

# Employment Observatory

## MISEP BASIC INFORMATION REPORT NETHERLANDS 1997

Employment & labour market



Employment & social affairs



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on Employment Policies (MISEP)

Basic Information Report

NETHERLANDS

Institutions, Procedures and Measures

1997

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On the basis of an agreement of the directors general for employment, the European Commission created a Mutual Information System on Employment Policies (MISEP) in 1982.

The system operates with a network of correspondents from the departments responsible for employment policy in the Member States or from employment services. The centralised secretariat is fully accountable to the Commission.

MISEP was set up by the Commission in response to a need voiced by the delegations of the Member States in the Council for a mutual information exchange on developments in national employment policy measures and structures. The definition of MISEP's objective is to gather, synthesise, translate and disseminate relevant information in the Member States, serving each of the responsible national ministries and agencies in their daily decision-making, and aiding the Commission in its co-ordinating role at Community level.

The Basic Information Reports describe the structure and content of employment policy in each Member State. The reports all have a common structure and contain basic information which is essential for an understanding of how employment policies are conceived and implemented.

The material in this Basic Information Report has been provided by the Dutch correspondent and is correct as of 1 November 1997. It is intended as a guide and an explanation of national policy measures in force at that date in the Netherlands and is not a substitute for the corresponding legal texts. It is designed to describe the policies and practices in the Netherlands without value judgements either on the part of the Commission or the national correspondent.

While these reports will be updated periodically, further information and regular updating of measures are published in the system's quarterly policy bulletin, inforMISEP.

This document was produced on behalf of the European Commission by the Dutch MISEP-correspondent in collaboration with colleagues from the Ministry of Social Affairs and Employment (*Ministerie van Sociale Zaken en Werkgelegenheid*) and the I.A.S.

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## BENCHMARK STATISTICS

<b>THE LAND</b>	
Area	41,526 km <sup>2</sup>
<b>THE PEOPLE</b>	
Population	15.5 million
<b>PRODUCTION</b>	
Gross Domestic Product (market prices)	NLG 670 billion
<b>LABOUR MARKET</b>	
<b>Working age population</b>	10.5 million
<b>Labour force (&gt; 12 hours weekly)</b>	6.7 million
<b>Gross participation rate</b>	63.5%
– by sex (men – women)	76.6% – 49.9%
<b>Employment</b>	
Active labour force (> 12 hours weekly)	6.2 million
of which:	
– women	2.3 million
– under 25 years	0.8 million
by Sector:	
– agriculture, etc.	4%
– manufacturing	17%
– construction	7%
– services	72%
<b>net participation rate</b>	58.8%
– by sex (men – women)	72.4% – 44.6%
– by age: < 25	39.5%
> 54	26.5%
Ratio:	
– active persons (< 12 hours weekly included)/labour years	1,232
– by sex (men – women)	1,081 – 1,539
<b>Unemployment</b>	
ILO-definition	483,000
Persons receiving an unemployment benefit	765,000
Registered unemployed	440,000 (6.6%)
– by sex (men – women)	5.9% – 7.8%
– under 25 years	75,000 (8.6%)
<b>Unemployment by educational level</b>	
(compared with educational level of active labour force):	
– without any certificate	24% (9%)
– lowest-level secondary education (LBO/MAVO)	27% (22%)
– middle-level secondary education (HAVO/VWO/MBO)	33% (44%)
– higher education	16% (25%)
<b>Long-term Unemployment</b>	
> 1 year	221,000
> 3 years	102,000

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# CHAPTER I INSTITUTIONS

## 1. General

Labour market policy in the Netherlands consists of two main components: on the one hand, so-called employment policy, which aims to combat unemployment by way of controlling the demand side of the labour market and, on the other hand, "*labour market policy in a narrow sense*", which primarily focuses on the supply side of labour. Labour market policy in a narrow sense includes, among other things, the activities of the Public Employment Service (*Arbeidsvoorzieningsorganisatie*) and aims to promote the integration of jobseekers into employment.

Dutch labour market policy is concerned primarily with the demand for labour and includes the areas of macroeconomic policy, budgetary policy and structural economic policy. This report, however, focuses mainly on "*labour market policy in a narrow sense*", although some measures aimed principally at stimulating demand for labour, i.e. touching on the demand side, will also be sketched. Examples in this regard would be specific reductions of the tax and social security burden on employers who employ a low-paid and/or long-term unemployed worker, or the creation of extra structurally financed jobs in the public sector.

Various ministries have responsibilities in the field of labour market policy: the Ministry of Education and Science (vocational education and training), the Ministry of Economic Affairs (structural economic policy), the Ministry of Finance (reduction of financial burden and budgetary policy) and the Ministry of Social Affairs and Employment (especially labour market policy in a narrow sense). The Ministry of Agriculture and Fisheries, the Ministry of Housing, Spatial Planning and the Environment, the Ministry of Transport and Public Works and some other ministries are also involved in so far as their areas of activity are affected. The Ministry of Social Affairs and Employment has coordinating responsibilities regarding labour market policy. Traditionally, its policy is concentrated intensively on the supply side of the labour market. In recent years, however, this Ministry's policy has become more and more focused on financially encouraging employers to recruit low-skilled and low-paid workers.

In addition to the Ministries, many other actors are involved in the realisation of labour market policy in the narrow sense. The *local authorities* are responsible for the implementation of various regulations concerning additional and subsidised employment. The *social security institutions* are also committed to activating unemployed persons in receipt of social benefits. The *employers' and employees' organisations* are endeavouring, among other things via collective agreements (CAOs), to give a concrete shape to labour market goals. And, last but not least, the Public Employment Service (*PES*) has been assigned the task of matching the demand for and the supply of labour on the labour market and of focusing here especially on the difficult-to-place jobseekers.



## **2. Ministry of Social Affairs and Employment (*Ministerie van Sociale Zaken en Werkgelegenheid* – *SZW*)**

The Ministry of Social Affairs and Employment (*SZW*) promotes participation in paid, qualitatively good work and tries to prevent involuntary unemployment. Anyone who is involuntarily unemployed full-time or partially is guaranteed a basic income provision by the Ministry. This also applies to persons who have reached pensionable age. In realising its two main goals, the *SZW* gives priority to promoting labour market participation ("Work over Income"). An integrated effort from various policy areas is indispensable here.

The main tasks of the *SZW* derive from these main goals, the target areas being employment, labour market, industrial relations, income and social security and working conditions. A further task of the *SZW* is to coordinate policies on women's emancipation.

The Ministry of *SZW* develops policies both for the private and the public sector. But the Ministry of Home Affairs has a coordinating responsibility as regards personnel policy for civil servants. It should be noted, however, that the contents of "labour and income" in the public sector, as well as its management, has become increasingly similar to the situation in the market sector.

The present government's coalition agreement of 1994 identified the employment shortage as the main worrying problem in the Netherlands. The need to increase employment entails, among other things, the issues of increasing participation in paid labour and adapting the social security system. The promotion of labour force participation and employment has, more than ever, become a matter of prime concern to the Ministry of Social Affairs and Employment (*SZW*). This Ministry is involved on a wide scale in developing a strategy to increase employment. The present philosophy of the Ministry is: "Work, Work, Work!", and the trend is towards adapting all policy aspects concerning the "labour and income system" (ranging from general working conditions to the mechanisms of labour allocation) to the purpose of contributing to the solution of the employment problem.

The employment policy of the government headed by Prime Minister W. Kok (1994-1998) is aimed at increasing the number of jobs and reducing unemployment and labour market(-relevant) inactivity, especially among low-skilled and low-paid workers. This employment policy consists of the following main lines:

- to strengthen the economy by means of budgetary measures, a reduced financial burden and a structural policy;
- to manage a moderate development of wage costs and to reduce the tax and social security burden on employment;
- a new equilibrium of flexibility and security on the labour market ("flexicurity");
- to improve and intensify the possibilities for participation in vocational education and training;
- to create jobs for the long-term unemployed;
- to motivate persons in receipt of social benefits to seek work;
- an active policy to control the number of social beneficiaries and a new approach to implementing the social security regulations.

A second important concern relates to the issue of income security. Many aspects of the existing social insurance and social assistance provisions are being reformed now or will be in the future. In recent years, a new equilibrium in the spread of responsibilities over the state, citizens, enter-

prises and social partners has evolved. Nevertheless, an important concern for the SZW remains guaranteeing a minimum social income for people who are involuntarily out of work for whatever reason, as well as for people above 64 years of age.

This emphasis on a guaranteed minimum income is a characteristic feature of the 1990s in particular. For decades the policy objective had been to create a public social security system which would provide maximum insurance against any loss of income. This fitted in with and was achievable within the framework of more or less "full employment". However, since the end of the 1980s, the benefit conditions regarding the social insurance legislation on sickness, disability and unemployment have been considerably restricted. Among other things, the gross – and even more so the net – income-replacement rates have been decreased. The task of filling the gap between the minimum social income level and the last earned wages has increasingly become the responsibility of the individual workers and/or the social partners.

For many decades, and up to the present day, the Minister of SZW has been assisted by a State Secretary, who has traditionally been charged with responsibility for one segment of the Ministry's domain: the system of social insurances and social assistance arrangements.

The Secretary General and the Directors General comprise the Board of Management of the Ministry. Together with the political leaders, the Board of Management is predominantly concerned with "main lines" of policy and "strategic issues". Aside from the specific responsibilities of the Secretary General for the coordination and the tuning of the main policy lines as well as for the ministerial responsibility, the Secretary General and the three Director Generals are leading their respective Directorates.

At the next administrative level, the Ministry is composed of a multitude of functional Directorates, named either "Policy Directorates", "Facet Directorates" or "Auxiliary Directorates". There is also a "Supervisory Directorate". Closely related to the latter, a Labour Inspectorate has been established for the operational supervision of all existing social affairs legislation. Finally, mention should be made of a separate directorate for the "Coordination of policies concerning women's emancipation". This coordination embraces the relevant policies of all Ministries. All directorates are juxtaposed, without any one being subordinate to another. The Policy Directorates are linked to all the other Directorates in a matrix-type structure. Every high-ranking civil servant on the Board of Management is directly responsible for a number of the Directorates in the Ministry.

The task of the Policy Directorates is to advise the political leadership. These Directorates prepare lines of policy, design instruments for their implementation and supervise the operational maintenance of these instruments. They also provide guidance to institutions charged with the administration of the policy instruments, and they develop measures directed at the prevention and suppression of fraud, abuse and misuse.

The Labour Market Directorate (*AM*) is the central ministerial unit for active labour market policies. This Directorate is responsible for the design of labour market policy and for the development of a labour market in which as many people as possible can find jobs and in which vacancies can be filled. Some foci of interest are:

- improving the mechanisms of the labour market;
- reducing quantitative and qualitative discrepancies between supply and demand at the sectoral level;
- activating policies targeting specific supply categories such as long-term unemployed, ethnic minorities, youth, older workers, women and girls;

- development of provisions for vocational training to improve qualifications on the supply side of the market;
- political and organisational aspects of the independent Public Employment Service (*Arbeidsvoorzieningsorganisatie*);
- cooperation between the Public Employment Service and the social security institutions;
- regulations in the area of additional employment.

The activities of the Policy Directorate "General Socio-economic Affairs" (*ASEA*), in particular, are also important for labour market policy. This Directorate is – among other things – charged with increasing participation in employment by promoting a favourable socio-economic climate. Various topics are of importance here:

- the general economic aspects of the development of employment and unemployment;
- macroeconomic aspects of social security;
- issues related to the economic structure;
- wage-cost and incomes policy, especially in relation to the promotion of participation in employment.

Other Policy Directorates concern themselves with issues such as:

- working conditions, especially safety and health (*ARBO*);
- labour relations (*AV*);
- issues in the area of social assistance legislation (*BZ*);
- issues in the area of social insurance legislation and supplementary pensions (*SV*).

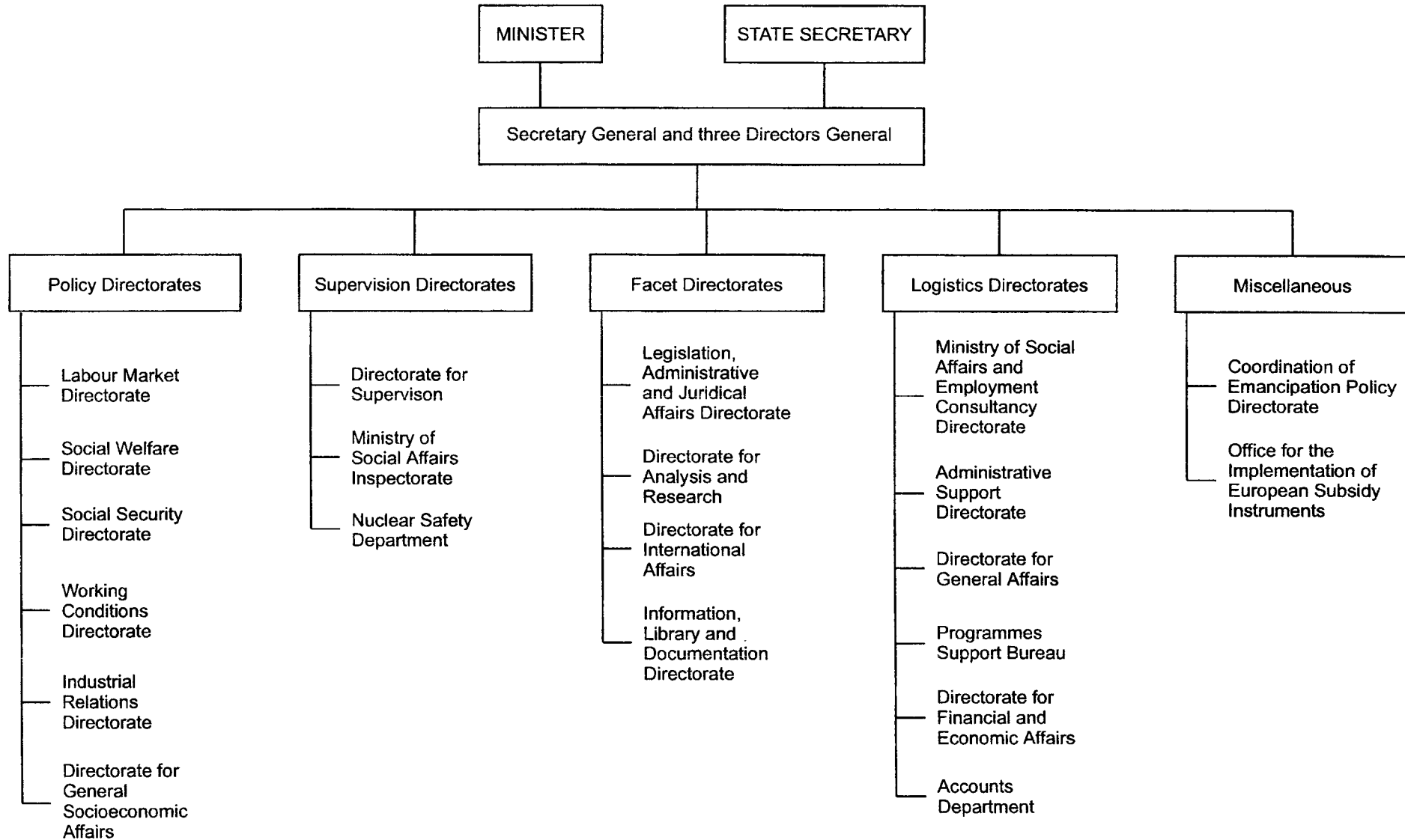
Facet Directorates carry out specific functions to facilitate and improve the quality of the work done by the Minister and State Secretary, the Board of Management and the Policy Directorates. They are involved with matters such as: legislation and juridical issues, research and analysis, international affairs, public relations, library and documentation.

