

## The Social and Employment Situation in the Netherlands and Outlook on the Dutch EU Presidency 2016

### KEY FINDINGS

After the crisis, the labour market was felt to be in need of reform as job creation was slow and unemployment rates (especially long-term employment) were high. The labour market did not provide the flexibility needed to stimulate job creation and it did not provide the security employees desired. With regards to social security, the diagnosis was that social policies are too expensive, are not sufficiently tailored to the needs of specific target groups and that support and assistance is insufficiently coordinated, resulting in overlap and blank spots in the support provided;

In the years following the crisis of 2008, the Dutch government adopted and is currently implementing major reforms in the field of social and employment policy in order to combat the emerging issues. The aims of these reforms are to increase the competitiveness of the Dutch economy and at the same time to control state budgets. The Social Partners play an important role in the reforms, especially in the employment and social domains. In the field of employment and social affairs, the following reforms dominate the public and political debate:

- The 'Act on Work and Security' (*Wet Werk en Zekerheid*) of 14 June 2014 reformed the labour market, partially including social protection mechanisms' reform (employment protection and unemployment benefits), and is being implemented.
- The 'Participation Act' (*Participatiewet*) of 2 July 2014 aims at improving these weaknesses and reforms the entire policy field related to social security and assistance. Since its implementation in January 2015, municipalities have gained a bigger role in providing all kinds of support to disadvantaged groups. This concerns different forms of support and assistance such as migrant support (integration), youth work, adult learning, social care and additional health care/support.
- In addition, the pension system (amended June 22nd 2012) has seen some major changes as well. In order to keep the pension system sustainable given that the population is getting older and hence increasing the old-age dependency ratio (i.e. more people need to be supported by less people in employment), the pension age was increased in 2015 from 65 year to 65 year and 3 months and will increase further in the future.

Current additional policy plans concern social protection, self-employed workers (*zzp-ers*) and plans for new taxation legislation.

In the 2015 Country Specific Recommendations, the Council acknowledges the fact that the Netherlands has improved its social and employment policies. Furthermore, the

Council is of the opinion that the Netherlands complies with the Stability and Growth Pact. In relation to this policy field, the Council recommends for 2015 to “reduce the level of contributions to the second pillar of the pension system for those in the early years of working life”.

In the field of social and employment policy the Dutch Presidency (first half of 2016) will focus on promoting decent work, which concerns: 1) ‘Equal pay for equal work in the same workplace’ (Fair labour mobility), most importantly amending the Posting of workers Directive; 2) Improving working conditions, focussing on the Directive on carcinogens or mutagens at work; and 3) Sharing best practices in combatting poverty, aiming at a Council Conclusion on combatting poverty.

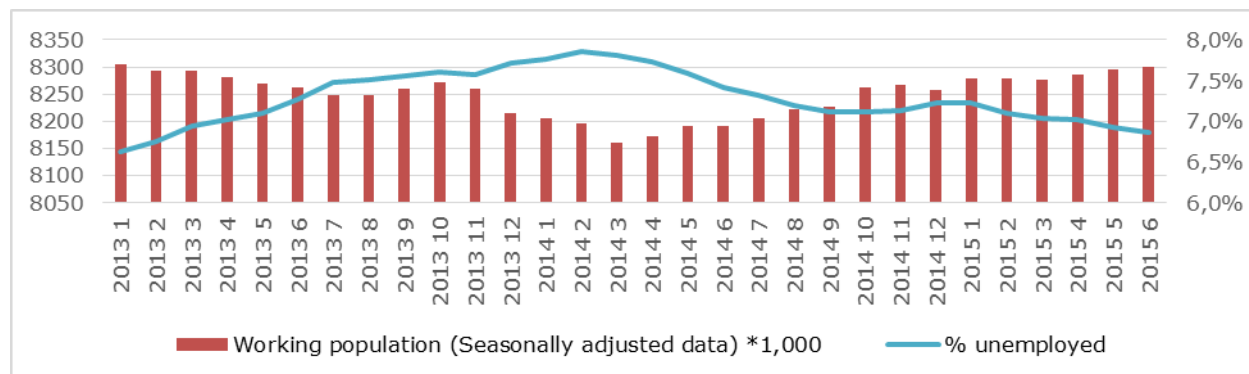
## 1. RECENT DEVELOPMENTS IN THE EMPLOYMENT AND SOCIAL POLICY FIELDS

Within the last years the Netherlands has gradually recovered from the crisis with a GDP growth of 1.6 % in 2015 and 1.7 % forecasted in 2016 (after a decrease in 2013). Also, public finance is under control with a public budget balance (% of GDP) of -1.7 % in 2015 and -1.2 % in 2016. In this section a number of key indicators related to employment and social policy are discussed.

### Employment and unemployment rates

In 2015 the recovery of the labour market continued. In the second quarter, the total number of jobs increased by 19,000 to 9.9 million. In addition, the number of vacancies grew by 6,000 to 131,000 (end of June 2015). The number of jobs grew for five quarters in a row, with 100,000 new jobs created in this period. In the previous two years, however, more than 150,000 jobs disappeared as a result of the economic crisis<sup>1</sup>. Figure 1 provides an overview of the developments in the working population and the unemployment rate from January 2013 to June 2015.

