expected to begin in the autumn. The FNV has indicated that it does not wish to be a party for the time being because of the problems concerning workers' rights in the agriculture and horticulture sectors in the Netherlands. LTO, SER and chair are remaining in contact with the FNV regarding this matter. Up until now there has been no change in the position of the FNV.



Tourism SER

The Dutch Ministry of the Interior and the ANVR have accepted the process outline for the performance of a blank spot analysis between the OECD Guidelines and the customary codes and standards within the tourism sector by the ANVR/Ministry of the Interior. On the basis of the results of this analysis (insights into relevant issues and focus), a go/no-go decision should be possible as to whether or not to enter into a standard or customised agreement process. Consultations about the follow-up steps are ongoing.



Sustainable Energy SER

In January, the SER organised a workshop. The sector is interested in a follow-up. In July, industry association NWEA submitted a formal request to the SER to investigate the feasibility, support and added value of an agreement for the wind energy sector. In October, an exploratory meeting was to be held, but this was cancelled because a number of important businesses and stakeholders were unable to attend. A new date for this meeting is being planned.

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.

4.1 Policy regarding terms of employment and employment relationships

- *Guidance on ensuring collective agreements comply with the Dutch Posted Workers in the European Union (Working Conditions) Act [Wet arbeidsvoorwaarden gedetacheerde werknemers in de Europese Unie] (WagwEU)*

Parties to collective agreements must make the ‘hard core’ of their employment terms and conditions clear enough that seconders can rapidly ascertain the rights to which posted workers from EU Member States, the EEA, and Switzerland who work in the Netherlands are entitled.

In January 2019, the Labour Foundation prepared a guidance to assist parties to collective agreements with establishing which employment terms and conditions are part of that ‘hard core’. The guidance is based on a report entitled *Expert assessment of the WagwEU* [*Expertoordeel inzake de WagwEU*], which Professor Houwerzijl authored at the Labour Foundation's request.

4.2 Labour market

- *Sector plans*

This extensive and highly differentiated programme was implemented because in the Social Agreement of 11 April 2013, the social partners and the Cabinet agreed to actively combat the economic crisis. A total of more than EUR 1 billion has been invested in sector plans, some EUR 400 million of which originated from the Sector Plan Co-financing Scheme [*Regeling Cofinanciering Sectorplannen*]. In turn, the social partners and local governments contributed more than EUR 600 million.

The projects, which are specific to certain sectors and regions, involve job-to-job schemes, additional training and retraining, competence testing and vitality testing, and specific agreements to help young people and older people find jobs, but they also include, for example, debt-management services for workers. The schemes were often administered by education and training funds [*O&O-fondsen*] or labour market and education funds [*A&O-fondsen*].

Virtually all of the sector plans ended in 2018. The Foundation is involved with the evaluation that will be carried out at the Ministry's behest in 2019.

- *Prospects Action Plan for Over 50s*

This action plan was agreed in thorough consultation between the Labour Foundation and the Cabinet. The goal of the action plan was to improve the job prospects of over 50s through a number of campaigns in 2017 and 2018. At the end of 2018, the decision was taken to continue the plan in 2019 because certain programmes need more time. Several activities will be carried out under the umbrella of this action plan. For example, more

than 20,000 over 45s will be able to obtain *Development Advice*. The Employees Insurance Agency (UWV) has obtained extra funding to offer more personal support to older job seekers. Thanks to a subsidy programme, pilots are being carried out to make hidden job openings more visible to older people. Finally, the campaign to improve the image of over 50s was continued in 2018. Until mid-2018, former footballer John de Wolf was the face of the campaign.

At the behest of SZW, this action plan will be assessed in 2019. The Labour Foundation is involved in this process.

- ***Combining jobs***

There are approximately 600,000 people in the Netherlands who combine jobs. This number is increasing slowly, with indications of sensitivity to economic cycles. On 16 March, the SER published its analysis on job combination.