The Auxiliary Directorates take care of matters such as: financial administration, accounting, organisation and personnel administration, administrative support, archive maintenance, printed matter, etc. An interesting unit is the Programme Support Bureau, which advises the administrative and political leadership on programme implementation and provides logistic and administrative support for the programmes. This Bureau also coordinates the activities of the Social Memorandum, the annual report on the policy measures planned by the Ministry of SZW.

The Supervision Directorate has the task of developing a supervisory policy as an integral part of the SZW's overall model of government. It also has to monitor adherence to legislation in the field of social affairs and employment by municipal authorities and autonomous administrative organisations (such as the bodies implementing social security and the Public Employment Service).

The Labour Inspectorate is not only charged with supervisory tasks for the enforcement of existing laws, but is also a source of information for the Ministry and the public. It prepares, for instance, reports on developments concerning collective bargaining agreements. In addition to this, it contributes to the coordination and cooperation between separate administrative areas on an operational level.

**Ministry of Social Affairs and Employment**  
**(Ministerie van Sociale Zaken en Werkgelegenheid – SZW)**



## 3. Public Employment Service

### 3.1 Goal and tasks

In 1991 the Public Employment Service was transformed from a Directorate General of the Ministry of Social Affairs and Employment into an independent institution for the Public Employment Services. In the Public Employment Service Act, which came into force on 1 January 1997, the main goal is described as follows: "The Public Employment Service is aiming at the promotion of an equilibrium between the supply of and demand for labour on the labour market, especially the provision of services for difficult-to-place jobseekers".

The Public Employment Service carries out at any rate the following basic tasks in pursuit of the above-mentioned goal:

- a) for every jobseeker and employer:
  - to establish and maintain a nation-wide spread organisation for the public placement of jobseekers;
  - the registration of jobseekers;
  - the registration of vacancies;
  - the provision of a number of appropriate vacancies for jobseekers;
  - the provision of a number of appropriate jobseekers for vacancies;
  - the collection and analysis of information concerning developments on the labour market;
  - to provide information and advice concerning labour market issues, choice of study and profession as well as training;
- b) for difficult-to-place jobseekers:
  - preparation for their integration into work, especially through training;
  - special efforts for their placement.
- c) for employers:
  - the provision of services in order to fill difficult-to-fill vacancies.

Every employer and jobseeker can avail in every employment office of a broad and uniform package of services. The basic services (mentioned under a) for employers and jobseekers are free of charge.

Furthermore, employers can avail of a broad range of additional services at a fee, such as intensive recruitment and selection, advice on selection and suitability, personnel and training advice, and advice in the area of personnel management, project and contract training, and outplacement.

The Public Employment Service also handles a number of specific tasks, such as applications for permission to dismiss workers, applications for placement and applications for licences to intermediary and temporary work agencies. It is expected that the function of the Public Employment Service concerning applications for licences to intermediary and temporary work agencies will be abolished in the near future.

## 3.2 Organisation

The Public Employment Service encompasses a Central Board, a General Management, Regional Boards and Regional Managements.

The basic functions of the Central Board are:

- to lay down the general policies;
- to lay down the national budget, the national yearly accounts and the national yearly report;
- to ensure the correct implementation of the general policy, consistency between the policies of the Regional Boards and between these policies and the general policy;
- to ensure the proper management and legitimate and efficient use of the resources of the Public Employment Service according to the different tasks;
- to liaise with the Ministry of Social Affairs and Employment;
- to appoint the General Management.

The Central Board consists of nine members, including a chairperson and three deputy members. The members are appointed by royal decree. Three members, including the chairperson and a deputy member, are nominated by the Minister of Social Affairs and Employment. Three members and a deputy member are nominated respectively by the representative organisations of employers and the representative organisations of employees. Every member of the Board has one vote and the members vote without mandates. Decisions are taken based on a majority of votes.

Among other things, the Public Employment Service Act, which came into force on 1.1.1997, brought to an end the situation which had existed since 1991 of direct administrative representation of a number of central government ministries (e.g. the Ministry of Social Affairs and Employment) in the Central Board of the Public Employment Service.

The General Management, which is appointed by the Central Board, supports the Central Board in carrying out its functions. The General Management carries out anyhow the following tasks under the responsibility of the Central Board:

- the day-to-day management of the Public Employment Service;
- the preparation of the national policy and the implementation of the policy which has been laid down;
- the administration and the management of the Public Employment Service, in any case financial management, personnel management, quality control, provision of information, management of information and statistics, as well as instructing the Regional Managements in these areas; advice and support for the Regional Boards and Regional Managements;
- quantitative and qualitative analysis of developments on the labour market.

In carrying out these tasks, the General Management is supported at the national level by:

- the internal staff of the Public Employment Service (*Arbeidsvoorziening Nederland*);
- the General and Technical Service Department of the Public Employment Service.

The internal staff works primarily on strategy and policy development, control, personnel management, juridical matters, communication and quality control.

The General and Technical Service Department, divided into a central unit and six regional units, supports the management with general and technical services in the following fields:

- product and market;
- information technology;
- property and facilities;
- personnel services;
- permits and measures.

18 Regional Boards and 18 Regional Managements operate within the Public Employment Service. The tasks of the Regional Boards are comparable with the tasks of the Central Board, with reference of course to the regional situation. The Regional Board consists of:

- three members and a deputy member nominated respectively by the representative employers' and employees' organisations;
- three members and a deputy member nominated by the municipalities in the regional area of the Regional Board;
- a chairperson, who can be chosen from among the other boardmembers.

The members (and the chairperson) are appointed by the Central Board.

The Regional Management supports the Regional Board in the fulfilment of its tasks. The tasks of the Regional Management are comparable with the tasks of the General Management, but one restricted to the regional level of the Public Employment Service.

The Regional Public Employment Service consists, in addition to the regional offices, of a network of more than 200 employment offices and 60 Vocational Training Centres. This network provides services in accordance with the local and regional situation. The employment offices are the core units of the Public Employment Service and they provide the services for employers and employees. The employment offices provide a market-based uniform package of services which covers the core competencies: placement, information and advice and improvement of the opportunities for difficult-to-place jobseekers.

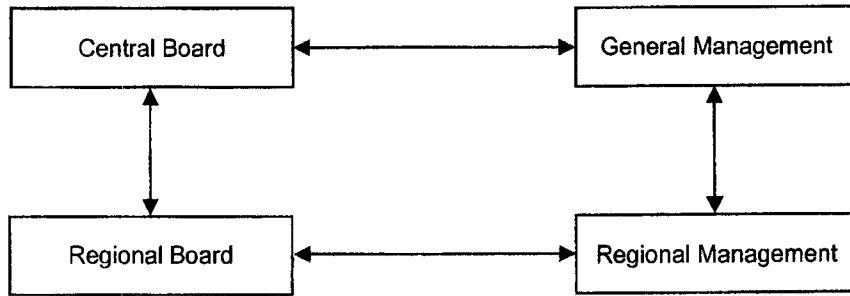
The Vocational Training Centres provide recognised, functionally oriented training for many professions, varying from administrative to technical. They train unemployed persons who cannot yet be placed, aiming to provide them with the prospect of finding a job. Employers can also use these centres for retraining their employees. A characteristic feature of this training is that the trainees can start at any time on any level. The training courses provided are linked to the needs of the regional labour market.

Starting from 1 January 1998, the relationship between the employment offices and the Vocational Training Centres will be more business-like, on the understanding that the employment offices (i.e. the placement company) will then be able to purchase training from the Vocational Training Centres (i.e. the training companies). The criteria for purchase will be price, quality and time of delivery of the training.

**Public Employment Service (PES)**

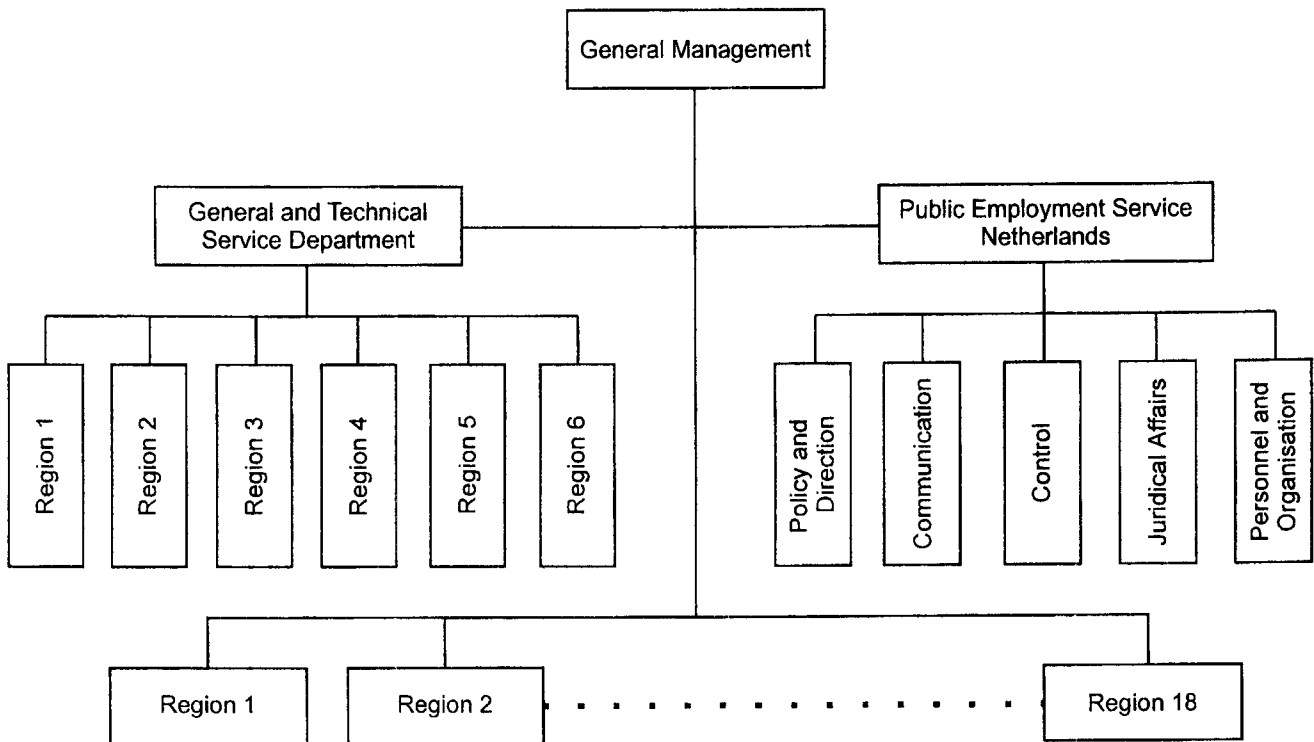
**Public Employment Service**

**Board/Management Relation**



**Public Employment Service**

**Management Structure**





### 3.3 Cooperation

In order to be able to work successfully in a labour market-oriented way, the Public Employment Service cooperates closely with all the parties which are active on the labour market, i.e. the employer and employee organisations, the temporary employment agencies, the educational institutions, the social services of the municipalities and other social benefit institutions. Thanks to these contacts the Public Employment Service can identify new opportunities at an early stage and thus use them fully. Cooperation agreements with such parties as the *MKB-Nederland* (the interest organisation of small and medium-sized enterprises), *GAK* (Joint Industrial Insurance Administration Office), *USZO* (Administrative Body for Social Security Regulations for the Public and Educational Sector) and *GUO* (Joint Implementing Body for Social Insurance Regulations) play a central role.

The employment offices, the social benefit institutions and the municipalities will cooperate much more closely in the future. Thus, the distance between a jobseeker and the labour market can be assessed more rapidly and precisely and it will become possible for beneficiaries to reintegrate more quickly into paid employment. The Ministry of Social Affairs and Employment is planning to intensify the cooperation between the Public Employment Services, social benefit institutions and the municipalities on the basis of the project "Cooperation on Work and Income" (*Samenwerking Werk en Inkomen – SWI*). The Ministry sees *SWI* as linking the reform of social security legislation to the modernisation of the instruments for reintegration (cf. *WIV*: Chapter III, NL-v.10) and to the introduction of the market-based implementation of the employee insurance schemes (cf. Chapter I, 7.).

The Public Employment Service also cooperates with a consortium of temporary employment agencies in order to be better able to participate in the market for flexible labour. The collaboration with the demand side of the labour market is also very important. Only if it has good relations with the employers can the Public Employment Service find access to the necessary vacancies. By means of close contacts with the economic sectors and branches, the Public Employment Service can successfully adapt to national and regional sectoral developments. In this way the Public Employment Service can ensure that the measures for training and intake of jobseekers agreed on in Collective Agreements (*CAO*) will indeed be transformed into concrete results.