Figure 1: Monthly working population and unemployment rate



Source: CBS Statline: Arbeidsdeelname en werkloosheid per maand (17 September 2015)

Unemployment peaked in February 2014 with a total number of 699,000 unemployed (rate of 7.9 %). In June 2015 the total number of unemployed decreased to 611,000 people. This equates to an unemployment rate of 6.9 %, putting the Netherlands among the best performing countries, well below the EU28 average of 9.6 %<sup>2</sup>. The unemployment rate of young people (aged 15-27) not in education or training was 8.2% in the second quarter of 2015. In the same quarter in 2014 this was 9.9 %<sup>3</sup>. The unemployment rate for low educated young people is higher compared to medium or higher education young people. The Netherlands continues to have the highest proportion of people in part-time

employment in the EU (50.4 % in 2014). For women this percentage is 76.9 %, i.e. 44.1 % higher than the EU28 average.<sup>4</sup>

### Long-term unemployment

The unemployment rate is decreasing, but on the other hand, the rate for long-term unemployment (12 months and more) is still rising. In the first quarter of 2015, 289 thousand people were out of employment for longer than a year compared to 233 thousand people in the same period in 2014<sup>5</sup>. As a percentage of the total working population, long-term unemployment rose from 1.1 % in 2009 to 3.0 % in 2014 and is at the highest rate in more than 15 years<sup>6</sup>. The long-term unemployment rate relates to a structural problem instead of a conjuncture problem: the long-term unemployment rate for older people was already rising before the crisis<sup>7</sup>.

### Situation of migrant workers

In 2014, there were 700 thousand migrant workers with a Western background, while 676 thousand migrant workers had a non-Western background. The working population consists for 11 % of migrants with a non-Western background. The unemployment rate of migrants with a Western background was 9.8 %, for migrants with a non-Western background the unemployment rate was 18.6 % in 2014<sup>8</sup>. For non-Western migrants, the unemployment rate more than doubled between 2008 and 2014 (rising from 8.9 % to 18.6 %). The unemployment rate is highest amongst migrants from the Dutch Antilles and Aruba and from Morocco (respectively 21.5 % and 21.1 %).

### People at risk of poverty or social exclusion

In general, the number of people on flexible labour contracts is increasing in the Netherlands. In 2008 the number of people with a permanent labour contract decreased by nearly 600 thousand. In 2014 this trend came to a halt. In the second quarter of 2015 almost 1.9 million employees had a flexible labour contract, 100 thousand more than the same period in 2014. This number has been increasing since 2010<sup>9</sup>. With 21.5 % of all employees on a temporary contract, the Netherlands is 7.5 % above the EU average of 14.0 %<sup>10</sup>. These flexible employees compensate conjectural movements of companies and hence are in a less secure position than the permanently contracted employees.

The main groups of people at risk of poverty or social exclusion concern are the long-term unemployed and those who are under unemployment benefits (*Werkloosheidswet: WW*) or social benefits (*Bijstand*). Related to employment status three are in particular at risk:<sup>11</sup>

- The long-term unemployment rate is highest for **people older than 45**. In 2014 more than half of the long-term unemployed was between 45 and 65. This group is also the largest group receiving unemployment benefits and social benefits.
- Other groups that are overrepresented in the category of long-term unemployed include the **migrants with a non-Western background** (more than 25%), whereas this group represents 11 % of the total working population. This group is also overrepresented in social benefit schemes.
- **Low educated people** are also overrepresented in the long-term unemployment statistics. Three out of ten long-term unemployed are low educated, whereas this group represent 20 % of the working population.

In addition, labour market participation of people with a disability is below the European average.<sup>12</sup>

Regarding poverty, based on the 'not-much-but-sufficient' criterion (*niet-veel-maar-toereikendcriterium*)<sup>13</sup>, poverty has increased from 5.4 % of the population in 2007 to 7.6 % in 2012. This comes down to 1.2 million people. The main groups at risk concern: single-parents, people on social benefits and migrants with a non-Western background.<sup>14</sup>

Although the Dutch labour market is showing signs of recovery (decreasing (youth) unemployment rates; increase of jobs), the groups that are in a more challenging position increase in size (for instance the people in poverty) and distance to the labour market (for instance the long-term unemployed).

## 2. OVERVIEW ON SOCIAL AND EMPLOYMENT LEGISLATION AND POLICY

In the years following the crisis of 2008, the Dutch government adopted and is currently implementing major reforms in the field of social and employment policy in order to combat the emerging issues. The aims of these reforms are to increase the competitiveness of the Dutch economy and at the same time to control state budgets. These reforms were included in the coalition agreement 2012<sup>15</sup>. As the coalition of VVD (liberals) and PvdA (Social-Democrats) does not have a majority in the Senate (*Eerste Kamer*), support was sought with opposition parties<sup>16</sup>.

The reforms in the area of social and employment policy are further negotiated with the social partners. In April 2013, the government reached the 'Agreement with Social Partners' (*Sociaal Akkoord*)<sup>17</sup> to work on labour market reforms. The Social Partners play an important role in reform process, especially in the employment and social domains.

### Legislation and policies in the fields of employment, social protection and working conditions

After the crisis, the labour market was felt to be in need of reform as job creation was slow and unemployment rates (especially long-term employment) were high. The current labour market does not provide the flexibility needed to stimulate job creation and it does not fulfil the security employees' desire. The 'Act on Work and Security' (*Wet Werk en Zekerheid*)<sup>18</sup> of 14 June 2014 reformed the labour market including in part social protection (employment protection and unemployment benefits) and is being implemented. In Section 4, the 'Act on Work and Security' reforms are discussed in more detail. Here below the state of play is discussed in relation to the following policy topics:

- **Working conditions, including health and safety at work (*Arbeidsomstandigheden*):** The 'Act on Labour Conditions' (*Arbeidsomstandighedenwet: Arbowet*) contains all rights and duties for employers and employees concerning health and safety at work. The regulations (*Arbeidsomstandighedenbesluit: Arbobesluit*) are for 90 % in line with EU regulations and signed ILO treaties. Safety at work is supervised by the Inspectorate SZW<sup>19</sup>. The 'Act on Continued Payment of Wages in Case of Sickness' (*Wet Loondoorbetaling bij Ziekte*)<sup>20</sup> arranges that employers are responsible for continued provision of wages when the employee is sick for two years. Under very specific conditions the Public Employment Service (*UWV*) takes over (part) of this commitment. There are voices to reduce the duration on continued payment of wages from two to one year.<sup>21</sup>
- **Combatting undeclared work:** According to CBS<sup>22</sup> the level of undeclared work for the total population was 10.1 % in 2010. The level for a number of groups on (social/unemployment) benefits was lower, ranging from 3.5 % to 6.9 %.<sup>23</sup> Amongst the last group, undeclared work is often an expression of looming poverty<sup>24</sup>. The taxation office<sup>25</sup> has the responsibility to combat fraud and undeclared work (whether people report their income). The Inspectorate SZW controls companies on undeclared work. In addition, in the framework of the Participation Act, municipalities and the local Public Employment Services<sup>26</sup> have increased the possibilities to check for undeclared work when people are on benefits. A particular regulation concerns the 'Regulation of Domestic Work' (*Regeling Dienstverlening aan huis*)<sup>27</sup>, which stipulates that some domestic work (e.g. cleaning) is not considered

to be subject to social taxation. Hence, the 'private employers' do not have to pay taxes and benefits as they can legally hire someone to clean the house. On the other hand, there is no inspectorate in place to control undeclared work (i.e. whether the domestic workers report their income) and therefore this regulation in fact facilitates undeclared work.<sup>28</sup>

## Legislation and policies on social assistance, the pension system, measures to combat poverty and social exclusion

The area of social policy has seen major reforms in the previous years. The diagnosis was that social policies are too expensive, not sufficiently tailored to the needs of specific target groups, and that support and assistance is insufficiently coordinated, resulting in overlap and blank spots in the support provided. The 'Participation Act' (*Participatiewet*<sup>29</sup>) of 2 July 2014 aims at improving these weaknesses and reform the entire policy field related to social security and assistance. Where the Participation Act determines how the local governments provide support, the 'Act on the Structure of the Implementation Body Work and Income' (*Wet structuur uitvoeringsorganisatie werk en inkomen: Wet SUWI*)<sup>30</sup> determines how the Public Employment Service (PES; *UWV*) operates. Hence the Participation Act and Act SUWI are closely related for supporting people in their reintegration to work. In Section 3, the Participation Act is discussed in more detail.

Together with two other Acts - the 'General Act on Exceptional Medical Expenses' (*Algemene Wet Bijzondere Ziektekosten: AWBZ*) and the 'Act on Youth Care' (*Wet op de Jeugdzorg*) - the Participation Act is regarded as a large shift of responsibilities from national to local government level (decentralisation). Since its implementation in January 2015, municipalities have gained a bigger role in providing all kinds of support to disadvantaged groups. This concerns different forms of support and assistance such as migrant support (integration), youth work, adult learning, social care and additional health care/support.

With the decentralisation, combatting poverty and social exclusion is under the responsibility of local governments. In this area NGOs play an important role such as faith-based NGOs (e.g. *Kerk-in-Actie*<sup>31</sup>) and the food banks (*Voedselbanken*)<sup>32</sup>. The latter provide food for 94,000 people on a weekly basis.<sup>33</sup>

In addition to these reforms and as a response to the economic crisis, the pension system has seen some major changes as well (amended 22 June 2012). The Dutch pension system consists of three pillars<sup>34</sup>: The first is the 'General Old Age Pensions Act' (*Algemene Ouderdomswet (AOW)*), a basic income for all those that work and live in the Netherlands. The second is the employer-based pension facility (*Pensioenopbouw via de werkgever*), 90% of employers have an additional pension arrangement. Usually employers pay two thirds and employees, one third. The third (and less important) pillar is the individual/collective complementary pension facilities, such as life insurance policies. There are fiscal benefits for this pillar. In the first pillar, current workers pay for those retired. In the second and third pillar people finance their own pension. In order to keep the pension system sustainable given that the population is getting older and hence increasing the old-age dependency ratio (i.e. more people need to be supported by less people in employment), the pension age was increased in 2015 from 65 years to 65 years and 3 months, and will continue to increase in a staged approach. In 2018 the pension age (e.g. the age at which one receives a benefit from the General Old Age Pensions Act) will be 66 years. From 2022 onwards, the pension age develops in line with life expectancy. This being said, the pension system is still in transition and the discussion is not yet finalised<sup>35</sup>.

## Response to the Country Specific Recommendations (CSRs) in the field of social and employment policies

In the Country Specific Recommendation 2015<sup>36</sup> the Council acknowledges the fact that the Netherlands has improved the long-term sustainability of the pension system. In addition, it recalls that through the comprehensive reform of employment protection legislation enacted



in 2014 aiming at increasing labour market participation and mobility, fiscal disincentives to work have been reduced. Furthermore, the Council is of the opinion that the Netherlands complies with the Stability and Growth Pact. With the enactment of the 'Act on Work and Security' (*WWZ: Wet Werk en Zekerheid*) and the 'Participation Act' (*Participatiewet*), most of the Country Specific Recommendations for 2013 and 2014 (which were the same)<sup>37</sup> in the social and employment policy field are accomplished. In relation to this policy field, for 2015 the Council recommends to "reduce the level of contributions to the second pillar of the pension system for those in the early years of working life"<sup>38</sup>.