Simultaneous job combination takes many forms: multiple jobs in paid employment, as a self-employed worker, or a combination of paid employment and self-employment. People combine jobs for various reasons. They want variety in the work they do, or they combine jobs as part of a transition, such as when they start their own companies. Two out of three ‘job combiners’ are happy with the situation. In these cases, and for society as a whole, the combination of jobs adds both economic and social value.

People who do lower-paid work tend to combine multiple small part-time jobs primarily out of financial necessity. The SER sees this as a trouble spot. These people generally have little hope of obtaining personal development or training, and few prospects for escaping this cycle on their own. For them, job combination is not a solution, it is part of their problem.

The SER also notes that institutions, as well as laws and regulations, are generally premised on the concept of ‘one person, one job’. That can mean administrative problems for job combiners. Provisions are often made for exceptional situations, but arranging these often takes a great deal of energy and paperwork.

The SER's recommendation is to make combination easier by taking the option of holding multiple jobs into account in laws and regulations. It also draws attention to the problems involved in job combination. Obstacles must be eliminated in order to create a society in which everyone can participate to the fullest.

4.3 Working conditions and vitality

- ***Coordination and monitoring***

The design of the Arboplatfom – the occupational health and safety (arbo) platform – was prepared this year at the initiative of the social partners in the Labour Foundation. The Arboplatfom, which was launched in December, is coordinated by the SER; the Labour Foundation was closely involved with its development and implementation.

The objective is to offer a platform, for and by the social partners, in the fields of working conditions and vitality; the goal is for this platform to function as a central information desk for occupational health and safety professionals. The platform is intended to manage, disseminate, and safeguard information and instruments relating to healthy and safe working. The platform is also intended to stimulate the exchange of knowledge and offer inspiring examples from various sectors. In addition, questions can be posed.

In the meantime, all of the SER's and the Labour Foundation's occupational health and

safety instruments have been brought together. All of the Labour Foundation's occupational health and safety manuals will be updated in 2018/2019. The *Pregnancy & Work Manual* [*Handreiking Zwangerschap & Werk*] was the first one to be updated, in December.

- ***Knowledge discussion between SZW and the Labour Foundation***

Each year, two strategic knowledge discussions on healthy and safe working are held during which occupational health and safety experts, the Ministry of SZW, and the Labour Foundation exchange ideas on current themes.

Two themes were highlighted at the first meeting in March: the Working Conditions Social Programme (MAPA) and the working conditions of self-employed entrepreneurs. The MAPA is the study carried out by TNO at the instruction of SZW. A multiyear programme 2019-2021 was prepared for this. One of the subprojects is the in-depth ZEA 2017, the (Netherlands) Survey of the Self-Employed. In addition to themes such as work situation, quality of work, sustainable employability, working conditions, and terms and conditions of employment, which were also covered in the survey of employers (WEA) and the survey of employees (NEA), this survey added subjects that are specifically relevant for self-employed workers, such as work-related insurance and pensions. The discussion revealed that the term 'self-employed worker' was defined in a variety of ways. The term relates to self-employed entrepreneurs, persons who are 'forced' to be self-employed because of their labour market position, but also to persons who work as self-employed workers part of the time and also perform paid employment part of the time. Those subgroups should be identified and analysed further with regard to issues such as the degree of autonomy they feel and their work-related stress.

During the knowledge discussion in December, the Health Council of the Netherlands presented an advisory report entitled *Health and Working Longer*. The discussion that followed focused on issues such as part-time pension, more customised work for specific groups, building flexibility into the retirement age, and applying a lower retirement age to people who have lower levels of education. The conclusion is that the survey invites more, and more specific, research.

A second theme regarded the question of whether the Risk Inventory & Evaluation (RI&E) was a useful tool. Although businesses are required by law to draw up RI&Es, fewer than half of them do so. The small and medium-size enterprise (SME) sector, in particular, is behind on this. In order to change this, the occupational health and safety officer could play a greater role at companies. The Ministry of SZW will be conducting an international comparison regarding the drawing up of an RI&E and the ensuing action plan and the role of the occupational health and safety officer. The results and possible follow-up steps will be discussed with the social partners in the course of 2019.