### 3.4 Employment office services

The national network of more than 200 employment offices represents an essential part of the Public Employment Service at the implementation end. Any employer or employee can avail of a broad and uniform package of services in any employment office. The basic services for jobseekers are registration, information, advice and placement, all of which are provided free of charge. In addition, clients who can be directly placed can receive career guidance or be assessed or participate in job-application training. However, the latter services are not free of charge.

Jobseekers who cannot be placed directly receive extra services from the employment offices. On the basis of a labour market-oriented approach, they seek the best way to make such jobseekers placeable as soon as possible. In consultation with the social benefit institutions and the jobseeker concerned, the employment offices seek the most suitable training and arrange the financing. The basic services for employers are information on vacancies and the labour market, registration and processing of vacancies and matching and assignment of candidates. Furthermore, employers

can use a broad range of additional services, such as intensive recruitment and selection, recruitment and suitability counselling, and advice in the field of personnel management, project and contract training and outplacement. These services are provided at a fee.

In order that the services are made available to those jobseekers who need them most urgently, the Public Employment Service has developed the so-called four-phase model. On the basis of their assessed "distance from the labour market" the jobseekers are assigned on registration to one of four possible phases. Training, work experience and motivation are the determining factors.

Placeable jobseekers are assigned to Phase 1. This group is expected to find a job immediately after the notification and selection of vacancies. Only Phase 1 clients are proposed to employers.

In Phases 2 and 3 specific services are provided which are needed in order to render the jobseeker placeable. Jobseekers from Phase 2 go through a shorter training, retraining or work-experience process than jobseekers from Phase 3. Making these groups placeable is the core activity of the Public Employment Service.

The clients with the greatest "distance from the labour market" are assigned to Phase 4. Because of impediments which cannot be solved by the Public Employment Service, it is – for the time being – not possible to place this group. In close consultation with the social benefit institutions, some measures will be agreed upon for this group. The ultimate goal is to shift as many clients as possible by means of training and guidance from Phases 2 and 3 to Phase 1 and hence to reintegrate them into the labour market.

### **3.5 Financial resources**

The financial resources of the Public Employment Service consist of:

- a state contribution;
- revenues from the services against fees;
- remaining revenues.

The state contribution is assigned by the Ministry of Social Affairs and Employment. This contribution consists of two components: a basic contribution and a contribution based on performance. The basic contribution is intended for the basic services. The performance contribution relates to the implementation of the tasks concerning difficult-to-place jobseekers and difficult-to-fill vacancies. The volume of the different budgets is discussed in the yearly negotiations between the Minister of the SZW and the Central Board. The state contribution for 1998 will be NLG 1.2 billion.

Other revenue is drawn from the fees for services. This revenue results partly from commissions undertaken by the municipalities and the social benefit institutions. These institutions have a budget at their disposal which they are obliged for the time being to use for assignments to the Public Employment Service for the purpose of the improvement of the labour market chances of difficult-to-place jobseekers. Partly also these are compensations for additional services to individual jobseekers, employers, sectoral organisations etc. These compensations have to match the relevant expenses of the Public Employment Service.

The remaining revenues come to a large extent from the European Social Fund. The Public Employment Service is in charge of implementing Goal 3 of the European Social Fund, the ESF share of targets 1, 2 and 5b of the structure funds, and the communal initiatives KONVER, URBAN, MKB

and LEADER. In total, this revenue amounts to more than NLG 450 million. Concerning the spending of the Goal 3 of the ESF resources (NLG 360 million), there is an agreement that approximately one-third of the budget can be used for the activities of the Public Employment Service itself.

### **3.6 Other intermediary institutions on the labour market**

In addition to the Public Employment Service, a well-developed and growing sector of agencies for intermediary services on the labour market has come into existence. To some extent it is regulated and supervised by a twofold licence system, one concerning private placement in the strict meaning of that term, the other pertaining to temporary work assignments in which a certain firm (or other institution) hires out workers while maintaining some flexible type of employment contract with these workers (cf. Chapter II, 1.4). These licence systems are liberal enough not to hamper the growth of private initiative. It is expected that the legal licence system for temporary work agencies will soon be abolished. The intermediary services business shows a considerable variety of firms, some of which are specialised in outplacement, others in recruitment and selection, yet others in hiring out workers. Each of these three primary types of services entails several sub-varieties. It is worth mentioning that recent development has produced enterprises which offer a combination of several service types to the market.

Although they are certainly not identical, a clear-cut division in a narrow sense cannot be made between the market functions of temporary work agencies and private or public placement business, neither with respect to the supply, nor to the demand of the market. The more so, as about one-third of temporary work assignments results in permanent employment contracts after some time.

### **3.7 International contacts**

The Public Employment Service not only maintains direct contacts with similar organisations in Europe but also on an international scale. To some extent these contacts are embedded in the World Association of Public Employment Services (*WAPES*), within the scope of which administrative functions – at present the treasury – are performed.

Contacts with other international organisations, like the European Union, Council of Europe, OECD and ILO, always imply, in one way or another, intermediary connections with the Ministry of Social Affairs and Employment, which of course is the official Dutch representative to these organisations. Nevertheless, within that framework fruitful relations have been developed with these international organisations in areas which are relevant to the Public Employment Service. Two examples may illustrate the practical nature of these relations: the *Arbeidsvoorzieningsorganisatie* takes part in the EURES network and participates in MISEP.

#### **4. Ministry of Education, Culture and Science (*Ministerie van Onderwijs, Cultuur en Wetenschappen – OCW*)**

This ministry is responsible for the quality, financing and accessibility of vocational and adult education at all levels. OCW resources are used in determining the exit qualifications for the various programmes and the state's contributions to educational institutions for vocational education and to local government for adult education.

The new Adult and Vocational Education Act (*Wet Educatie en Beroepsonderwijs, WEB*) came into force on 1 January 1996. The *WEB* is intended to harmonise the various forms of vocational and adult education in the Netherlands. The economic progress of the country depends to a certain extent on having a sound vocational and adult education system. The labour market requires skilled workers with the appropriate level of competence and type of training. The *WEB* therefore provides a range of tailor-made courses in vocational and adult education which offers specific, individualised training in 61 primarily regionally-based institutes (Regional Training Centres) to students of all kinds.

Trade and industry are important areas of vocational education because the majority of participants will ultimately find work in these sectors. The programmes must be in tune with the needs of the labour market. Trade and industry exercise an influence on the contents of the programmes through the national qualification requirements. They further contribute to vocational training by creating traineeships for vocational practice training and by participating on the boards of educational institutions for vocational education.

One of the *WEB*'s aims is to ensure that every person is able to acquire a minimum starting qualification. Such a qualification is particularly important for those who are in jeopardy of dropping out before completing their education or who potentially find themselves locked out of the labour market because of their low level of education.

In line with this aim is a focus on specific target groups who suffer an educational disadvantage, such as ethnic minorities and the disabled. The *WEB* contributes to achieving this aim by offering educational institutions the opportunity to design educational tracks tailored specifically to such target groups.

Adult education is another important aspect of the Dutch educational system. For those who missed the opportunity to continue on with their education, basic adult education is the first step along the road to further learning, personal growth and participation in the labour market.

#### **5. Municipalities**

Since the late 1970s the municipalities, thriving on a political tide of decentralisation in many policy domains, have extensively regained importance in the field of labour market policy. To favour their participation in some areas of labour market policy, neighbouring municipalities have joined their forces in regional networks.

Decentralisation within the educational system enlarged the autonomy of the distinct educational institutions to formulate their own policies and also expanded the influence of municipal authorities. The municipalities will receive an annual budget from the central government for basic and general adult education. The municipalities decide for themselves, on which activities and for how many participants the money will be spent.

Decentralisation of the public welfare system has now made municipalities, acting within a reduced national legislative framework, largely independent in creating local welfare arrangements.

Of course the municipal educational and welfare policies developed many connections with specific labour market policies. This is especially the case with regard to the issues of combating social exclusion and fostering social participation.

Through their Departments of Social Services (*GSD*), the municipalities are administratively responsible for the social welfare system. The number of claimants of social welfare has increased greatly over the last decades, due to growing unemployment, growing long-term unemployment and the growing number of single-parent households. In 1996, some 500,000 persons received benefits from a local *GSD*. This fact alone inevitably entailed expanding obligations in the area of active labour market policy for the municipalities. These obligations became even more pronounced when political attitudes towards the benefits system as such were increasingly directed towards activating benefit recipients. Under the new National Assistance Act (1996) (cf. Chapter II, 3.) , the municipalities are required to make efforts in their administration of national assistance benefits aimed at the (re-)integration of benefit recipients into employment. To this end they receive additional financial resources. In addition, the municipalities will also play a role in the project "Cooperation on Work and Income" (*SWI*) (cf. Chapter I, 7.).

Another element on which the municipal involvement with active labour market policy is based is its administrative responsibility for the legislatively established schemes of directly subsidised job creation and/or regulations providing the long-term unemployed with jobs or training opportunities to enhance their chances of eventually finding employment. Among these are the "sheltered workshops" for disabled workers (cf. Chapter II, 1.4) and schemes based on the new "Jobseekers Employment Act" (*Wet Inschakeling Werkzoekenden – WIW*), which will come into effect in 1998 (cf. Chapter III, NL-v.11). The "Labour Pools" for the very long-term unemployed whose reintegration into regular jobs has become highly improbable and the "Youth Employment Guarantee System" will be integrated into the *WIW*. The municipalities are also closely involved in labour market policy through the Regulation on Extra Employment for the Long-term Unemployed (the "40,000 Job Plan"), the Subsidy Regulation Experiments activating Social Benefits (the "20,000 Job Plan") and the Experiments Working while Retaining Unemployment Benefits on the basis of Art 144 *ABW* (cf. Chapter III, NL-v.3 and NL-v.5).

Finally, the government has agreed with 25 big and medium-sized cities upon covenants, which deal with an integrative approach to strengthen the economic and societal functions of the cities. The government expressed with this policy for the big cities region-oriented accents of its approach. This broad policy of the government is thought to improve the situation of the big cities considerably. Within the frame of this big cities policy, the respective municipalities receive more money and policy freedom, so that the municipalities can strengthen more intensively their directional function of e.g. labour market policy.

## 6. Administrative Organisation of the Social Insurance Schemes

The employee social insurance schemes were implemented until recently by the "Industrial Insurance Boards" (*Bedrijfsverenigingen*). On 1 March 1997 the "Organisation of the Social Insurance Act" (*Osv 1997*) came into effect. With this law, the Industrial Insurance Boards have been stripped of their tasks related to social insurance schemes. The responsibility for the implementation of social insurance schemes, as well as the collection of the necessary revenues and its distribution, is assigned to the National Institute for Social Insurances (*LISV*). This institute is also the legal successor of the Temporary Institute for Coordination and Harmonisation (*Tica*), which was founded in 1995. The *LISV* is a tripartite organisation and also has an independent chairperson.

The *LISV* is obliged to give the task of actual implementation of employee social insurance schemes to so-called "Social Security Agencies". These agencies are private institutions which will be recognised by the Ministry of Social Affairs and Employment if they fulfil specific criteria. Such an organisation can be part of a holding in which other commercial activities are also carried out, but only on the condition that an adequate separation exist between public activities (i.e. the implementation of the employee social insurance schemes) and other activities. At this moment, only four institutions for the implementation of social insurance schemes exist. These are administration offices detached from the Industrial Insurance Boards. From the year 2000 the number of the institutions which implement the social insurance schemes will increase. They will compete which each other in order to get the administrative assignments of the *LISV*.

In concluding these administrative assignments to the institutions which implement the social insurance schemes, the *LISV* will be advised by the so-called sector-councils, e.g. associations consisting of representative organisations of the employers and employees out of the respective economic sectors. A sector-council will especially focus on the sector-specific aspects of the administration contracts. It is expected that more administration contracts in the different sectors will be agreed upon in the future.

Next to its responsibility for the implementation of employee social insurance schemes and its role to commission the Social Security Agencies, which implement employee social security schemes, the *LISV* has other legislatively appointed tasks. The most important are:

- management of social funds;
- provision of information on the implementation of social insurances; and
- commenting from a technical implementation point of view on planned changes to existing acts.

The *LISV* and the Social Security Agencies will be supervised by an independent body, the Social Insurances Supervisory Board (*Ctsv*). The *Ctsv* monitors for efficiency and conformity with legal prescriptions in the implementation of the public Social Insurance schemes.

For many years, the implementing bodies of the social insurances (the "Industrial Insurance Boards" before 1997 and presently the "Social Security Agencies") have to some extent been engaged in the execution of active labour market policies.

An obvious link is the application of rules concerning the concept of "involuntary unemployment". To be eligible for benefit it has to be established that individual unemployment is "involuntary" at its first incidence and remains "involuntary" thereafter. The actuality of the latter criterion has to be

certified in cooperation with the Public Employment Service. The unemployed are obliged to register at their respective local Employment Offices and to cooperate for the purpose of reintegration into paid jobs. In 1991 the Minister for Social Affairs and Employment issued a special regulation containing prescriptions with regard to the definition of "appropriate work" that cannot be refused (cf. Chapter III, 8.).

Since the mid-1980s the implementing bodies of social insurance have been in charge of finding suitable employment for recipients of disability benefits. Until then it had been a task of the Public Employment Service. This task is now considered to be part of the broader responsibility of these bodies to assist disabled workers in their rehabilitation and to reintegrate them into paid employment (either with former employers, sheltered workshops or with new employers in regular jobs). The large and still growing number of recipients of disability benefits (620,000 in 1978; 921,000 in 1993) has led to the elaboration of new criteria for gaining access to disability insurance schemes and to promoting the reintegration of disability beneficiaries into the labour market. This legislation expanded the activities of the Industrial Insurance Boards (and later the Social Security Agencies) in the area of labour market policy.

In the last few years the implementing bodies of the social insurance schemes have been encouraged to enter into special agreements with the Public Employment Service whereby the latter takes over the task of finding jobs for (partially) disabled workers in the "external labour market". The Public Employment Service is paid by the Social Security Agencies for these services.

In September 1997 the government proposed a bill for the (re)integration of disabled persons to parliament (cf. Chapter II, 1.4). The responsibility for the (re)integration of disabled workers with benefits awarded by the Social Security Agencies will come to rest with the *LISV*.