Under the EU 2020 national target for the Netherlands in the field of social and employment policy, in 2020 80 % of the population should be employed. This currently stands at 70.3 % (second quarter 2015)<sup>39</sup>, having remained at a stable level for the last six years. For the dimension 'People at risk of poverty or social exclusion', the national target for 2020 is that 100.000 less people should be at risk of poverty or exclusion. Statistics show that the percentage is over the last decade stable around 16 % of the population<sup>40</sup>, being the lowest risk-of-poverty-and-social-exclusion rate in the EU. In the framework of the Europe 2020 strategy, the Netherlands aims to reduce the number of people at risk of poverty and social exclusion. In 2014, on the basis of data from 2012 and 2013, it was concluded that the Netherlands nearly reached the target set for 2020<sup>41</sup>.

### 3. CURRENT ISSUES IN EMPLOYMENT AND SOCIAL AFFAIRS

In the field of employment and social affairs, the following reforms currently dominate the public and political debate: 1) Implementation of the 'Act on Work and Security' (*WWZ: Wet Werk en Zekerheid*); 2) Implementation of the 'Participation Act' (*Participatiewet*); 3) Plans for social protection for self-employed workers (*Zzp-ers*); 4) Plans for new taxation legislation; and 5) Pension reform (dealt with in section 2). These five (potential) reforms are discussed in more detail below.

#### Act on Work and Security (*WWZ: Wet Werk en Zekerheid*)

The 'Act on Work and Security' (*Wet Werk en Zekerheid*<sup>42</sup>) of 14 June 2014 amended various acts in connection with the reform of employment contract termination law (*ontslagrecht*), changes in the legal position of flex workers and various acts in connection with the adjustment of the 'Unemployment Act' (*Werkloosheidswet: WW*), widening the application of the 'Act on Income Provisions for Older Unemployed' (*Wet inkomensvoorziening oudere werklozen*), and the restriction of access to the 'Act on Income Provisions for Older or Partially disabled Unemployed Persons' (*Wet inkomensvoorziening oudere en gedeeltelijk arbeidsongeschikte werkloze werknemers*). The Act on Work and Security envisages to improve the balance between permanent contract work and flexible contract work and to reduce improper use of flexible work forms.<sup>43</sup>

Many of the reforms were enacted on 1 July 2015. The reforms aim at making the labour market more flexible and secure at the same time. It will make it easier and less expensive to terminate employment contracts but it will strengthen the legal and employment position of flex-workers. In addition, it provides additional support for the unemployed to get back into employment. The act foresees increased involvement and responsibility of employers to provide social security for their employees. Also in financial terms employers and employees will contribute more towards social security. Some important changes are highlighted below:

- **Changes to flex contracts:** For flex workers a probation period is forbidden for temporary contracts of a maximum of six months. The use of a string (*keten*) of temporary contracts is reduced from three to two years. Before starting a new string, half a year should have passed.
- **Changes to employment contract termination law (*ontslagrecht*):** The employment termination compensation is changed into a transition compensation.

Employees who have been employed for more than two years receive a third month's salary for each year. From ten years this is a half month's salary. The compensation can be a maximum of 75,000 Euro (or one year's salary for employees earning more than that).<sup>44</sup>

- **Changes to unemployment Act (*Werkloosheidswet: WW*):** The act demands unemployed people to accept employment faster: After half a year on unemployment benefits (*Werkloosheidswet: WW*), all labour is regarded as suitable. At the same time being on unemployment benefits and working part-time is better rewarded. Furthermore, more support is provided for the .

Separate reforms will be subject to evaluation. For instance the changes to the flex contracts will be evaluated three years after the enactment.

### Participation Act (*Participatiewet*)

The 'Participation Act' (*Participatiewet*<sup>45</sup>) of July 2nd 2014 supports all people that can work but need some kind of support in order to work. The act, which was implemented starting from 1 January 2015, replaces the '*Wet Werk en Bijstand*' (*WWB*), '*Wet Sociale Werkvoorziening*' (*WSW*) and parts of the '*Wet werk en arbeidsondersteuning jonggehandicapten (Wajong)*'<sup>46</sup> as well as the legislative proposal 'Act Working according to capability' (*Wet Werken naar Vermogen*).

The aim of the act is to get people with some form of labour limitation back to work. The act shifted the responsibility for labour integration from the national government to the local government. Municipalities are now responsible for the support to those facing limitations to work and for the integration of those people into the labour market. Municipalities are responsible for providing/organising counselling, support, additional training, supported employment, reintegration trajectories and employment subsidies. The idea is that at local level, better and more tailored support can be provided, and the coordination between different organisations involved in different types of support can be organised effectively and more efficiently. In the coming ten years more than 100,000 jobs need to be created for these target groups. The act does not include a quota in order to employ people with a labour disability.

The introduction of the Participation Act faced severe criticism. The criticism mostly concerned the fact that local governments were felt not to be fully equipped to carry out the new tasks and that the shift of responsibilities came at the same time as a severe budget cut in social and employment policies. More fundamentally, the act was seen to insufficiently take into account the high unemployment rate, especially among low educated people. Also, the employment positions in which many of the target groups will have to be re-integrated are difficult to find, so it remains to be seen whether it is feasible to create the required number of jobs<sup>47</sup>. A monitoring system is put in place and mid-term evaluations are scheduled for 2017 and 2019. In 2020 a final evaluation will be conducted.<sup>48</sup> As no formal evaluation has been conducted yet, the effects of the implementation remain to be seen.