- ***Chromium-6***

In March, the Labour Foundation organised a meeting for stakeholders regarding the options for effectively dealing with hazardous substances, and chromium-6 in particular.

Participants in the discussion included not only the social partners, but also the National Institute for Public Health and the Environment [*Rijksinstituut voor Volksgezondheid en Milieu*] (RIVM) and the Centre for Public Sector Labour Relations [*Centrum voor Arbeidsverhoudingen Overheidspersoneel*] (CAOP). The chair of the Chromium-6 Focus Group, J.A. Knottnerus, had been invited to explain the current study of chromium-6, which was in its final stage. The study was conducted by the RIVM, and regarded exposure to chromium-6, the effects of exposure, preventive and curative care, and the organisation. This study was initiated after 2014, when current and former employees of the Ministry of Defence expressed their concerns about health problems resulting from exposure to, among other things, chromium-6. The results of the study were published in May. It is now up to the Cabinet to take measures regarding compensation for the injured parties as well as regarding prevention.

- ***Psycho-social strain***

Various surveys were undertaken in the context of the Ministry of SZW's four-year PSA campaign. The Labour Foundation was involved in the surveys initiated in 2017 – Confidential Counsellors and Undesirable Behaviour [*Vertrouwenspersonen en ongewenst gedrag*] and Temporary Employees and Bullying [*Uitzendkrachten en pesten*] – via participation in a focus group. The two studies were completed and published in April and June, respectively.

SZW established an Action Team to combat work-related stress and undesirable forms of behaviour. This Action Team guided twenty organisations/companies towards reducing work-related stress, workload pressure, and undesirable behaviour, as well as in creating a more positive work climate. The final report of the findings was published in January. The focus group in which the Labour Foundation was represented monitored the work of the Action Team.

In September, SZW initiated a study into codes of conduct regarding undesirable behaviour in the workplace. The Labour Foundation was also involved in this study, the results of which were published in December. One of the findings is that a general code of conduct would not be helpful in light of the vast differences between sectors. This is why, in collaboration with the social partners and to benefit the sectors, a guidance will be drawn up that contain practical, general tools for drafting codes of conduct for dealing with undesirable behaviour.

- ***Reviewing health and safety catalogues – amending the 2010 policy rule on health and safety catalogues***

In the autumn, the SZW Inspectorate will be proposing the amendment of the 2010 Policy Rule on Health and Safety Catalogues [*Beleidsregel arbocatalogi 2010*]. There are multiple reasons for making such a proposal. For example, the term ‘marginal review’ often results in confusion, and the absence of an ‘expiry date’ begs the question of whether health and safety catalogues are being updated on time and whether they reflect the current state of knowledge. Amending the policy rule, however, has proven to be mo-

re drastic and extensive than was foreseen. The Inspectorate has therefore decided, partly based on consultations with the social partners, to prepare a new 2019 Policy Rule on Health and Safety Catalogues. This is expected to be completed by this summer.

4.4 Social security

The draft Dutch Balanced Labour Market Act [*Wet arbeidsmarkt in balans*] (Wab) contains many social security-related measures. This draft act was adopted by the Dutch House of Representatives on 5 February and is scheduled for debate in the Dutch Senate in the spring of this year. The proposed effective date is 1 January 2020. The draft act was discussed extensively in the Labour Foundation in the spring of 2018. The organisations in the Labour Foundation were divided in their opinions on many parts of this act.

- ***WW premium differentiation***

One of the Cabinet's goals for this government term is to make permanent employment contracts more attractive by changing some of the requirements relating to them. One change relates to the premium paid under the Dutch Unemployment Insurance Act [*Werkloosheidswet*], the WW premium. Under the current rules, a sector-specific WW premium applies to the first six months of the benefit period. After this six-month period, the unemployment benefit is paid from the General Unemployment Fund [*Algemeen werkloosheidsfonds*]. The sector-specific premium varies by sector and is higher in sectors with a relatively high number of new WW claims. In order to make it more appealing for employers to give more employees permanent employment contracts, the Cabinet has proposed implementing a low and a high premium in the Social Insurance Funding Act, with the amount dependent on the employee's employment contract. The low WW premium will apply to employees with a permanent contract, while the high WW premium will apply to the other employees. For various reasons, this proposal was not unanimously supported in the Foundation.