There are many other links between Social Security Agencies and active labour market policies, for instance in the area of:

- handling of collective dismissals;
- the approval of temporary collective reductions in working hours (which usually implies additional payments of out-of-work benefits);
- bad weather and winter-break allowances in the building industry;
- the establishment and operation of labour pools, as they function for instance in the seaports, but sometimes also "exit pools" for companies that seek to reduce their staff;
- awarding reduction of social contributions to employers who employ the long-term unemployed;
- financial contributions to projects aimed at direct job creation for the long-term unemployed (continuation of unemployment benefit payments are often some of the financial sources).

## **7. Process-oriented Cooperation (SWI)**

(Re)integration into employment requires adequate cooperation between the municipalities, employment offices and the implementing bodies of social security. The three parties must cooperate closely on the basis of common principles and a clear division of responsibilities, for effective service to the client is at stake. The implementing bodies are already obliged by law to cooperate. However, this is not enough. Government will promote the content and organisation of cooperation along a "bottom up" principle. This ensures the best opportunity for linking up with basis and

administrative institutions. A "bottom up" approach is also more flexible. Hence, implementation of schemes can also adequately take into account local and regional labour market situations.

The "bottom up" approach does not, however, eliminate a government responsibility for the pre-conditions of process-oriented cooperation:

- the implementing bodies of social security must cooperate nation-wide along administrative agreements on the coordination of work-processes, the division of responsibilities and the number of trajectory plans and placements;
- the three parties involved must secure a shared administrative intake of clients. The cooperation networks must develop a common "front office" and automatised "client monitoring system" (CVCS);
- the qualified intake of clients, which will support the observation of the trajectory the jobseeker can follow, must in principle also be coordinated in one place.

These SWI-centres, in which municipalities, employment offices and Social Security Agencies will cooperate on the basis of a cooperation contract, will be established throughout the country. Anyone who seeks employment or wishes to collect social benefits must go to a SWI-centre. Before any social benefits can be applied for, the centres will first check whether there is suitable employment available to the applicant.

The data on the client will only be registered once at the SWI-centres. This data will be used in the ensuing employment advice procedures and with payments of social insurance benefits. Within SWI-centres vacancies will be offered and jobseekers will receive advice and support on placement, if needed.

The "distance from the labour market (i.e. 'employability')" of every client will be defined in the SWI-centres. If it is clear that the jobseeker cannot find employment on his own, the SWI-centre will investigate what services are needed for the jobseeker to again become "employable". This will lead to a "development plan" (*trajectplan*), which will be set up by the municipalities and Social Security Agencies. The municipalities and Social Security Agencies will select the persons for development plans and will buy the necessary services from the Public Employment Service. In relation to this, the government plans to eventually encourage competition between the Public Employment Service and other job placement providers.

The plan is to have SWI-cooperation agreements throughout the country by the end of 1998, and to have the SWI-centres operational in 2001.

## **8. Social Partners**

Cf. Chapter II, 2.5.





# CHAPTER II      LEGAL FRAMEWORK AND PROCEDURES

## 1.      Summary of the Main Legislation

### 1.1      Legislation relating to the employment relationship

#### **Civil Code (*Burgerlijk Wetboek*)**

As a special paragraph in the chapter on "contract law", many basic norms concerning rights and duties to be observed by employers and employees between entering and terminating some sort of "contract for labour performance" are determined in articles 610/685 of the Civil Code. Several contract types are referred to, the most important and by far the most regulated of which is the one simply called, "the employment contract". It presupposes three elements: a) the existence of some contractual agreement on time and duration of labour performance, b) submission of the worker to the authority of the employer and c) wage payment. A large part of this regulation came into existence in 1907. An elaborate passage on the termination of employment contracts was added in 1953. For some years new modifications have been under discussion in order to adapt the traditional "employment contract" to the demands of growing flexibility.

#### **Working Times Act (*Arbeidstijdenwet – ATW*)**

The Working Times Act came into effect on 1 January 1996. This act replaces the 1919 Labour Act as well as all decisions based on this act. The *ATW* has two aims: the protection of the safety, health and well-being of employees during working times and the improvement of the combination of paid employment and other responsibilities outside paid work. The *ATW* renders possible a different completion of working times. This act addresses the demands of employers and employees for more job flexibility.

The *ATW* establishes a dual system of norms: the "standard regulation" and the "regulation based on consultation". The standard regulation defines norms concerning maximum working time, minimum resting time, night shifts, work on Sundays and work breaks. The regulation based on consultation gives employers and employees the possibility of reaching collective agreements on the desired degree of flexibility in working and resting times. This can be accomplished in collective bargaining or in consultation between the employer and the works council.

Some deviations from the norms for certain specific sectors are allowed for in the Working Times Act (e.g. mining and the health-care sector). Deviation from the norms is permitted if this is agreed upon beforehand in collective agreements.

The Working Times Act also includes the prohibition of child labour as well as some special regulations for pregnant women and women who have just given birth to a child. Specific regulations on the employment of youth aged 16-17 years are also included.

The *ATW* applies to every sector, with the exception of the transport sector. In 1998, however, the act will also apply to the transport sector.

The Labour Inspectorate is responsible for supervision of compliance with the *ATW*.

The EG-rule 93/104/EG, which concerns some aspects of the organisation of working time, and the EG-rule 94/33/EG, which concerns the safety of youth during working times, have so far served as the standard for the working and resting- time regulations included in the *ATW*.

### **Work Environment Act (*Arbeidsomstandighedenwet*)**

The Work Environment Act concerns workers' safety, health and well-being. It was introduced in 1983, replacing the old Safety Act of 1934. The Act was based on the ideology of "humanisation of wage labour" prevailing during the sixties and seventies. For that reason the supplementary concept of "well-being" was added to the old legislation. Since its introduction, it has lost much of its originally reformative mission and has adopted a more pragmatic approach in a world of changing industrial relations.

On 1 July 1997 the new "Work Environment Decree" (*Arbobesluit*) and the new "Work Environment Regulation" (*Arboregeling*) came into effect. The "Work Environment Decree" replaces 38 Decrees. The "Work Environment Regulation" replaces 40 ministerial regulations.

On the basis of the Work Environment Act (*Arbowet*), the Work Environment Decree and the Work Environment Regulation, the government officially announced in June 1997 70 work-environment policy rules. These policy rules provide a more specific, mostly normative interpretation of the general articles in the above-mentioned Act, Decree and Regulation.

It is important to mention the development of "Work Environment Service Institutions" (so-called *Arbodiensten*), which can be engaged by the employer in order to help fulfil the legal obligations committed to him. There is an important connection between the policies under this law and the nowadays very energetic government policy to reduce the number of de-activated workers dependent upon sickness leave or disability benefit.

### **Works Councils Act (*Wet op de Ondernemingsraden*)**

Legislation on works councils was introduced for the first time in 1950. The legislation on works councils was altered substantially in 1979 and 1981, expanding the responsibilities and competence of these councils. The government discussed new changes for the Works Councils Act with parliament in 1997. The changes are expected to come into force in 1998.

Works councils have become a well-established phenomenon in Dutch labour relations at company level, with a well-developed infrastructure for training and support. The majority of the chosen representatives are union members, but membership is not a precondition for candidacy. Company management does not participate in works councils but confers with the councils in special meetings. Works councils have the "right of initiative" regarding all aspects of the company, the "right to advice" on the organisational and financial policies of the company for matters explicitly mentioned in the Act which might have substantial consequences for employees, and "the right of consent" on issues of social policy explicitly mentioned in the Act. This means that an employer must solicit advice from the works councils on plans to buy or sell companies, merge with other companies, move the company or close parts of it, or embark on major investment plans and financing activities which would effect a considerable number of employees. Employers must obtain consent from the works council on issues such as working hours, vacation rules,

pension plans and training. An issue already covered in a collective agreement overrules any agreement between an employer and the works council.

The major elements of the planned reform of the Works Councils Act for 1998 are:

- Works councils will be mandatory for companies with 50 employees or more (previously 35). Part-timers working less than one-third the time of a full-time employee are to be included in this count.
- Limitations on the rights of works councils in companies with fewer than 100 employees will be repealed.
- Companies with 10 to 50 employees must organise a so-called "PV" (personnel representation) if either the employer or a majority of the workers prefer this. PVs can reach agreements on working hours.
- The rights of works councils will be extended by adding some items to the issues already explicitly mentioned in the Act.

### **Minimum Wage and Holiday Allowance Act (*Wet Minimumloon en Minimumvakantiebijslag*)**

Minimum wage norms for a full-time work week have been fixed and – by means of collective wage agreements – rather effectively generalised throughout the labour market since the Second World War. They were based on the idea of an adequate minimum subsistence level for an adult, sole-earner, married man with two children. In 1968 this practice was incorporated as a special law, followed by a supplementary law on minimum youth wages in 1974, which defines minimum wages for youths between the ages of 15 and 23 as a per age increasing percentage of the adult minimum wage. This legislation also includes prescriptions with regard to the minimum amount of holiday allowance to which workers are entitled.

Several economic recessions since the mid-1970s and steadily growing unemployment have put these arrangements under severe pressure. Intended as a contribution to employment policy as well as a solution to the financial problems of the public sector, the growth of minimum wages lagged behind average wage development during the 1980s. The minimum wage schedule for youngsters had also been changed in the early 1980s in order to slow the pace of age-dependent wage development.

For many years a debate has been going on about whether or not the minimum wage should be radically decreased. Thus far this debate has not culminated into broad support of a drastic lowering – or even abolishment – of the statutory minimum wage. The principle of linking the growth of the minimum wage level to the development of the contract wages, which had not been applied for many years, was again restored in 1996 and 1997. This occurred after several years in which the minimum wage lagged behind the average growth of the contract wages.

### **Legislation on part-time jobs**

In general, Dutch labour legislation has always been rather neutral towards the duration of the working week fixed in an employment contract. Rights and duties are attached more to the employment contract than to a concept of standard working hours. In its efforts to foster part-time jobs as a means toward a higher level of labour participation, over the last 15 years government has cleared away remaining juridical differences in rights and duties between full-time and part-time workers in existing labour legislation (including the legislation on wages and social insur-

ance). On the 1 November 1996 government has introduced some additional stipulations in the Civil Code, which prohibit any differences in individual or collective employment contracts between part-time and full-time labour. This has been the final step in equalising the juridical position of part- and full-time workers.

### **Act on Equal Treatment of Men and Women Concerning Employment (*Wet Gelijke Behandeling van Mannen en Vrouwen bij Arbeid*, 1989)**

This law represents the implementation of the Guidelines issued by the European Council (75/117/EEG and 76/207/EEG) relating to the equal treatment of men and women with regard to payments, other labour conditions, entrance into jobs, vocational education and training, and with regard to career opportunities. A tripartite commission advises in cases of dispute.

### **Termination of employment contracts**

Public regulation on dismissal and resignation was established in the 1940s. The oldest regulation, which in fact is still in force, contains the prohibition on terminating an employment contract unilaterally. The contract cannot be terminated without the consent of the Regional Director of the Public Employment Service. By delegated ministerial authority this Regional Director comes to a final decision against which no administrative appeal is possible. However, he must observe general prescriptions laid down by the Minister for Social Affairs and Employment. In executing his duties, the Regional Director of the Public Employment Service is assisted by a bipartite advisory board. This system derives from article 6 of an Extraordinary Decree on Labour Relations (1945) which, besides one other article on temporarily shortening the work week (article 8, cf. Chapter III, 2.), was abolished 25 years ago.

In 1953, along with this preventive administrative regulation, a second regulation was introduced within the Civil Code, which has been elaborated on in following decades. It forbids dismissal in certain cases (notably during sickness, pregnancy, and when this affects workers' representatives in works councils).

Secondly, it is obliged to observe certain notice periods after the announcement of dismissal, related to the previous duration of the individual employment contract.

Thirdly, the regulation indicates circumstances in which immediate dismissal is justified.

Fourthly, it offers the opportunity of appeal to a court against unreasonable dismissal or resignation. In such an appeal claims can be put forward for financial compensation for damage suffered.

Between both of the aforementioned juridical dismissal regimes some coordinative rules and conventions have been established. During the past 50 years the continuation of the first regime has been contested periodically; recently, its abolishment was again requested and legislative initiatives to this end are in preparation. The latest state of affairs is a Ministerial decision to maintain the regime, while bringing about more efficient administrative procedures.

As far as dismissals are concerned, it is also worth mentioning the Act on Notification of Collective Dismissals (*Wet Melding Collectief Ontslag*, 1976). Under this act, any employer intending to terminate the employment contracts of at least 20 workers within a period of three months is required to give written notice to the relevant trade unions and the Regional Director of the Public Employ-

ment Service. The latter will, in principle, only process the application for authorisation one month after receiving it. Time is thereby available for negotiations between the trade unions, the employer, the Industrial Insurance Boards, the Public Employment Service and government authorities concerning the proposed redundancies. The subsequent authorisation procedure is very similar to that for individual dismissals.

Lastly, it should be noted that, within their collective agreements, social partners in respective industrial sectors or different companies produce additional regulations. One should also be made aware that the described regime predominantly applies to the private sector, the proper domain of the employment contract. In the public sector, a very different regime was developed relating to civil servants, who usually will not be dismissed. Rather, civil servants will receive "redundancy payment". These are benefits paid to civil servants who no longer actively participate in the execution of tasks attributed to the public organisation concerned, although they continue to belong to the body of the civil servants. They are regarded as waiting for a new assignment. However, in recent years a gradual rapprochement has taken place not only between dismissal regimes in the private and public domains, but also between the "employment contract" and the "civil servant" concepts in general.

Regulations on dismissals and resignations as a whole are, of course, a very complex matter.

In 1997, a Bill on Flexibility and Security has been sent to parliament. This Bill, which will probably come into force in 1998, aims – among other things – to simplify the regulation on dismissal notice periods and to reduce the present duration of the employment contract after the announcement of dismissal.

## 1.2 Legislation on wages

Apart from the legal regulations on wages mentioned in the preceding paragraph 1.1 (i.e. minimum wage, equality between men and women), there are basically three laws of great importance. Two of them pertain to the advancement and simultaneous regulation of collective agreements:

### **Collective Agreement Act (*Wet op de Collectieve Arbeidsovereenkomst – WCAO, 1927*)**

Cf. Chapter II, 2.5.