### Plans for social protection for self-employed workers

The number of self-employed is increasing and amounts to more than 800,000 people. Of the working population, one out of ten is self-employed. The government is of the opinion that a self-employed person provides opportunities for the economy to grow, and should be better supported, for instance by reducing administrative burdens and opening public tender procedures for self-employed. In exchange, the self-employed need to take more initiative to organise matters themselves, such as a pension scheme<sup>49</sup>. The current debate is about a compulsory collective disability insurance (*arbeidsongeschiktheidsverzekering*)<sup>50</sup>, an income fund for temporary lack of work and a pension facility. These plans are supported by some employers organisations (*AWVN*<sup>51</sup>, *VNO-NCW*<sup>52</sup>), but self-employed organisations (*Zzp Nederland*<sup>53</sup>) are critical about parts of these plans. The reason for this critical position is

that self-employed deliberately choose to organise matters themselves. Making pension arrangements or collective disability insurance compulsory contrasts with the general idea of self-employment.

The different positions regarding self-employment depend on the type of self-employed which is taken as reference. This ranges from, on the one hand, the self-employed as exploited worker without a secure job position (while working for only one employer). An example on which there was a lot of debate in recent years is the postman. This type of self-employment is often referred to as 'sham independence' (*schijnzelfstandigheid*). On the other hand, self-employed are seen as risk-taking entrepreneurs. These different views also underlie the political difference between the two coalition partners, where one aims at protecting the vulnerable self-employed and the other does not want to impose additional regulation on this professional group.

An Interdepartementaal Policy study on self-employed (*Interdepartementaal Beleidsonderzoek naar zelfstandigen zonder personeel (zzp'ers)*)<sup>54</sup> was conducted between May 2014 and April 2015. On the basis of this study, the government formulated a policy response published on 2 October 2015<sup>55</sup> to further stimulate the discussion on this topic. The fundamental approach stemming from this work is that the difference in institutional treatment of self-employed on the one hand and employees on the other needs to be limited: the focus should be on the conditions under which the work is done, not the status of the one doing the work. This concerns harmonising the conditions under which employees and self-employed work. The government puts forward three (potential) measures: 1) combat 'sham independence' (*schijnzelfstandigheid*); 2) stimulate employership (*werkgeverschap*); and 3) accessible protection for self-employed. This concerns labour conditions; unemployment benefits; labour disability; and education and training.

### **Plans for new taxation legislation**

The Taxation plan for 2016 (*Belastingplan 2016*) aims at reducing the burden on labour in 2016 by € 5 billion. Through this, the plan aims at stimulating job creation and higher economic growth. The structural tax reduction is envisaged to be beneficial for both employers and employees. Among the topics that receive most attention is the plan to reduce taxation on labour in order to make labour less expensive. The plan was sent to the Parliament in September 2015<sup>56</sup>

## **4. OVERVIEW OF PRESIDENCY PRIORITIES**

In the first half of 2016, the Netherlands will hold the Presidency of the Council of the European Union. The point of departure is a short list of strategic priorities: a European Union that focuses on essentials; an innovative Union focused on growth and jobs; and finally, a Union that connects<sup>57</sup>. Following the recommended priorities of the SER<sup>58</sup>, in the field of social and employment policy the Presidency will focus on promoting decent work which concerns<sup>59</sup> three core areas as discussed below.

### **Area 1: Equal pay for equal work in the same workplace (Fair labour mobility)**

This concerns tackling the downside of the free movement of workers which includes abuse, sham employment arrangements and a downward spiral in terms and conditions. Worker mobility can boost economic growth and employment by encouraging that the right person enters the right workplace<sup>60</sup>, but the downside has to be addressed to increase public support for the free movement of workers and of services. There are problems that need to be resolved in order to increase support for the free movement of workers and especially for the free movement of services / posting. Freedom of movement therefore needs an assured 'level playing field for businesses and workers.



In its report on Labour Migration<sup>61</sup>, the SER recommends to draw up an action plan - in consultation with the social partners - for the promotion of fair labour mobility in the EU. This Action Plan has a national and a European component. The European component involves a number of aspects, such as changing the Service Directive; Posting of workers Directive; Coordination of social security systems; Information Directive (about rules, rights and obligations of employees); special enforcement rules for the transport sector; and measures to prevent abuse and fraud. In this light, and in line with the SER report on Labour Migration<sup>62</sup>, during its Presidency, the Netherlands can play an important role to further work on the Commission – proposed Labour Mobility Package (to be published end of 2015).

Key issue for the Dutch Presidency is the amendment of the Posting of workers Directive (96/71/EC)<sup>63</sup> on which the Netherlands, together with six other European Member States wrote a letter to Commissioner Thyssen<sup>64</sup> asking for amendments in the framework of the Labour Mobility Package. Other European Member States asked for the implementation of the Enforcement Directive (2014/67/EU)<sup>65</sup> before making amendments to the Posting of workers Directive.

Other issues in this core area concern combatting the use of letterbox companies to get around working condition rules as well as improving inspections, cross-border cooperation and information exchange on undeclared work and sham employment.

## **Area 2: Improving working conditions**

This area implies, firstly, better legislation, particularly legislation offering workers more protection from carcinogenic substances. Currently, only a limited number of substances are regulated by Directive 2004/37/EC on carcinogens or mutagens at work<sup>66</sup> while more than 100,000 people die because of work-related cancer. The aim is to regulate more substances. Secondly, the Presidency would like to change European legislation in the field of working conditions to objective-related rules whereby the details on the 'how' are left to the Member States to decide.

## **Area 3: Sharing best practices in combatting poverty**

The EU2020 objectives aim at diminishing of the number of citizens at risk of poverty by 20 million. Currently, the number of people at risk of poverty has only increased. Hence, there is a need for action. The Presidency would like to put this issue on the agendas of the Member States and stimulate exchange of best practices on combating poverty. The aim is to prepare a Council Conclusion on combatting poverty and use exchange of best practices to stimulate policy dialogue and development.