- ***Continued payment of wages during illness***

The coalition agreement includes proposals intended to eliminate the problems related to the continued payment of wages during illness. The social partners were invited to submit alternative proposals simultaneously with the proposal for continued payment of wages during illness. The parties in the Labour Foundation were unable to arrive at alternative proposals, and so the Minister of SZW presented several agreements with employers on 20 December, after separately consulting the parties in the Labour Foundation.

A package of measures has been announced that is intended to make meeting continued wage payment obligations easier, clearer, and less expensive. The package is better tailored to the needs of small employers, in particular, and the Cabinet believes it will result in more employees being offered permanent contracts. An agreement was made to develop worry-free absenteeism insurance for SMEs, that financial concessions of EUR 450 million will be made with effect from 2021 to defray the costs of continued sa-

lary payment via a premium discount, that the medical recommendation from the company doctor in the context of the reintegration assessment [*RIV-toets*] will be decisive, and that transparency regarding continued payment of wages during illness and control of the second track will be improved.

- ***WIA measures***

The coalition agreement presents proposals relating to the Dutch Work and Income (Capacity for Work) Act [*Wet werk en inkomen naar arbeidsvermogen*] (WIA) for including incentives to return to work in occupational disability schemes. During the summer, the Labour Foundation held consultations about these proposals and discussed the proposal for continued payment of wages during illness. Because the consultations in the Labour Foundation did not result in an agreement, the Minister of SZW consulted the two parties separately.

Because the proposed measures could not rely on much support from either employers or employees, the Minister of SZW also announced on 20 December that both the WIA measures and the continued payment measures were to be re-examined.

This means that of the four proposed measures relating to the WIA, the Cabinet is rejecting the proposal to make the Assessment (Invalidity Insurance Laws) Decree [*schattingsbesluit*] and the income threshold more stringent in relation to those who are between 80% and 99% occupationally disabled under the Return to Work (Partially Disabled Persons) Regulations [*Werkhervattingsregeling gedeeltelijk arbeidsgeschikten*] (WGA). The details are being worked out for a decree for stopping re-examinations five years after an employee has returned to work and for an experiment offering a range of training to occupationally disabled persons.

Because the Cabinet wishes to make efforts to promote participation in the labour market by those who are fully or partially occupationally disabled, an agreement has been made that a working group will be established in the Labour Foundation consisting of employers, employees, and the Ministry of SZW. The working group will be examining how to increase labour market participation by this target group. This will involve studying the supportive tools, method for establishing the degree of occupational disability, the occupational disability criterion, and services for people who are 35% or less occupationally disabled under the WGA, and training. The first meeting was held at the end of January.

- ***Invalidity Insurance (Disabled Young Persons) Act [Wajong]***

The Cabinet's response to the Wajong on 10 July announced a package of measures intended to harmonise the three schemes and related differences in Wajong beneficiaries' rights and obligations. The proposal was presented to the Council of State in early 2019. The proposed effective date is 1 January 2020.

The draft proposal was discussed in the Labour Foundation. The parties responded separately to the Internet consultation on the proposal.

- ***Wage dispensation***

In a letter to the House of Representatives dated 20 November 2018, the State Secretary of SZW announced that she had concluded that implementing wage dispensation in the Participation Act would not achieve her intended goal, which was to simplify the framework so that more occupationally disabled people could find a job. Prior to that letter, multiple consultations had been held within the Labour Foundation regarding the implementation of wage dispensation. The draft proposal was not supported by all of the social partners, and the parties expressed their positions on the proposal separately.