### **Act on Declaring General-Binding or Non-Binding Prescriptions in Collective Agreements (*Wet op het Algemeen Verbindend an Onverbindend Verklaren van bepalingen in Collectieve Arbeidsovereenkomsten – WAVV, 1937*)**

Cf. Chapter II, 2.5.

During and after the Second World War, the central government (i.e. the Minister for Social Affairs) was vested by legislation with far-reaching authority concerning matters of wage negotiation. After gradual dismantlement this legislation was replaced in 1970 by the:

### **Law on Wages and Salaries Determination (*Wet op de loonvorming, 1970*)**

This law considers the social partners the prime agents in wage and salary negotiations. Originally, the Minister for Social Affairs and Employment was nevertheless authorised to intervene under certain conditions. During the 1970s and early 1980s, the Minister used this power to issue general wage measures on many occasions, thus suspending free wage bargaining. At the same time a restrictive wage policy was pursued in the public sector. In addition, to boost the legitimacy of these restrictive wage policies, supplementary legislation was established to cause corresponding wage and income developments in other labour market segments that were not automatically affected. In this respect three laws were important:

1. The "Law on wages not regulated by collective agreements" (*Wet op de niet-CAO inkomens, 1980*), primarily pertaining to employees in higher staff and managerial positions.
2. The "Temporary law on incomes of self-employed persons in liberal professions" (*Tijdelijke Wet normering inkomens vrije-beroepsbeoefenaren, 1981*).
3. The "Law on wages and salaries in institutions financed by government subsidies or social contributions" (*Wet Arbeidsvoorwaardenontwikkeling Gepremieerde en Gesubsidieerde Sector – WAGGS, 1986*). This law succeeded the prior temporary legislation established in 1980, which aimed at harmonising the development of wages, salaries and remaining labour conditions in the semi-public sector with those achieved by civil servants in the public sector.

In 1987 deregulation was pushed further. A change in article 10 of the Law on Wages and Salaries Determination (*Wet op de Loonvorming*) left the Minister with only one opportunity to intervene: in the case of a national economic emergency. This last reform brought about real freedom for collective bargaining for the first time in half a century. It also led to the abolition of the above-mentioned auxiliary legislation. The last event in this matter was the abolition of the WAGGs in 1994. It had gradually lost its significance, since the direct influence of the Minister for Social Affairs and Employment on labour costs was increasingly replaced by general budget agreements between the institutions concerned and the respective financing Ministries. Within the limits of fixed general budgets, free wage bargaining between employers and employees has been restored.

### **Law on Linkage with Possible Deviation (*Wet Koppeling met Afwijkingmogelijkheid – WKA, 1991*)**

The Law on Linkage with Possible Deviation replaced the Law on Linkage Mechanisms of 1980 (*Wet Aanpassingsmechanismen*). The latter provided norms for the proportional linkage of all social benefits to the annual wage development. Since 1991, it has been applied three times. Moreover, the level of minimum wages, to which the social minimum income (= concept in the social security system) is linked, was more or less frozen during the 1980s.

The new law links the gross minimum wage to the average development of contract wages and, at the same time, links the net minimum wage with the net social minimum income. Two conditions allow for suspending the application of the WKA:

- when the wage development in the private sector is detrimental to the development of employment;
- when the number of benefit recipients necessitates a significant rise in taxes and social contributions.

### 1.3 Legislation on social security

Legislation on social insurance and social welfare related to unemployment will be described in Chapter II, 3. (Unemployment Benefits). Here, a description will be given of the laws on social insurance with respect to sickness leave and disability.

Besides these laws, the following legislation on social security should briefly be mentioned:

1. General Old Age Pensions Act (*Algemene Ouderdomswet – AOW, 1957*)

This benefit is paid to individuals aged 65 and older. Both partners in a marriage unit are independently entitled to a pension. Taken together, the two pensions in a household equal the net minimum wage. There is entitlement to supplementary allowance if one's partner has not yet reached the age of 65. This supplementary allowance depends on work-related income and benefits received by the partner. Singles receive a benefit of 70% of the net minimum wage. In 1997, employees paid a compulsory contribution of 15.4% of their taxable income up to a maximum income of NLG 45,960.

The provision of additional pensions, possibly related to the level of previously earned income, is left to the initiative of the individual or agreements between social partners. However, some legislation exists on the structure and administration of pension funds.

2. General Surviving Relatives Act (*Algemene nabestaandenwet, ANW*)

The *ANW*, which came into effect on 1 July 1996 and replaces the "Law on national insurance to provide benefits to widowed persons and orphans", provides entitlement to benefit for widows, widowers and dependent children who have lost one or both parents. There is entitlement to *ANW* benefit if the surviving relative:

- has an unmarried child under the age of 18 who does not belong to another household;
- is unfit for work for at least 45%; or
- was born before 1 January 1950.

Persons taking care of a child who has lost one parent are entitled to *ANW* dependent child allowance. Children who have lost both parents are entitled to an orphan's benefit. The deceased spouse, partner or parent must have been insured under the *ANW* on the date of his or her death. Certain income and age restrictions are applicable. If the income from work exceeds NLG 3,980 (gross per month), no *ANW* pension will be paid out. In 1997, employees paid a compulsory contribution of 1.65% of their taxable income up to a maximum income of NLG 45,960.

#### **Sickness Benefits Act (*Ziektewet – ZW*)**

Since 1 March 1996, the Dutch Civil Code stipulates that employers must continue to pay the salary of sick employees during the first year of sickness (70% of the salary or more, if so agreed under the terms of the collective agreement, but always at least the statutory minimum wage). Employers are also responsible for the payment of a decease benefit in the event of a death among any of his staff. The first two days of sick leave may be at the expense of the employee himself, but this must be stipulated in the employee's employment contract, the company's regulations or the collective agreement. Salary is paid until the employee has been on sick leave for 52 weeks, but is never paid longer than the duration of his or her contract. After 52 weeks of sick leave, the employee in question then falls under the Disablement Benefits Act.

The Sickness Benefits Act will continue to exist as a "safety net" for employees who no longer have an employer. This pertains to employees who have lost their job during the first year of sickness, temporary workers, those who are voluntarily insured, individual cases and others in like



employment situations (i.e. outworkers, apprentices), and unemployed persons who are sick. Sick pay is also possible in the event of sickness resulting from pregnancy and childbirth, bankruptcy of an employer responsible for paying out a salary, sickness in the first three years of having taken on a person who was (previously) incapacitated for work, or sickness due to organ donation. For the "safety net" groups, the first two days of sick leave are sometimes at the expense of the employee. The same applies to those with voluntary insurance. Sick pay is usually 70% of daily pay (maximum daily pay is NLG 297.51), and is paid out until the employee has been sick for a maximum of 52 weeks.

Female employees are given a leave of at least 16 weeks in the event of pregnancy. Sick pay is also due during this leave (100% of daily pay).

### **General Disablement Pensions Act (*Algemene Arbeidsongeschiktheidswet – AAW, 1976*)**

The AAW insures against the loss of income due to long-term disability. It is of particular importance to self-employed persons and those who have been handicapped since an early age. For these employees, this risk is covered by the WAO (see below).

The amount of the benefit depends on the degree of incapacity to work and is based on a statutory amount called the basic rate. This rate is approximately equal to the gross minimum wage. Benefits are granted for five years. An application to prolong this benefit should be made at least three months before the end of this period.

In order to be eligible for AAW, a person must meet the following conditions:

- a) he or she must be aged 18 or older, but under 65;
- b) in the year of becoming disabled, he or she must have earned work-related income. This condition does not apply to those who have been handicapped since an early age;
- c) he or she must have been work-incapacitated for 52 weeks;
- d) he or she must be at least 25% work-incapacitated.

If a recipient of an AAW benefit dies, the surviving dependants are entitled to a death grant. If the AAW benefit, together with any other income of the family, is less than the guaranteed minimum income, a supplementary benefit may be applied for according to the Supplementary Benefits Act (cf. Chapter II, 3.).

The AAW also provides entitlement to provisions that help to maintain, recover or facilitate the ability to work, as well as to a number of provisions to improve living conditions. Based on the "Provisions for the Handicapped Act" (*Wet Voorzieningen Gehandicapten – WVG*), municipalities are responsible for transport facilities (with the exception of provisions at work), wheel chairs and adaptations to the home.

### **Disability Insurance Act (*Wet op de arbeidsongeschiktheidsverzekering – WAO*)**

The WAO entitles disabled employees under 65 to a benefit if they remain at least 15% unfit for work after 52 weeks of disability.

The amount of the benefit depends on the degree of disability and the disabled employee's last-earned daily wage. Benefits are granted for five years. An application to prolong this benefit should

be made at least three months before the end of this period. After five years the (level of) disability must be reassessed.

There are seven disability classes ranging from 15-25% up to 80% (or more) disability. Each class is related to a specific benefit rate ranging from 14% of the previous earned daily wage up to a maximum of 70%.

In 1994, a different regime was introduced for employees who come under the aegis of the *WAO* for the first time. Their benefit consists of two phases:

During the first phase, the benefit relates to the loss of income, but the duration of this benefit depends on the employee's age. Up to the age of 32, the entitlement holds steady. Between the ages of 33 to 57, the duration varies, progressing with increasing age categories between six months and three years. Employees older than 59 receive benefits up to their 65th birthday.

During the second phase (which covers the subsequent period of disability up to the maximum age of 65), a "follow-up benefit" is paid. Calculation of this benefit is based on the minimum wage, which is then increased by a certain percentage of the difference between this wage and the actually earned previous wage. For each year that the person is over the age of 15 on the date on which his *WAO* benefit takes effect, 2% of the mentioned difference is taken into account. The income calculated in this manner is the basis for calculating the benefit rate.

As is the case with the sickness benefit, the maximum daily wage for benefit calculation is NLG 297.51.

If a recipient of a *WAO* benefit dies, the surviving dependants are entitled to a death grant. If the *WAO* benefit, together with any other income of the family, is less than the guaranteed minimum income, a supplementary benefit may be applied for according to the Supplementary Benefits Act (cf. Chapter II, 3.).

After January 1998, the *WAO* will be financed from employers' contributions to the Social Security Agencies charged with the implementation of the law.

## **1.4 Legislation on employment and labour allocation**

A number of laws have been established which directly effect allocative patterns in the labour market and the creation of additional jobs for the unemployed by means of government subsidies. There has been a marked growth in this type of legislation, especially during the past decade.

### **Public Employment Service Act (*Arbeidsvoorzieningswet, 1996*)**

This Act regulates the structure, tasks and procedures of the Public Employment Service (cf. Chapter I, 1., Chapter II, 4., Chapter III, 1.).

### **Licence Regulation on Private Placement (*Regeling Particuliere Arbeidsbemiddeling, 1990*)**

This legislation pertains to all types of organisations outside the Public Employment Service, including outplacement firms, which provide intermediary placement services to employers and/or seekers of (alternative) employment. Only intermediary placement bureaux within the government sector on the national, provincial or municipal level and intermediary placement bureaux within companies with various local branches are exempted, as are the statutory placement activities of the Social Security Agencies for recipients of a disability benefit.

Within this licence regulation the following rules have been established:

1. It is prohibited to charge jobseekers fees.
2. It is prohibited to interfere in strikes or lockouts.
3. Equal services shall be offered to all employers and jobseekers.

Statutory requirements do not exclude unilateral or bilateral bureaux established by employers' associations and/or trade unions, nor educational institutions or unemployment benefit agencies, from claiming a licence. However, as of yet, such claims have scarcely or not at all been made.

In 1998, a new act will be introduced, whereby a licence will no longer be required, and it will become in principle possible to realise or prolong a temporary work placement for an indefinite period of time (i.e. there will no longer be a maximum time period).

### **Licence Regulation on the Hiring out of Workers (*Regeling Ter Beschikkingstelling van Arbeidskrachten, 1990*)**

This regulation pertains to all firms which hire out workers as a core or marginal part of their business.

The most important prohibitions are:

1. To interfere in strikes or lockouts.
2. To hamper the hired-out worker in his or her freedom to enter into or end an employment contract with another employer.
3. To hire out workers for other than temporary work.
4. To hire out workers who are hired out to the license holder himself.

An essential prescription is:

The licence holder shall pay the hired-out workers wages and other remunerations equivalent to those of regular employees of the company holding the same or equivalent positions.

### **Act on the Employment of Foreign Workers (*Wet Arbeid Vreemdelingen, 1995*)**

This type of legislation first came into being in the 1930s. Since the establishment of the European Common Market, it has been restricted to foreign workers from outside the European Community. It was thoroughly reformed a few times during the 1970s and for the last time in 1995.

This act subjects employers who intend to hire foreign workers from outside the European Economic Area to the preliminary approval of the Public Employment Service. Only when no suitable European labour supply exists, and if other conditions are met (i.e. wages), can the employer get a placement permit and thus employ the foreigner. If a foreigner works without a placement permit, the employer is liable to punishment. The execution of this law draws attention especially to the seasonal labour of agriculture and to shortages in the labour supply for some occupations. Employers' interests then have to be weighed against the interests of a European labour supply and/or against the interests of recruiting the unemployed.

### **Youth Employment Guarantee Act (*Jeugd Werk Garantie Wet – JWG, 1991*)**

It is the objective of this Act to prevent long-term youth unemployment by offering combined training and work experience to young persons, with the ultimate aim of transition to a permanent job. The target group consists of the young unemployed, aged 16 to 21 years, and unemployed school-leavers, aged 21 to 23 years, who have been unemployed for at least six months.

Places for work experience can be created in the public sector, non-profit sector and, subject to certain conditions, in the private sector. These positions must meet the condition of "additionality", i.e. they should be super-numerary jobs. The working time is limited to 32 hours per week.

The *JWG* is executed under the authority of municipalities. They are required to establish *JWG* organisations that will act as the employer of these youngsters. The *JWG* organisation is in charge of bringing about the practical provisions envisaged under this law. It hires out the enlisted youngsters to employers who provide places for work experience and take care of the availability of adequate training facilities. The *JWG* organisations and the regional units of the Public Employment Service conclude agreements for mutual cooperation.