## **Long-term unemployment**

The topic of long-term unemployment is not specifically targeted in the Dutch priorities for the Presidency. Given the increasing level of long-term unemployment in the Netherlands (and in Europe), this topic could receive more emphasis. A recent study of the CPB<sup>67</sup> shows that although with a recovering economy the long-term unemployment (also for older people) will decrease, additional policy actions are needed. The current actions, aiming mostly at reducing labour costs is insufficiently effective for older (i.e. more expensive) workers. Other actions might be needed such as protection against contract termination; lowering unemployment benefits with the duration of unemployment; and less age-related collective labour agreements arrangements which make older workers less attractive.<sup>68</sup>



- <sup>1</sup> CBS (2015), Persbericht, vrijdag 14 augustus 2015 Werkgelegenheid stijgt verder: <http://www.cbs.nl/nl-NL/menu/themas/arbeid-sociale-zekerheid/publicaties/artikelen/archief/2015/werkgelegenheid-stijgt-verder.htm>
- <sup>2</sup> See: Eurostat, Unemployment rate by sex and age groups - quarterly average, % [une\_rt\_q] (Extracted on 04.10.15).
- <sup>3</sup> CBS (2015), Persbericht, woensdag 30 september 2015 Niet-onderwijsvolgende jongeren minder vaak werkloos: <http://www.cbs.nl/nl-NL/menu/themas/arbeid-sociale-zekerheid/publicaties/artikelen/archief/2015/niet-onderwijsvolgende-jongeren-minder-vaak-werkloos.htm>
- <sup>4</sup> See: Eurostat Employment (main characteristics and rates) - annual averages [lfsi\_emp\_a], indicator: Part-time workers in % of total employment (Extracted on 04.10.15).
- <sup>5</sup> CBS (2015), Persbericht, vrijdag 17 juli 2015: Langdurige werkloosheid stijgt: <http://www.cbs.nl/nl-NL/menu/themas/arbeid-sociale-zekerheid/publicaties/artikelen/archief/2015/langdurige-werkloosheid-stijgt.htm>
- <sup>6</sup> See: Eurostat, Long-term unemployment rate, by sex Code: tsdsc330: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdsc330&plugin=1> (Extracted on 04.10.15).
- <sup>7</sup> CPB (2015), Langdurige werkloosheid: Afwachten en hervormen, CPB Policy Brief 2015, 11: <http://www.cpb.nl/persbericht/3215875/ouderen-blijven-vaker-langdurig-werkloos>
- <sup>8</sup> CBS, Beroepsbevolking; kerncijfers naar geslacht en andere kenmerken 1996-2014 13 februari 2015.
- <sup>9</sup> CBS (2015), Artikel, vrijdag 14 augustus 2015: Positie werkkring en arbeidsduur: aantal vaste werknemers niet verder gedaald.
- <sup>10</sup> See: Eurostat Employment (main characteristics and rates) - annual averages [lfsi\_emp\_a], indicator: Percentage of employees with temporary contracts (Extracted on 04.10.15).
- <sup>11</sup> CBS (2015), Webmagazine, vrijdag 13 februari 2015: Langdurige werkloosheid neemt toe en treft vooral 45-plussers: <http://www.cbs.nl/nl-NL/menu/themas/arbeid-sociale-zekerheid/publicaties/artikelen/archief/2015/langdurige-werkloosheid-neemt-toe-en-treft-vooral-45-plussers.htm>
- <sup>12</sup> European Commission (2015), European Economy, Occasional Papers 221, June 2015 Macroeconomic imbalances Country Report – Netherlands 2015
- <sup>13</sup> This criterion indicates the budget needed to cover at least unavoidable expenses on food, clothing and housing, and on top of that, spending on basic forms of entertainment and social participation.
- <sup>14</sup> See: SCP (2013), De sociale staat van Nederland 2013; SCP (2014), De hoofdzaken van het Sociaal en Cultureel Rapport 2014.
- <sup>15</sup> VVD/PvdA (2012), Bruggen slaan Regeerakkoord VVD – PvdA 29 oktober 2012.
- <sup>16</sup> Usually with the 'constructive opposition' of D66, ChristenUnie and SGP.
- <sup>17</sup> See: Stichting van de Arbeid (2013), Perspectief voor een sociaal én ondernemend land: uit de crisis, met goed werk, op weg naar 2020 Verantwoordelijkheid nemen én dragen, kansen creëren én benutten: [http://www.stvda.nl/~media/Files/Stvda/Convenanten\\_Verklaringen/2010\\_2019/2013/20130411-sociaal-akkoord.ashx](http://www.stvda.nl/~media/Files/Stvda/Convenanten_Verklaringen/2010_2019/2013/20130411-sociaal-akkoord.ashx)
- <sup>18</sup> See for the legal text: [http://wetten.overheid.nl/BWBR0035254/geldigheidsdatum\\_03-10-2015](http://wetten.overheid.nl/BWBR0035254/geldigheidsdatum_03-10-2015): <https://zoek.officielebekendmakingen.nl/stb-2014-216.html>