On 20 November, the State Secretary responded by proposing other measures under the title 'Broad offensive' [*Breed offensief*]. These measures consist of a single national wage value calculation method, a quality standard for making wage value determinations, a streamlining of administrative processes, a fixed wage subsidy, and a clarification of the scope of application of the fixed wage subsidy. These subjects will be worked out in more detail with the social partners under the leadership of the Ministry of SZW.

- ***Projects providing services to job seekers, and for labour market cooperation and control***

On 6 June 2016, at the request of the Labour Foundation, SZW published the subsidy scheme entitled 'Temporary Scheme for co-funding for projects providing services to job seekers and for labour market cooperation and control' [*Tijdelijke regeling cofinanciering projecten dienstverlening werkzoekenden en projecten samenwerking en regie arbeidsmarkt*] (DWSRA), which focuses on the theme 'A New Start Towards a New Job' [*doorstart naar nieuw werk*].

The objective of this subsidy scheme is to test, by means of pilot projects, how adequate services and/or cooperation and control between the social partners, the UWV, municipalities, education and training funds, and other stakeholders can prevent unemployment or get unemployed persons back to work quickly (or at least more quickly).

Training and education funds [*O&O-fondsen*], employer organisations, and employee organisations have, either individually or in cooperation, applied for subsidies for two types of projects. In the eighteen pilot projects for job seekers, support is offered to job-seeking employees and those who are entitled to a WW benefit for less than six months, providing them with information on career possibilities and training. The seventeen pilot projects aimed at cooperation and control involve working on long-term partnerships between sectoral and regional players, exchanging labour market information, and developing a shared regional labour market policy. Twelve combination projects have also been started. Some of the pilot projects have already ended, while the others will end before 1 July 2019. The Labour Foundation's Support Team, which provided support to the pilot projects, completed its work on 1 January.

During the budget hearing for SZW on 29 November, the House of Representatives requested the minister to take stock, in anticipation of the evaluation in 2019, of which initiatives within DWSRA have a good chance of succeeding and whose discontinuation would be a setback given that they might merit a restart after the evaluation. At the Ministry's request, the Labour Foundation will respond in early March 2019.

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

The Social Agreement dated 11 April 2013 contains agreements regarding helping workers who lose their jobs or are at risk of losing their jobs get back to work as quickly as possible. Employees who are nevertheless unemployed or who become fully or partially occupationally disabled may be restricted in their accrual of benefits and benefit period under the WW and WGA because these schemes were made more stringent with effect from 1 January 2016.

In 2016, in order to avoid unnecessarily complicating the arrangement made with parties to collective agreements, the Labour Foundation established a national fund, the Private Supplemental Unemployment and Partial Disability Insurance Foundation [*Stichting Private Aanvulling WW en WGA*] (SPAWW) to which these collective agreement arrangements can be voluntarily transferred. Since then, nearly 1.5 million employees have joined via their collective agreements. This number is expected to increase to over 2 million members in 2019.

In 2018, the Labour Foundation primarily worked on several changes that had to be made to the scheme for tax purposes. SPAWW is now fully responsible for administration.

- ***Social partners' involvement with social security***

Given the Cabinet's response of 24 November 2015 to the SER advisory report entitled *Preventing, limiting and adequately insuring unemployment: a future-proof labour market infrastructure and Unemployment Act* [*Werkloosheid voorkomen, beperken en goed verzekeren: Een toekomstbestendige arbeidsmarktinfrastuctuur en Werkloosheidswet*], and the long formation period that followed the elections in March 2017, this consultation has been stalled since the summer of 2017. This consultation is expected to resume in March 2019, and an agreement in principle has been reached to organise a meeting on this topic each year.

4.5 Consultation and cooperation between the Labour Foundation and the Association of Netherlands Municipalities

- ***The Workroom***

The Workroom is the platform for consultations between the Labour Foundation and the Association of Netherlands Municipalities [*Vereniging van Nederlandse Gemeenten*] (VNG). In recent years, The Workroom has been working primarily on achieving one of the agreements contained in the Social Agreement to help 100,000 occupationally disabled job seekers find jobs in the private sector and to help another 25,000 find jobs with the government.