Municipalities are obliged to offer all eligible unemployed youth an employment contract with the local *JWG* organisation. Unemployed youth, on their part, are obliged to participate in this scheme. Practical work experience lasts for a maximum of 6 months, but can be extended to one year. If no regular job can be found after this period, a new work experience position will be provided.

The municipalities bear all of the financial costs connected with the execution of the *JWG* act. They are reimbursed by the state for all of the wage costs of the enlisted unemployed youth, i.e. minimum wages for a 32-hour work week, and the additional costs considered necessary in connection with the employment contract. General administrative costs are reimbursed to the amount of NLG 2,500 per person.

Phased implementation will lead to the coverage of the entire target group by 1999. The numerical reach of this act will depend on the success of labour market policies to limit the influx of youth into the scheme while increasing the number of those moving into regular employment. In this respect, an important task must be fulfilled by the Public Employment Service.

Expenditure on the *JWG* has increased from NLG 127 million in 1992 to NLG 525 million in 1997.

The number of participants grew from 6,000 in 1992 to nearly 25,000 in 1996. The *JWG* will be integrated in 1998 into the new "Jobseekers Employment Act" (*W/W*; Chapter III, NL-v.10).

**Act to Promote Proportional Access to Employment by Ethnic Minorities (*Wet Bevordering Evenredige Arbeidskansen Allochtonen*)**

According to this Act, all employers (private and public) with 35 employees or more are obliged to provide a written annual report to the Chambers of Commerce in which the state of affairs concerning allochthones in their companies is described. (The plan is to send these reports to the Regional Boards of the Public Employment Service instead, starting in 1998). These employers are also obliged to give information on the participation of ethnic minorities in their companies as well as on the measures they are planning to introduce in order to equalise this participation with the share of ethnic minorities in the relevant regional labour force. A reformed Act will probably become effective on 1.1.1998 (Act to Promote Access to Employment by Ethnic Minorities – *Wet SAMEN*).

**Act on Equal Treatment of Men and Women Concerning Employment (*Wet Gelijke Behandeling Mannen en Vrouwen bij Arbeid, 1989*)**

Cf. Chapter II, 1.

**Act on Employment of Handicapped Workers (*Wet Arbeid Gehandicapte Werknemers – WAGW, 1987*)**

This act promotes the (re)integration of workers who receive disability benefits into regular employment.

Based on this law, the Minister for Social Affairs and Employment can fix a compulsory quota of handicapped workers (between 3% and 7%) to be employed by a specific employer as part of his staff. Such a quota will only be imposed if an employer is found to be negligent in his responsibilities for advancing the employment of disabled workers.

The act obliges social partners to cooperate in advancing the employment of handicapped workers.

Several provisions are created under this law to help the employer fulfil his or her obligations. Among these are:

- When a medical expert from the Social Security Agency considers the recipient of a disability benefit fit to return to his or her former employment, the former employer is obliged to take him or her on again.
- In general, handicapped workers are entitled to the same wages as their non-handicapped colleagues. If their productivity (in quantity or quality) is lower, the employer may be exempted from this obligation.
- Proposals for the dismissal of workers who have been disabled for an extended period of time (three years or more) will not be automatically authorised by the Regional Director of the Public Employment Service. Efforts must be made, for instance by means of retraining, to qualify the disabled worker for another position within the company of the original employer.
- To help the disabled worker continue or resume his or her work, special provisions must be made for their jobs and work environment, and expedient tools must be provided. The associated financial costs can often be reimbursed by the Social Security Agencies.

A new Act on the (re)integration of the disabled (*Wet Reintegratie Arbeidsongeschikten*) is expected to come into force in early 1998. The basic idea behind the new law is to stimulate employers to adopt a preventive policy as well as to hire or keep disabled employees already in their employment. Any employer who employs a disabled worker or who reassigns him or her to a more suitable position within the company can receive a considerable compensation with a minimum of red tape. The various measures can be deployed in a flexible way.

If an employer hires a disabled worker, he or she is entitled to a fixed employment budget in order to finance the costs this may involve. If the costs will be higher than the fixed budget allowance, the employer is entitled to an alternative subsidy based on an estimate of all costs: a so-called tailor-made package (no maximum amount). The money must be paid back (fully or partly) if the intended aim of the Act is not achieved.

Apart from the re-employment budget and the tailor-made package for employers, the Act contains room for experimentation with an individual budget for (re)integration activities. The purpose of this budget is to promote the individual initiative of disabled persons themselves.

Reintegration of disabled workers is primarily the responsibility of the employer. If it is not feasible for the employer to reintegrate the disabled into his/her own company, the Social Security Agencies or municipalities (depending upon the type of unemployment benefit) will then become responsible.

### **Sheltered Employment Act (*Wet Sociale Werkvoorziening – WSW, 1997*)**

The new Sheltered Employment Act (effective 1.1.1998) obliges municipalities to promote opportunities for participation in the labour market by persons who are capable of work, but who cannot work under normal conditions because of some mental or physical disability. The municipalities must give these persons the opportunity to find appropriate work, which must be oriented toward the maintenance, restoration or further development of their productive capacities. To this end, sheltered workshops in the industrial, administrative and cultural domains have been founded. In addition, so-called "external places" (in the private sector) are sought in these domains. There now exist 101 implementing organisations in this field, most of which are organised by cooperating municipalities. The target group is divided into the physically handicapped, moderately mentally handicapped, more severely mentally handicapped, the psychologically handicapped, and persons with handicaps which cannot be clearly classified. The type of handicap will be determined by the municipalities, which are advised by a commission of independent specialists. This advice by a commission of independent specialists, required by law, is new. If the commission decides that the person in question belongs to the target group, it will then categorise the person in one of the three handicap levels (light, moderate, or severe). This classification determines the amount of the benefit which the municipalities will receive from the state in order to place the handicapped person into a sheltered workshop. The commission also advises whether the person in question could be eligible for some form of guidance for work or training.

In contrast to its predecessors (e.g. the 1969 WSW-Act), the new Sheltered Employment Act will be more strictly contained to people who can only work under adapted circumstances due to physical, mental or psychological disabilities.

The subsidy for the municipalities is announced annually by ministerial decree. The subsidy takes into account the total number of sheltered positions needed and the levels of severity of the disabilities concerned. Within the limits of the announced amount of subsidy, the municipality is free

to make decisions on the overall distribution of the number of places and the severity of the work disability per place.

Persons who are integrated into sheltered work positions after 1998 will receive an employment contract of two years. After this, re-assessment will take place. The ensuing new categorisation will be valid for three to five years. For each new placement, the municipalities will receive a subsidy for an on average 32-hour work week. During the first two years of the appointment, persons with a positive advice on training will receive the legal minimum wage, others will immediately receive normal wages.

The new Act creates more possibilities for the provision of employment positions. Next to traditional forms of employment in a sheltered workshop or with a regular employer, "guided work" is also now possible. With the latter situation, the person does not work for the municipality or an employer appointed by the municipality. Instead, the person will have a normal employment contract with a regular employer. Guided work means, however, that the person will be guided by a specialised organisation. The municipalities will receive an extra state subsidy if they bring about such positions. From this extra subsidy, they can then pay the employer a wage-cost subsidy in compensation for a possibly lower work productivity.

## **2. Trade Unions, Employers Associations and their Activities**

### **2.1 Background**

Historically, the Dutch system of industrial relations has been deeply influenced by a tendency to establish collective organisations on the basis of religious and ideological convictions. Catholics, Protestants and Social-Democrats established their own organisations in every area of social life: education, health care, welfare, mass media, politics and the economic sphere as well, resulting in segregated trade unions and employers associations. While all organisations of the same ideological bent were interconnected, the outcome was a rather segmented society. Every segment developed its own elite, which guided and controlled the societal life of their own religious affiliates and brought about an integrated national structure through deliberation and negotiation with the elite of other segments. Sociologists coined the term "pillarisation" (*verzuiling*) for this principle of social organisation.

The impact on industrial relations was comprehensive. The "pillar" elites developed very different ideas about the potential and desirable relationship between labour and capital, especially concerning the choice to be made between antagonism and cooperation. As far as the relationship between state and society is concerned, and more specifically between the state and the economic arena, every "pillar" elite cherished its own convictions. The combined interests of all "pillars", and the fact that none of them was able to gain supremacy, fostered a culture of pluralism, moderate state intervention and a tendency towards deliberation and negotiation rather than confrontation.

Since the 1960s, the phenomenon of "pillarisation" has been gradually disappearing. As an organisational principle, it has lost much of its significance. However, remnants are still visible even in

economic life. And certainly the negotiative culture it produced is still a marked feature of Dutch society.

At present, two principles dominate the collective self-organisation of employers: industrial sector and company size. Unions follow divisions by sectors of industry (e.g. the graphic union), sometimes crossing sectoral boundaries (e.g. industrial unions), and sometimes restricting themselves to distinct or groups of similar professions (e.g. journalists).

## 2.2 Employers associations

In 1995, the largest employers association, the *Verbond van Nederlandse Ondernemingen (VNO)*, and its Christian counterpart, the *Nederlands Christelijk Werkgeversverbond (NCW)*, merged into one national association named *VNO-NCW*. Together they organise about 90% of the (larger) enterprises in the non-agrarian, private sector.

In addition, the two largest employers associations of small and medium-sized enterprises, namely, the *Koninklijk Nederlands Ondernemersverbond (KNOV)* and the *Nederlands Christelijk Ondernemersverbond (NCOV)*, recently joined forces to become "MKB-Nederland" (Federation of Employers in Small and Medium-sized Enterprises). Approximately 35-40% of SMEs are members of this organisation.

In the agrarian sector, the three organisations *Het Koninklijk Nederlands Landbouwcomité (KNLC)*, the *Christelijke Boeren en Tuindersbond (NCBTB)*, and the *Katholieke Nederlandse Boeren en Tuindersbond (KNBTB)* joined forces in December 1995 as the *Federatie van Land- en Tuinbouworganisaties (LTO-Nederland)*.

In 1980, a Council of Central Employers Organisations (*RCO*) was founded, in which all employers associations take part.

## 2.3 Trade unions

The largest national federation of trade unions is the *Federatie van Nederlandse Vakverenigingen (FNV)*, which was founded in 1981 following a merger of the social-democratic *Nederlands Verbond van Vakverenigingen* and the *Nederlands Katholiek Vakverbond*. The *FNV* organises about 61% of all unionised workers. The *FNV* unions for the industrial, food, transport and service sectors intend to merge into a new union called *FNV bondgenoten*, which will then have approximately half a million members. The plan is to start in February 1998. Additional mergers between the remaining unions within the *FNV* may follow, for instance between the unions in the public and subsidised sectors. This development will change and probably reduce the role of the peak level organisation (i.e. *FNV*).

A second national federation, the *Christelijk National Vakverbond (CNV)*, founded in 1909, organises about 18% of all union members. Originally, it organised Protestant workers, but in recent years the share of Catholic (and to a smaller extent, non-religious) workers among its members has increased. In January 1998, the *CNV* unions for the industrial and transport sectors will merge into a new union called the *Bedrijvenbond*.



In 1975, trade unions for senior and medium-ranking managers and staff founded a national federation of their own, the *Vereniging voor Hoger en Middelbaar Personeel (MHP)*. It represents approximately 8% of all unionised workers.

In 1990, the *Algemene Vakcentrale (AVC)* was established as a fourth national federation. It organised about 6% of all unionised workers in 1995, but a large number of unions left the AVC in 1996. They either joined *FNV* unions or became "non-federated". In 1996, the AVC joined in its administration with the *FNV*. In January 1998, AVC and *FNV* will merge.

In addition to these four national federations, there are a number of non-federated unions, who organise about 6% of the unionised workers.

Each of the four national federations unite trade unions in all sectors of the economy – industrial and service sectors, public and private sector.

Table II-1 presents the membership numbers of the respective federations over the last 17 years and the degree of unionisation as a percentage of the total labour force in dependent employment.

The table shows that the majority of the Dutch labour force is not a member of any trade union. It also shows a decrease in the level of unionisation during the 1980s, largely due to two causes: the loss of employment in labour-intensive industrial sectors, where the level of unionisation was traditionally high, and the spread of part-time labour. In recent years, this downward tendency has come to an end. In 1995, 29% of the workers were unionised: 33% of the male and 20% of the female workers (CBS).

Table II-1: Members of trade unions 1980-1997 (x 1,000)

Year	FNV	CNV	MHP	AVC	Other	Degree of unionisation
1980	1,078	304	118		289	34%
1985	898	300	108		234	27%
1990	975	302	125		251	24%
1995	1,140	344	159	112	110	29%
1997*	1.203	354	161	22	–	–

\* Mid-1997: Preparing an amalgamation on 1.1.1998, the central trade unions *FNV* and *AVC* combined their respective single trade unions on 1.1.1997 in a federal organisation. Only the Dutch trade union for the state and non-profit sector (*Nederlandse Onafhankelijke bond voor de Overheids- en Nonprofitsector, NOVON*) remained a member of the *AVC*.

## 2.4 Consultative bodies and statutory trade organisations

Immediately after the Second World War, existent national federations of employers associations and trade unions created a national "Labour Foundation" (*Stichting van de Arbeid*) to function at the apex-level for their mutual dialogue. Supported by wage legislation which gave far-reaching

powers to the government, this Labour Foundation acquired a central platform in annual wage negotiations. Employers associations and trade unions within the various industrial sectors pursued their collective bargaining within a more or less compelling framework set in advance by their national federations in the Labour Foundation. This framework also incorporated the outcome of prior deliberations between the Labour Foundation and the government.

In 1951, a national Social Economic Council (*Sociaal-Economische Raad – SER*) was established by law, in which the national federations of employers associations and trade unions were represented, each with 15 seats. Both parties were joined by a third party of 15 independent experts, nominated by the Crown, who were expected to act on behalf of their interpretation of the public interest. This *SER* was given the task of advising the government on all important issues of socio-economic policy. Government was even obliged to consult the *SER* in advance with regard to every piece of proposed legislation on socio-economic matters. As such, the *SER* became the central link in a model of comprehensive tripartite cooperation.