- <sup>19</sup> Inspectorate SZW (Inspectie van SZW): [http://www.inspectieszw.nl/onderwerpen/arbeidsomstandigheden/veiligheid\\_en\\_gezondheid/](http://www.inspectieszw.nl/onderwerpen/arbeidsomstandigheden/veiligheid_en_gezondheid/)
- <sup>20</sup> See for the legal text: [http://wetten.overheid.nl/BWBR0007892/geldigheidsdatum\\_05-10-2015](http://wetten.overheid.nl/BWBR0007892/geldigheidsdatum_05-10-2015)
- <sup>21</sup> See as well: Panteia (2011), Verantwoordelijk werken: Evaluatie Arboret en beleidsdoorlichting arbobegrotingsartikel: <http://www.panteia.nl/Over-Panteia/projecten-en-publicaties/Overzicht-publicaties/765650011%20Verantwoordelijk-werken>
- <sup>22</sup> Statistics Netherlands: <http://www.cbs.nl/nl-NL/menu/home/default.htm>
- <sup>23</sup> See: CBS (2013), Een onderzoek naar zwartwerk onder uitkeringsgerechtigden en de totale bevolking in 2010: <http://www.cbs.nl/NR/rdonlyres/0DC3244D-128C-413B-9621-2AE0825B4095/0/2013Onderzoeknaarzwartwerkonderuitkeringsgerechtigdenpub.pdf>. It needs to be emphasised that the data situation underlying the analysis is regarded as weak, but that the outcomes are consistent with analyses in previous editions of the report.
- <sup>24</sup> See indicative study Achahchah, Jamila, Cadat, Mellouki (Movisie) (2014), Mensen die zwart werken voelen schaamte (29 april 2014), in Sociale Vraagstukken: <http://www.socialevraagstukken.nl/site/2014/04/29/mensen-die-zwart-werken-voelen-schaamte/>
- <sup>25</sup> Belastingdienst: [www.belastingdienst.nl](http://www.belastingdienst.nl)
- <sup>26</sup> Uitvoeringsinstituut Werknemersverzekeringen (UWV): <http://www.uwv.nl>
- <sup>27</sup> See: Ministerie van Sociale Zaken en Werkgelegenheid (2007), Dienstverlening aan huis
- <sup>28</sup> See: Panteia (2014), De markt voor dienstverlening aan huis Onderzoek naar vraag- en aanbodzijde: <http://www.rijksoverheid.nl/bestanden/documenten-en-publicaties/rapporten/2014/03/28/de-markt-voor-dienstverlening-aan-huis/de-markt-voor-dienstverlening-aan-huis.pdf>
- <sup>29</sup> See for the legal text: [http://wetten.overheid.nl/BWBR0015703/geldigheidsdatum\\_01-01-2015](http://wetten.overheid.nl/BWBR0015703/geldigheidsdatum_01-01-2015)
- <sup>30</sup> See for the legal text: [http://wetten.overheid.nl/BWBR0013280/geldigheidsdatum\\_05-10-2015](http://wetten.overheid.nl/BWBR0013280/geldigheidsdatum_05-10-2015)
- <sup>31</sup> <http://www.kerkinactie.nl/>
- <sup>32</sup> <http://www.voedselbankennederland.nl/>
- <sup>33</sup> Voedselbanken.nl (2014), Feiten en Cijfers Voedselbanken Nederland: [www.voedselbankennederland.nl/download.php?f=factsheet-voedselbanken-311214-def.pdf](http://www.voedselbankennederland.nl/download.php?f=factsheet-voedselbanken-311214-def.pdf)
- <sup>34</sup> See: <https://www.rijksoverheid.nl/onderwerpen/pensioen/inhoud/opbouw-pensioenstelsel>
- <sup>35</sup> See: Ministry of SZW (2015), Hoofdlijnen van een toekomstbestendig pensioenstelsel; 6 juli 2015: <http://www.ser.nl/~media/files/internet/persberichten/2015/20150706-hoofdlijnen-toekomstbestendig-pensioenstelsel.ashx>;
- <sup>36</sup> See: European Council (2015), Council Recommendation of 14 July 2015 on the 2015 National Reform Programme of the Netherlands and delivering a Council opinion on the 2015 Stability Programme of the Netherlands (2015/C 272/22): [http://ec.europa.eu/europe2020/pdf/csr2015/csr2015\\_council\\_netherlands\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_council_netherlands_en.pdf)
- <sup>37</sup> See: [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/2014/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/2014/index_en.htm) and [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/2013/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/2013/index_en.htm).
- <sup>38</sup> European Council (2015), Council Recommendation of 14 July 2015 on the 2015 National Reform Programme of the Netherlands and delivering a Council opinion on the 2015 Stability Programme of the Netherlands (2015/C 272/22): [http://ec.europa.eu/europe2020/pdf/csr2015/csr2015\\_council\\_netherlands\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_council_netherlands_en.pdf)
- <sup>39</sup> CBS Statline: Arbeidsdeelname; kerncijfers 14 augustus 2015 (Extracted on 04.10.15).
- <sup>40</sup> See: [http://ec.europa.eu/europe2020/europe-2020-in-your-country/nederland/progress-towards-2020-targets/index\\_en.htm](http://ec.europa.eu/europe2020/europe-2020-in-your-country/nederland/progress-towards-2020-targets/index_en.htm)