In July 2017, the VNG decided to freeze the consultations in The Workroom. The VNG wanted, among other things, to speak with the Cabinet about a solution for the shortfalls in municipalities regarding social affairs first, before continuing to take steps in The Workroom. The social partners' efforts to assist occupationally disabled job seekers in finding work have since been continued. The business community far exceeded the jobs agreement target figures for 2017. The business community and government also met the target figures collectively.

In December, the Labour Foundation and the VNG decided to restart the consultation in The Workroom. One of the agreements is that, starting in 2019, The Workroom will no longer focus solely on meeting the targets of the jobs agreement but will serve a broader agenda.

- ***Simplification of the jobs agreement***

In her letter of 20 November to the House of Representatives, the State Secretary of SZW announced that she wanted to simplify the jobs agreement and outlined her proposals to that end. The distinction between the business community and government will be eliminated. Should the quatum scheme have to be activated because the jobs agreement targets are not being collectively met, then all of the employers will pay an inclusivity surcharge. Employers who create a sufficient number of extra jobs will receive individual bonuses so that, in net terms, they will not have to pay a levy. Employers who create more jobs than the agreed number of jobs will receive a bonus that exceeds their levy, leaving them better off.

The State Secretary will attempt to send the proposal with these changes to the House of Representatives in the second half of 2019.

- ***Fixed wage subsidy***

In her letter of 20 November, the State Secretary also announced that she would request The Workroom to study the usefulness and necessity of the fixed wage subsidy and to submit a report on this topic to her before 1 April 2019.

Among other things, this means that The Workroom will discuss whether employees who work under a wage subsidy will have to be included temporarily in the jobs agreement target group.

4.6 Social integration

- ***Alliance for Cultural Diversity in Leadership***

In 2017, the SER established the Alliance for Cultural Diversity in Leadership in tandem with the following Dutch organisations: Talent naar de Top, Diversity at Work [*Diversiteit in Bedrijf*], Agora Network, NL2025, Etnische Zakenvrouwen Nederland, and The Other Network. This Alliance has reached agreement with more than a hundred directors of businesses and organisations to encourage cultural diversity among top executives in the Dutch business community, to increase social cohesion, and to utilise the potential of diversity.

The Alliance started its activities on 29 January at the Cultural Diversity in Leadership meeting, which was attended by Queen Máxima.

The Alliance is working to achieve concrete results. For example, the CEOs of Randstad and Rabobank are calling on businesses to associate themselves with the organisation as front-runners and to make first- and second-tier leadership job openings available. Since then, 26 companies have committed themselves to achieving this and are emphasising the importance of cultural diversity in leadership.

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.

- ***Lifelong development***

Partly in response to the advisory reports on lifelong development issued by the SER, OECD, and the Committee on Demand-driven Funding in Vocational Education [*Commissie Vraagfinanciering mbo*], this became a theme for the Cabinet and social partners in 2018. There is broad support for achieving a breakthrough in this area in the near future. It must become a matter of course for all job holders and job seekers to examine their careers and ask themselves what knowledge and skills they will need to continue to do their own job or practise their own profession, and to be able to continue following developments in this regard.

Educators, the government, and the social partners believe it necessary for everyone to continue developing themselves throughout their lives in order to be able to participate in the labour market and in society. The urgency is clear. People's working lives will last longer and changes in the labour market mean that they will be changing jobs more frequently. Digitalisation and robotisation are changing the nature of certain jobs, which means employees will have to acquire other/new skills.

The Labour Foundation and the SER are working together closely in this area. The Labour Foundation is drafting a policy agenda, and the SER is working on an action plan.

On 12 March and 8 October, the Labour Foundation requested the government to facilitate this development and, if necessary, to amend laws and regulations to eliminate obstacles to further development. The social partners are also calling on educators to offer more customised programmes for people who already have jobs. Sectors and companies must make efforts to stimulate a culture of learning in companies and organisations that allow employees to have, or take, control over their own careers. Some means of stimulating general training and facilitating development are vouchers, individual training and education accounts, and rights to draw on a collective budget. Advice and support in the form of information, career advice, and/or coaching are important prerequisites in this area.