Gradually, the established system of centralised bipartite and tripartite negotiations and cooperation lost significance. The state intervention in collective bargaining – the centrally controlled wage development of the post-war period – changed to centrally guided wage policy and eventually to free collective bargaining. This development was formalised in the Law on Wages and Salaries Determination (*Wet op de Loonvorming, 1970*) (cf. Chapter II, 1.2).

The central foci and mechanisms of this enduring cooperative approach have shifted strongly towards sectoral and company levels.

The present Cabinet (instated in 1994) initiated a political discussion on the effectiveness of the Labour Foundation (*StvA*), the Social Economic Council (*SER*) and the Statutory Trade Organisations. This led to the following modernisations:

- The government in the old situation *had* to solicit advice from the Social Economic Council on social and economic policy plans and legislation and *had* to solicit advice from the Labour Foundation on matters related to and potentially affecting labour relations. In 1996, the obligation to ask for advice from the Social Economic Council was changed to "*can* ask for advice". Furthermore, a distinction was introduced between asking for advice or asking to deliberate on proposals or intended government policies. Legislation mentioning "asking advice from the Labour Foundation" was altered to asking the Labour Foundation to "deliberate" on policy plans affecting labour relations.
- The boards of the Labour Foundation and Social Economic Council were reduced in size.
- Consultation procedures must follow a tighter time schedule.

These legal changes did not lead to a very different approach toward the Social Economic Council and the Labour Foundation. Government still asks for advice on all important issues, since this is an important way of creating and/or demonstrating societal support of (or opposition to) government plans, especially given the specific composition of the Council and Labour Foundation.

At branch level, employers and employee organisations established so-called "commodity and industrial boards" (*product- en bedrijfsschappen*), referred to as "Statutory Trade Organisations" (*STO*) (*Publiek Rechtelijke Bedrijfsorganisaties – PBO*).

Legislation to modernise the Statutory Trade Organisations is in preparation and will probably take effect in 1999. Possible changes are:

- ending the supervisory role of the Social Economic Council over the Statutory Trade Organisations with respect to policy issues, and shifting this to the ministry responsible for the sectors in which a specific *STO* makes regulations;
- reconstructing and reducing the number of *STOs* by clustering them;
- preventing any mix of public and private tasks of *STOs*.

In sum, the institutions of Dutch labour relations are being modernised. The primacy of politics in society over the institutions of the social partners has already been and will be further re-established in order to guarantee democratic control.

## 2.5 Collective bargaining

Towards the end of the last century, the collective agreement on wages and labour conditions (*Collectieve Arbeidsovereenkomst – CAO*) appeared. To promote its development, the government regulated this phenomenon through the Collective Agreement Act of 1927. A trade union signing a collective agreement thereby binds itself and its members. The same is true for signatory employers and employers associations with regard to all of the workers hired by them. In practice, this can lead to a situation in which non-associated employers undermine an agreement by offering different wages and labour conditions. To counteract this possibility, in 1937 the Minister for Social Affairs was empowered by a special law to declare, on certain conditions and by specific procedures, a specific collective agreement generally binding for all similar enterprises (procedure of "administrative extension"). At the same time, this Minister was given the authority to declare a collective agreement non-binding if it contains regulations which are against the public interest.

Although both laws provide an important statutory environment for collective bargaining, they have not been decisive forces in the expansion of collective agreements. Rather, this expansion was brought about by specific wage legislation, which was established during and after the Second World War.

The Minister of Social Affairs and Employment can declare a collective agreement generally binding (upon request of the social partners involved in the collective bargaining). However, he does not have to do so if he considers it against the public interest, or if the agreements contradict existing legislation. The 1994 Constitutive Programme of the Cabinet contained the policy option not to declare a particular collective agreement generally binding if employment at or just above the minimum wage level would not be possible because of a relatively high level of the lower wage scales in this collective agreement. Wage scales on a minimum wage level are considered necessary in order to provide access for low-skilled and long-term unemployed jobseekers to jobs in the labour market. In the following years, the Minister of Social Affairs and Employment never followed this course, because of the positive trend regarding the creation of wage scales in collective agreements at or just above the minimum wage level.

In their joint collective activities, the influence of the social partners on issues of labour market policy is considerable and multifaceted. Apart from their participation in consultative bodies (the *SER*, committees to assist the Regional Directors of the Public Employment Service in their decisions on proposals for dismissals, various advisory committees for the planning of vocational education, etc.), and apart from their managerial responsibilities on the tripartite boards of the Public Employment Service and with the semi-public temporary employment agency *START*, as

well as on bipartite boards of sectoral apprenticeship organisations, the bipartite Social Security Agencies, and sectoral advisory boards to the National Institute for Social Insurances (*LISV*), the social partners also, of course, exert considerable influence through their collective agreements.

Concerning wages, working times and working hours, which are traditionally the most important components of collective agreements, the issue of flexibilisation has become a prominent concern. It is, for instance, visible in a shift of emphasis toward negotiations in individual companies, leaving the sectoral collective agreements with more general framework regulations. An important phenomenon in this area is the linkage between: a) demands for shorter working hours; b) the variety of individual working time and working hours arrangements; and c) the extension in the amount of productive hours in the individual enterprises. At the same time, wage regulations tend to become more bound to the market performance of individual enterprises, as well as to individual and group productivity.

Since the late 1970s, a growing number of regulations and provisions have been incorporated in collective agreements aiming to more directly influence allocative patterns in the labour market. They focus on employed workers who have to adapt to new technological and organisational production methods, on employees who (risk to) lose their jobs, and on categories within the labour force (in and outside companies) which are target groups for national labour market policy (school leavers, young workers, the disabled, women, allochthones and the long-term unemployed). Concerning the latter, provisions are established, for example, in the areas of hiring policies, vocational training and the creation of additional (subsidised) jobs. In this context, it is important to mention collective funds for training and development (*Opleidings- en Ontwikkelingsfondsen – O&O*) which have been established within a growing number of industrial sectors.

The development of specific bipartite sectoral policies began in the late 1970s with a focus on drawing up special "employment agreements" as part of the general collective bargaining agreements. An important initial project was the establishment of early-retirement schemes (*Regelingen voor Vervroegde Uittreding – VUT*). One of its objectives was to increase the employment opportunities for young workers. The number of participants in these schemes amounted to 150,000 in 1994. At present, these schemes tend to be reconsidered within the framework of a new, more activating policy approach towards older workers, and are replaced by individually financed (capital-funded) flexible pension schemes. In general, these schemes are expected to generate less generous benefit outcomes than the collectively (*PAYG*) financed early retirement schemes. In the longer run, this substitution could lead to an increase in the average age of early retirement (from 60 to approximately 62/63).

Continuous and serious efforts have been made by the social partners and government authorities on national, regional and sectoral levels to develop mutual synergy between public policies and the bipartite sectoral policies. The participation since 1990 of the national federations of trade unions and employers associations in the Central and Regional Boards of the Public Employment Service was intended to be an extension of the existing frameworks within which this synergy can be advanced.

The government and Labour Foundation confer twice a year (in fall and spring) on the socio-economic state of affairs and the development of incomes and employment. Within the Labour Foundation, national agreements on specific issues of labour market policy are established. This is always with the aim of influencing collective agreements at sectoral and company levels. Recent recommendations of the Labour Foundation on specific issues dealt with, for example, job opportunities for allochthonous employees, age-oriented personnel policies, the promotion of part-time work, and the promotion of training and retraining in collective agreements.

### 3. Unemployment Benefits

#### **Unemployment Benefits Act (*Werkloosheidswet – WW*)**

The *WW* insures employees against the financial consequences of unemployment. Entitlement is based on a person having been employed for a period of at least 26 weeks over the 39 weeks immediately prior to becoming unemployed. Only a person who satisfies this requirement receives a benefit of 70% of the legal minimum wage (maximum duration: six months). A second, additional requirement must be satisfied in order to become entitled to a salary-related *WW*-benefit: wages must have been received for over 52 days or more in at least four of the five calendar years prior to the year in which the person has become unemployed. The duration of a salary-related benefit depends on a person's employment record and age. Salary-related benefits last for a period of at least six months and at most five years. If the person is still unemployed after this period, he or she receives a benefit of 70% of the statutory minimum wage for two more years. If the benefit, together with any other family income, is less than the social minimum income, a supplement may be added (cf. Supplementary Benefits Act). Depending on personal circumstances, other arrangements may be possible.

During 1996, an average of 427,000 workers received unemployment insurance benefits.

#### **Supplementary Benefits Act (*Toeslagenwet – TW*)**

The *TW* provides assistance for unemployed or disabled persons receiving a benefit under the *ZW*, *AAW*, *WAO* or *WW* schemes if their income (plus that of their partner) falls below the applicable guaranteed minimum income. The supplementary benefit is the difference between the applicable guaranteed minimum income level and the total income of the beneficiary and his or her partner. The guaranteed minimum income is 100% of the gross minimum wage for married persons, 90% of that wage for single parents and 70% of that wage for singles aged 23 or over. For singles aged under 23, the guaranteed minimum income is less.

The term "income" covers all work-related earnings, including most social security benefits. Any property, such as a private home, or capital, such as savings, is not taken into account. This is an important difference from the regulation under the National Assistance Act (see below).

There is no entitlement to supplementary benefit for:

- unmarried persons under 21 who are living with their parents;
- persons living with a partner (and born after 31 December 1971) who do not have any children under 12 living at home.

Supplementary benefits are bound to the following maximum rates:

- 30% of the minimum wage for married persons;
- 27% of the minimum wage for single parents;
- 21% of the minimum wage for singles.

In 1996, the average number of beneficiaries amounted to 99,000.

### **National Assistance Act (*Algemene Bijstandswet – ABW*)**

Since 1 January 1996, the new National Assistance Act (*ABW*) came into force. The payment of benefits is now more closely linked to the activities of a beneficiary to find suitable employment. The National Assistance Act (*ABW*) provides a minimum income for all those who have insufficient financial means to meet essential living costs. Beneficiaries must take all possible steps to again support themselves. If possible, the partners of *ABW*-beneficiaries should also look for work, though medical and social circumstances are taken into account here. If a person is responsible for the care of one or more children (less than five years of age), there is no obligation to look for work. If the children are aged five and older, the authorities then examine the situation on a case by case basis in order to determine whether there are grounds for exempting clients from the obligation to look for work. Unemployed people who are aged 57.5 or older are not obliged to look for work. For those who do not manage to find work themselves, the municipal social services do everything in their power to find work or training for them. If necessary, a plan of action will be drawn up. This will contain all concrete arrangements that can be made for job interview courses, for example, the acquisition of work experience and participation in a social integration contract. If the claimant refuses to cooperate with an action plan, the social services will impose sanctions. This can entail a benefit cut or a complete suspension of benefits. This also occurs if other conditions for receiving benefits are not met, such as the provision of necessary information or failure to report changes in personal circumstances. Failure to follow these last two conditions will be considered fraud and results in a penalty.

The National Assistance benefit is a supplementary benefit (i.e. resources- and income-tested): if, for instance, a person receives alimony, social benefits or income from work, this will be topped up to the relevant social assistance level. Assets and savings above a certain amount are also taken into account (there is a threshold of NLG 9,500 for single people and NLG 19,000 for married people/cohabitants and single parents). If assets are fixed in a private home, the social assistance is given in the form of a loan which must be paid back when the beneficiary starts to receive sufficient income.

The *ABW* is administered by municipal "Departments of Social Services" (*GSDs*). The *ABW* is largely financed by the Ministry of Social Affairs and Employment, while a limited part of the total costs is borne by the local authorities. The new *ABW* gives the municipalities more responsibilities for the implementation of the *ABW*, and also gives them a stake in the reduction of *ABW* volumes. Municipalities must provide a trajectory plan (i.e. they must fix the rights and duties of the client), wherein they consider the client's activation and reintegration possibilities. For these activities, the municipalities can use the so-called "incentive budget".

The National Assistance Act sets out three national assistance levels for people aged 21 and over, depending on their social status: married people/cohabitants, single parents, or single people. For married people and cohabitants, the benefit is 100% of the net statutory minimum wage. For single parents, it is 70% and for single people, it is 50%. The rationale behind the benefit level of single parents and single people is that accommodation costs can be shared with others. If this is not or only partly the case, the relevant municipality can provide a supplement (but no more than 20% of the net minimum wage). Single parents or single people who live alone, and who therefore cannot share their essential living costs with others, are entitled to the maximum supplement. For people under 21 who cannot support themselves, the standard amount is based on child benefit. Their parents are responsible for any essential living costs above this amount. If parental assistance is not available, a supplement through special social assistance arrangements is possible.

While municipalities may grant special social assistance as they think fit, they must always take into account all income and capital. Up until recently, this was only possible on the grounds of individual circumstances. As of 1 July 1997, municipalities may also draw up categories of people eligible for special social assistance. A person is entitled to claim special social assistance if essential costs must be undertaken which the municipal authority feels the person in question is unable to meet.

The new *ABW* created, with its experimental Article 144 *ABW*, in principle the possibility for municipalities to experiment with new forms of (re)integration and social activation (cf. Chapter III, NL-v.5).

### **Act on Income Provisions for Older and partially Disabled, formerly Unemployed Persons (*Wet Inkomensvoorziening Oudere en Gedeeltelyk Arbeidsongeschikte Werkloze Werknemers – IOAW*)**

The *IOAW* is intended to provide an income at the guaranteed social minimum level to older and partially disabled persons. The benefit becomes payable after the maximum duration of unemployment benefit expires. For those persons with generally very poor chances in the labour market, it prevents the necessity of turning to the National Assistance Act.

Analogous to the above-mentioned law, the total income of eligible persons and their partners is topped up to the guaranteed minimum level, and, in assessing entitlement to the benefit, fixed assets, such as a private home, or capital, such as savings, is not taken into account. Persons who are entitled to receive an *IOAW*-benefit are, under special conditions, the unemployed aged 50-57.5 years after the end of a *WW*-benefit, the unemployed older than 57.5, who do not entirely meet *WW* benefit conditions, and partially disabled persons and persons who are already disabled by the age of 17.

This scheme is financed by the Ministry of Social Affairs and Employment and administered by the municipal "Departments of Social Services". The average number of beneficiaries amounted to 10,200 in 1996.