- <sup>41</sup> See CBS (2014), Web magazine, 20 May 2014: Netherlands performs above average on themes Europe 2020: <http://www.cbs.nl/en-GB/menu/themas/dossiers/eu/publicaties/archief/2014/2014-4058-wm.htm>
- <sup>42</sup> See for the legal text: [http://wetten.overheid.nl/BWBR0035254/geldigheidsdatum\\_03-10-2015](http://wetten.overheid.nl/BWBR0035254/geldigheidsdatum_03-10-2015): <https://zoek.officielebekendmakingen.nl/stb-2014-216.html>
- <sup>43</sup> See for more information: <http://www.mijnwerkenzekerheid.nl/>
- <sup>44</sup> See explanation transitievergoeding: <http://www.mkbservice.nl/9738/wet-werk-zekerheid-transitievergoeding.htm>
- <sup>45</sup> See for the legal text: [http://wetten.overheid.nl/BWBR0015703/geldigheidsdatum\\_01-01-2015](http://wetten.overheid.nl/BWBR0015703/geldigheidsdatum_01-01-2015)
- <sup>46</sup> See: <https://www.rijksoverheid.nl/onderwerpen/participatiewet>
- <sup>47</sup> See for instance: Tinnemans, Will (2014), Participatiewet wordt een drama april 2014, Sociaal Bestek: <http://www.mogroep.nl/thema/transities-transformatie/nieuws/3090-scherpe-kritiek-op-participatiewet>
- <sup>48</sup> Ministerie van Sociale Zaken Werkgelegenheid (2013), Plan van Aanpak Monitor en Evaluatie Participatiewet: <https://www.rijksoverheid.nl/binaries/rijksoverheid/documenten/brieven/2013/12/02/plan-van-aanpak-monitor-en-evaluatie-participatiewet/plan-van-aanpak-monitor-en-evaluatie-participatiewet.pdf>
- <sup>49</sup> See: <https://www.rijksoverheid.nl/onderwerpen/zelfstandigen-zonder-personeel-zzp> ; <https://www.rijksoverheid.nl/actueel/nieuws/2015/04/17/pensioenregeling-voor-zzp-ers-in-de-bijstand>
- <sup>50</sup> See: <http://www.pvda.nl/standpunten/werk+en+economie/Zelfstandigen+zonder+personeel+%28ZP%29>
- <sup>51</sup> Algemene Werkgeversvereniging Nederland: <http://www.awvn.nl/> See as well: SEO (2014), Nieuw ontwerp sociaal beleid Beoordeling van AWWN voorstel voor een basisregeling voor werkenden: <http://www.awvn.nl/actueel-site/Documents/LK%20%20Z216%20Rapportage%209%20oktober.pdf>
- <sup>52</sup> Confederation of Netherlands Industry and Employers: <http://www.vno-ncw.nl/Pages/Default.aspx>
- <sup>53</sup> <http://www.zzp-nederland.nl/>
- <sup>54</sup> Ministerie van Financiën; Inspectie der Rijksfinanciën/Bureau Strategische Analyse (2015), IBO Zelfstandigen zonder personeel: <https://www.rijksoverheid.nl/documenten/rapporten/2015/10/02/eindrapport-ibo-zelfstandigen-zonder-personeel>
- <sup>55</sup> Ministerie van Sociale Zaken Werkgelegenheid (2015), Aanbieding kabinetsreactie IBO ZPZ: <https://www.rijksoverheid.nl/documenten/kamerstukken/2015/10/02/kamerbrief-nnb-volgt-na-ministerraad>
- <sup>56</sup> See: Ministerie van Financiën (2015), Wijziging van enkele belastingwetten en enige andere wetten (Belastingplan 2016) Voorstel van wet (15-09-2015): <https://www.rijksoverheid.nl/onderwerpen/belastingplan/documenten/kamerstukken/2015/09/15/belastingplan-2016>
- <sup>57</sup> Ministerie van Buitenlandse Zaken (2015), Letter of 28 January 2015 from the Minister of Foreign Affairs to the House of Representatives on substantive preparations for the 2016 Dutch Presidency of the Council of the European Union: <https://www.government.nl/topics/european-union/documents/parliamentary-documents/2015/01/23/letter-to-the-house-of-representatives-about-substantive-preparations-for-the-2016-dutch-presidency-of-the-council-of-the-europ>. This entails the following:
- 1) A Union focused on essentials: The Netherlands believes that the EU must focus on areas that will make Europe stronger, such as prosperity, freedom and security. The EU should not involve itself in matters that the member states are perfectly capable of dealing with themselves, like health care, education, pensions and taxes.
  - 2) A Union focused on growth and jobs: The Netherlands sets great store by creating new jobs and promoting an innovative economy in the EU. The Netherlands wants to achieve this by, for instance: removing obstacles for companies that want to do business in other member states; concluding trade agreements; protecting workers more effectively against exploitation and unfair competition.
  - 3) A Union that connects with citizens: The EU must connect with its citizens, so that they can identify with EU decisions. The government will give citizens, companies and civil society organisations an active role in the Presidency.
- <sup>58</sup> The Social and Economic Council of the Netherlands: <https://www.ser.nl/>; SER (2014), Prioriteiten Nederlands voorzitterschap EU.
- <sup>59</sup> Letter of 28 January 2015 from the Minister of Foreign Affairs to the House of Representatives.
- <sup>60</sup> See: SER (2014), Prioriteiten Nederlands voorzitterschap EU.
- <sup>61</sup> SER (2014), Arbeidsmigratie
- <sup>62</sup> SER (2014), Arbeidsmigratie.
- <sup>63</sup> See legal text: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31996L0071:en:HTML>
- <sup>64</sup> Ministerie van Sociale Zaken Werkgelegenheid (2015), Brief aan Eurocommissaris Thyssen over de detachingsrichtlijn 19 June 2015: <https://www.rijksoverheid.nl/documenten/brieven/2015/06/19/brief-aan-europees-commissaris-thyssen-over-de-detachingsrichtlijn>
- <sup>65</sup> See legal text: <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=URISERV:c10508&from=NL&isLegisum=true>
- <sup>66</sup> See legal text: <http://eur-lex.europa.eu/legal-content/NL/TXT/?uri=URISERV:c11137>
- <sup>67</sup> the Netherlands Bureau for Economic Policy Analysis: <http://cpb.nl/>
- <sup>68</sup> CPB (2015), Langdurige werkloosheid: Afwachten en hervormen, CPB Policy Brief 2015, 11: <http://www.cpb.nl/persbericht/3215875/ouderen-blijven-vaker-langdurig-werkloos>

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Contact: [Poldep-Economy-Science@ep.europa.eu](mailto:Poldep-Economy-Science@ep.europa.eu)

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