With regard to detailing the policy agenda, the Labour Foundation has regularly consulted the Ministry of SZW and the Ministry of Education, Culture and Science [*Onderwijs, Cultuur en Wetenschap*] (OCW) this year. An important topic for discussion is the structuring of financial and other instruments, such as the tax treatment of education, training and development accounts.

The Cabinet has requested the SER to develop an action plan as a driver for lifelong development. The SER is working with many other organisations on this plan. Examples are being collected from places where learning is already a matter of course. People and organisations are also being put in touch with each other to exchange knowledge in

practice sessions and through online activities. The SER will be scheduling the discussion of problems that have national importance in meetings with representatives of national organisations and policymakers.

In May, with a view to garnering national publicity for this process, the SER organised a major conference that was attended by the Ministers of SZW and OCW. This conference showcased good examples of lifelong development in the regions and sectors. In September and November, meetings were organised on lifelong development and competence development, as well as lifelong development in the care sectors. In February, a meeting on regional cooperation and lifelong development was organised with the help of the social partners, provinces, and economic boards.

- ***Low literacy skills***

Since 2007, the Labour Foundation and the Ministries of OCW and SZW have been making efforts to combat low literacy in businesses. Language skills are basic skills that can offer employees – particularly those at the lower end of the labour market – a better position and more opportunities. Arithmetic and digital skills also fall within the definition of the term ‘basic skills’.

The Employers Language Agreement [*Taalakkoord werkgevers*] (ELA), which is being executed by the UWV and Work-Training Helpdesks [*Leerloketten*], supports employers in increasing their employees’ basic skills and encourages employers to make basic skills part of their HR policy. In the meantime, some 250 employers have signed the ELA and approximately 10,000 employees have taken language training. The Labour Foundation will support the decentral social partners with these efforts.

In January, OCW asked the social partners for ideas about a follow-up approach to low literacy in 2020-2025. In the course of 2019, the Ministries of OCW, SZW, Ministry of the Interior and Kingdom Relations (BZK), and Health, Welfare and Sport (VWS) will send a joint programme to the House of Representatives.

- ***APL***

Accreditation for prior learning (APL) is a labour market tool that can be used to obtain a clear picture of someone’s personal knowledge and expertise. Employed persons and job seekers can use this tool to strengthen their labour market position in terms of their career, recruitment opportunities, and prospects for advancement.

Stichting Examenkamer is responsible for assuring the quality of the labour market route, and was appointed by the Labour Foundation for that purpose. The National APL Knowledge Centre, the implementation agency established by Stichting Examenkamer, handles the accreditation and registration of APL providers and APL certificates.

The APL Advisory Council, which is staffed by the government (OCW, SZW, and EZ) and the Labour Foundation, was established to stimulate the offering, quality, and use of APL and other validation tools in the labour market route, to promote and optimise the connection between the two routes and to retain the support that has been accrued.

Because the use of APL has decreased somewhat in recent years, there is a need for insight into the reasons underlying that decrease. This is why, in the second half of 2018,

the APL Advisory Council arranged to have a study performed, a ‘customer journey’, among the target groups and the use of validation tools. In December, the report with recommendations was presented to the APL Advisory Council, which will soon prepare an action plan for follow-up steps.

- ***ESCO***

In October, SZW, the UWV, and the Cooperation Organisation for Vocational Education, Training and the Labour Market [*Stichting Samenwerking Beroepsonderwijs Bedrijfsleven*] (SBB) gave a presentation on ESCO, the classification of European Skills, Competences, Qualifications and Occupations. The goal of ESCO is to develop a general reference language. ESCO has three pillars: the occupations pillar; the knowledge, skills and competences pillar; and the qualifications pillar. ESCO is a dataset that can be used for different purposes: intermediation, job boards, career choice counselling, and information and research about the labour market. The project has been ongoing for eight years. The third pillar (qualifications) in particular is still being heavily developed. ESCO currently contains the qualifications for only four countries. These countries either have simple systems, or they restructured their systems upon joining the EU and thus based these systems on ESCO methodology. For the Netherlands, the various data systems of the different levels of secondary and post-secondary education will first have to be harmonised before they can be linked to ESCO.

- ***Training flex and traditional employees, intersectoral training***

In April, a conference was held in light of the increasing cooperation between all different education and training funds. In 2017, some 25 funds took the initiative of promoting cooperation by increasing utilisation of one another's expertise and instruments. The key question was how job holders and job seekers could gain more control over their own careers and phases of their careers, which is a necessary framework for lifelong development. The conference was also intended to make it clear to politicians what education and training funds do, how they work for their own sectors, and how they cooperate with other sectors. This was prompted in part by the relative unawareness among politicians of the work done by education and training funds.

The Labour Foundation facilitated the conference; its primary role with respect to the funds is a stimulating one.

6 Social inclusion and combating poverty

Guideline 10: Promote social inclusion and combat poverty.

- ***Promote diversity in businesses and organisations***

The Diversity at Work project, an initiative of the Labour Foundation and the Council for Public Sector Personnel Policy [*Raad voor het Overheidspersoneelsbeleid*] (ROP), was launched on 15 February 2015. The mission of this project was to promote diversity and inclusion on the shop floor in both the private and public sectors. Starting from a commercial perspective, Diversity at Work emphasises the added value that a diverse staff and inclusive corporate culture can have for businesses. Diversity at Work is specifically aimed at five dimensions of diversity: occupational disability and chronic illness; gender; age; LGBTI; and ethnic, cultural, and religious background. The work in this project has two foundations. One is the Diversity Charter, and the other is the knowledge platform.

The secretariat of Diversity at Work gives individual advice, disseminates knowledge, and puts businesses and organisations in touch with each other. Knowledge documents are drafted on a certain theme, which will contain current facts and figures, an analysis of problem areas, best practices from the signatory community, the role of HR and the works council [*ondernemingsraad*], and the input of civil society organisations that are actively working on the issues on the agenda. Knowledge is being disseminated by social media, a website, and YouTube.

As at 31 January, 160 companies, organisations, and industry organisations had signed the Diversity Charter, committing themselves to implement self-imposed measures and actions to promote diversity in the labour organisation. The evaluation conducted at the behest of the Labour Foundation revealed that this project is achieving the targets that were set at the start.

The project has since been extended for two years, until mid-February 2020, and is being funded by a subsidy from the Ministry of SZW, the European Platform of Diversity Charters, and the Labour Foundation.

Because in mid-2018 there appeared to be enormous support for continuing this project, the Labour Foundation instituted a study to determine whether Diversity at Work can be continued as a knowledge platform with government support after the subsidies expire.

- ***Proposals for increasing labour market participation by asylum permit holders***

In recent years, various initiatives have been developed to increase societal participation by asylum permit holders. Governments, implementation agencies, educational institutions, and refugee organisations, as well as individual employers, have taken such initiatives. The SER has studied a large number of these initiatives to determine how the process of supporting newcomers to the Dutch labour market can be structured more effectively.

This study showed that many initiatives are project-based or temporary in nature, which means they do not offer long-term, sustainable prospects. The regional and local differences are also substantial. The result is that asylum permit holders are not eligible for similar support and guidance throughout the country.

Practical examples show how asylum permit holders can be successfully supported in a sustainable integration into the labour market. The SER therefore advises integrating this group sustainably through work by making changes to central reception, implementing a cohesive policy aimed at language and participation in society, providing sufficient options for customisation, and reinforcing coordination and control of labour market policy at regional level. This will require the efforts of both national and local governments and public and private players in the area of labour market participation. For asylum permit holders with limited prospects for labour market participation, extra efforts will be needed to formulate alternatives for counteracting, to the extent possible, long-term benefit dependence and thus high costs for society.