### **Act on Income Provisions for Older and Partially Disabled, Formerly Self-employed Persons (*Wet Inkomensvoorziening Oudere en Gedeeltelijk Arbeidsongeschikte gewezen Zelfstandigen – IOAZ*)**

The *IOAZ* provides provisions, comparable to those under the *IOAW*, to some designated categories of formerly self-employed persons who were forced to terminate their business or profession. Persons who are entitled to receive an *IOAZ*-benefit are, under special conditions, the self-employed aged 55 years and older, who earned less than a certain level of income for a period of at least three years, as well as the partially disabled self-employed.

The average number of beneficiaries amounted to 4,000 in 1996.

## 4. Matching Labour Supply and Demand

The main task of the Dutch Public Employment Service is to act as a public placement service. It therefore follows that placement activities are the core business of the local Employment Offices. In connection with this task, these offices carry out supplementary activities which are closely linked to their brokerage function:

- a) The registration of job applicants and vacancies ("intake"). This is the first step in the brokerage process. Part of the registration activities, i.e. the registration of unemployed jobseekers who claim unemployment benefits, is also the starting point for cooperation with the administrative agencies for unemployment insurance and unemployment assistance. This cooperation entails joint efforts to (re)integrate the jobseeker into paid employment, as well as a contribution by the Public Employment Service to the benefit agencies through continually certifying the involuntary nature of the unemployment in question.
- b) The provision of information and advice concerning many aspects of the labour market pertinent to jobseekers, employers and persons about to enter the labour market.
- c) Careers Guidance, especially for new entrants to the labour market who have not yet developed a clear image of their relation to the market, and for the unemployed (and disabled) who can no longer remain in their former professions and occupations.
- d) Diagnosing needs for retraining or additional training and the actual placement of unemployed jobseekers in training schemes.

The standardised and computerised registration of jobseekers and vacancies (the "PGI system") is a great aid by making, if necessary, all job offers and jobseekers (with their described characteristics) immediately observable and available to every job counsellor – not only within the same Employment Office, but nation-wide.

With regard to jobseekers who lack sufficient qualifications to be placed immediately in vacancies (either due to the actual structure of market demand or to personal inadequacies of many possible kinds), the Employment Offices will initiate a procedure with the intent to achieve (re)qualification by means of prolonged individual guidance, if necessary with the help of specific facilities and allocative provisions. In some cases, this procedure is undertaken by the Employment Offices autonomously; in more difficult cases, it entails joint efforts with other organisations, often benefit agencies.

A systematic method has been introduced in all Employment Offices in order to diagnose the degree of "placeability" of individual jobseekers immediately upon registration. Four categories are discerned:

- a) immediately placeable;
- b) in need of additional guidance and facilities to requalify;
- c) in need of additional assistance to such an extent, that cooperation with other organisations is required; and
- d) no chance of restored suitability for (re)integration into the labour market.

It should be noted that in the Netherlands matching supply and demand by the Public Employment Service presupposes a dominant influence of spontaneous adjustment mechanisms in the labour market, which is supplemented by the intermediary activities of many other firms and institutions outside the Public Employment Service which are also involved in the placement of jobseekers



(cf. Chapter II, 1.4). The Public Employment Service is primarily responsible for the assistance of hard-to-place jobseekers and difficult-to-fill vacancies, which do not find their way by means of spontaneous mechanisms or with the help of other intermediary agents.

There is a certain degree of regional variation in the practical organisation of the placement task. This variation is especially visible in and around the central function of the job counsellor. This function includes not only intake of but also further guidance for jobseekers.

The counsellors are usually responsible to the employers for active acquisition of vacancies. Visits to production plants and the premises of employers are of increasing importance. Each counsellor is often given responsibility for a specific business sector or branch. This is due to the generally endorsed idea that brokerage should be primarily demand-oriented, supplying employers with adequate employees. The Employment Office is strictly subdivided into a unit for employers' services (which is divided into branch-related "accounts" and deals primarily with directly placeable jobseekers) and into a unit for jobseekers' services in at least one region.

In regions where combined front offices have been set up together with Social Security Agencies, municipalities and, sometimes a temporary employment agency as well, this of course puts a particular stamp on the total work organisation of the Employment Office (cf. Chapter I, 7.).

The process of regional decentralisation, which was catalysed by the 1990 legislation on the Public Employment Service, fostered regional diversification in all of these organisational issues. At present, initiatives are being taken toward a moderate restandardisation of the various organisational models that have evolved over the past years. These initiatives seek to profit from experiences with success, generalising best practices.

Concerning brokerage, two methods are used: a) the traditional "closed placement" techniques and b) "half-open" placement techniques. The second method is embodied in "vacancy banks" and a computerised job-search application (VIDEOTEX and Internet). Detailed descriptions are offered, excluding name, address and telephone number. Employers are asked for permission to enlist their vacancies in these half-open info-systems. The VIDEOTEX system is often also placed outside the Employment Offices (at the offices of organisations for social benefit payments, for instance). Personal initiative by jobseekers themselves has increasingly been welcomed and valued over the last decade. This fosters the use of half-open placement techniques as well as the spread of Job Clubs (cf. Chapter III, NL-vii.2).

The key to the placement activities of the Employment Offices is the notion of a "slipstream". It starts with the Public Employment Service's acknowledgement of its prime public task as the furtherance of the (re)integration of more or less disadvantaged jobseekers into employment under present labour market conditions. The "slipstream" concept implies that the Public Employment Service attempts to fulfil this task by improving its performance vis-a-vis employers, thus obtaining a growing share of the vacancy flow into the labour market. When employers become convinced of the good performance of the Public Employment Service with regard to their needs, the Service should be in a better position to place workers who otherwise experience very limited opportunities in the labour market.

Hence, the term "slipstream". It should not be misunderstood as a strategy which asks employers, after receiving five good workers from the Service, to hire one relatively inadequate worker for social reasons. It is rather the confidence that employers should have in the willingness and capability of the Public Employment Service to recruit and select good workers which is of crucial

importance. They will then no longer mistrust long-term unemployed workers and other categories of jobseekers who are often negatively stereotyped. The slipstream philosophy is thus based on two suppositions: a) the idea that irrational stereotyping is an important reason behind lack of success in job search and b) the idea that, with appropriate guidance, motivational stimuli and adequate (re)training, many disadvantaged jobseekers can be adequately readapted to the needs of employers.

The individual casework of the Employment Offices is embedded in a structure of collective arrangements. These entail:

- many allocative measures, some managed by the Public Employment Service itself, some managed externally;
- a government-provided framework (legislation and other policy devices);
- more or less institutionalised networks comprised of other service organisations in the labour market; and
- collective agreements with some industrial sectors on issues of labour allocation.



# CHAPTER III MEASURES

## 1. General Measures

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Cf. Chapter II, 3.

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- NL-iv.2 Framework Regulation for Training (*KRS*)
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- NL-v.4 20,000 Supplementary Jobs for the Long-term unemployed
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- NL-viii.6 Regional Subsidy Measures



## 1. General Measures

A number of periodic documents aim to give orientation to labour market policy. First of all, the yearly budget proposal submitted to parliament by the Ministry of Social Affairs and Employment is to be mentioned. For some years it has been accompanied by an elaborate separate note on the issues of social policy, the "Sociale Nota". Also very important, of course, is the reaction of parliament to these forwarded policy programmes. As a rule, their final version is drawn up after parliamentary debate around the end of the calendar year. In the course of the year, if labour market developments make it necessary, additional policy papers may be submitted to parliament. This may also include more detailed proposals that have already been announced earlier in general terms (possibly in a yearly budget proposal, or in the original Constitutive Agreement of the Coalition Cabinet).

The Public Employment Service (*PES*) organises its work on the basis of a yearly National Policy Plan. The preparation of next year's plan begins early in the year and becomes final at the end of the year. 1997 should be viewed as a "bridging year" between two legislative systems of the *PES*. The National Policy Plan for 1997 and the *PES*-budget for 1997 are still based on the old legislative system (established in the early 1990s) with respect to classification and decision-making. However, the preparation of the National Policy Plan and budget for 1998 will be based on the present legislative system (*PES*-Act of 1996, enforced as of 1 January 1997; cf. Chapter I, 3.).

Important periods in the new preparation cycle of the *PES* policies and budget are the two policy meetings each year between the Minister of Social Affairs and Employment and the Central Board of the Public Employment Service (*CBA*). These policy meetings have been prescribed by law. The first meeting takes place in late spring. Topics for the meeting will be main policy directions, allocation of resources by the *PES* and the level of state contribution. Shortly after this meeting, the *CBA* will be informed by the Minister on the agreements regarding allocation and the provisional budgets the Cabinet is prepared to pay out for basic contribution (*basisbijdrage*) and output contribution (*prestatiebijdrage*) in the coming year. On the basis of the agreements reached during the policy meeting, the *PES* prepares a draft budget for the following year. In doing this, the *CBA* and the 18 *RBA*s closely cooperate. Before the first of November, based on the 18 regional draft budgets, the *CBA* determines the national draft budget. This will be discussed in autumn at the second policy meeting between the *CBA* and the Minister of *SZW*. This then results in final approval of the *PES* budget.

The *PES* also has other sources of income (from *ESF*, the Social Security Agencies, the "G-19" and other municipalities, and individual employers). Because of this differentiation in financing, the role of the *PES* as a provider of services and contractor has been reinforced.

General targets for the coming year are an important aspect of the National Policy Plan which is established in negotiation/consultation with the government and the Regional Boards. As regards these general targets, it is important to note that – in accordance with the new *PES*-Act of 1996 – the emphasis will shift from concentrating on specific target groups (women, allochthones and the long-term unemployed) to agreements on (brokerage) trajectories, mainly intended for unemployed, hard-to-place jobseekers (based on a classification of jobseekers by their "distance to the labour market": the Four-phases model; cf. Chapter I, 3.). In spite of this shift in emphasis, the spread of trajectories by specific target group will remain a point of attention.

The targets for 1997, compared with performance in 1996, are presented in Table III-1:

Table III-1: National targets of the Public Employment Service

	1996	1997
	Performance	Estimate/Task*
(thousands)		
<i>Demand</i>		
Vacancies in the labour market	648	691
of which to register	262	269
of which to fill	169	170
<i>Supply</i>		
Registered jobseekers without work	867	794
of which:		
- > 12 months unemployed	469	464
- allochthones	183	159
- women	408	394
<i>Placements (direct and indirect)</i>	191	188
of which unemployed	154	153
of which:		
- >12 months unemployed	51	58
- allochthones	22	22
- women	68	65

\*) For 1997, the target is 47,000 trajectories for unemployed persons in phase 2 and 46,000 trajectories for unemployed persons in phase 3. By means of the 93,000 placement-trajectories, a minimum of 52,000 unemployed should be placed. Especially because these placement trajectories concern hard-to-place unemployed persons, the total target for the placement of the unemployed is somewhat lower in 1997 than 1996. The target for the total placement of the long-term unemployed is somewhat higher than in 1996.

## 2. Employment Maintenance

In response to the economic upheavals around 1974 (recession, oil crisis, etc.), many policy measures were established to maintain employment in endangered enterprises and to help these enterprises re-adapt to a changing economic environment. In the early 1980s, this strategy was abandoned. Since then, the emphasis has been gradually shifted toward creating general conditions favourable to the development of production and (new) employment. This new socio-economic policy focuses on macroeconomic policies, tax policies, technological innovation, infrastructure, and so on.

Of course, when large companies run into trouble, government does not completely stand aside. But government intervention in such cases is minor.

One specific labour market measure which can be placed in the category of employment maintenance is based on article 8 of the "Extraordinary Decree on Labour Relations" (1945) (cf. also Chapter II, 1.1: "Termination of employment contracts"). It allows employers to ask permission from the Ministry of Social Affairs and Employment to temporarily shorten the working week. If permission is granted, additional unemployment insurance benefits can be awarded to the employees concerned. This specific measure is aimed at enterprises with a temporary lower volume of activity due to extraordinary economic and non-economic reasons.





### **3. Aid to the Unemployed**

Cf. Chapter II, 3.



## 4. Training, Retraining and Occupational Mobility

- NL-iv.1 Three Institutes Specifically Designed for Training of Unemployed Workers:  
*CVs, CBBs, VVSs*
- NL-iv.2 Framework Regulation for Training (*Kaderregeling Scholing – KRS*)
- NL-iv.3 Framework Regulation for Enterprise-related Training (*Kaderregeling  
Bedrijfsscholing – KBS*)
- NL-iv.4 Contribution Scheme for Sectoral Training of the Unemployed  
(*Bijdrageregeling Bedrijfstaksgewijze Scholing Werklozen – BBSW*)

### **Three Institutes Specifically Designed for Training of Unemployed Workers: CVs, CBBs, VVSs**

The *Centra Vakopleiding (CV)* are the oldest institutes specifically for the provision of retraining and supplementary training for the unemployed and for workers who are under threat of becoming unemployed. They were established during the 1940s and are incorporated within the Public Employment Service. A total of 42 institutes are spread throughout the country, with 27 auxiliary branches attached to them. They are placed under the direct authority of the Regional Boards and are an accompaniment to the Employment Offices.

*Centra voor Beroepsorientatie en Beroepsoefening (CBB)* were established in the late 1970s with the aim of improving the employment chances of persons who, for sociocultural reasons, are in a disadvantaged position and whose educational background is insufficient for direct participation in the usual courses for vocational education and training. They were set up as municipal institutes financed by the Public Employment Service on the basis of a national subsidy measure. At present, there are 27 CBBs, some of them with auxiliary branches. Some CBBs have become incorporated within the Public Employment Service.

*Vrouwen-Vakscholen (VVS)* were established in the early 1980s with the aim of training women who have very few professional qualifications, who are older than 25 and who have not yet had a job or would like to resume employment after a long break. Most of these VVSs were set up by the "Women's Association within the National Federation of Trade Unions" (*Vrouwenbond – FNV*). They are financed by the Public Employment Service on the basis of a national subsidy measure. At present, there are 11 Women's Vocational Schools, some of which are located within the *Centra Vakopleiding*.

In the last few years, these institutes have dealt with a process of reform which has affected their position, financial model and the contents of their work. The reasons behind these changes are manifold:

- As a result of the principle of regional decentralisation, which was introduced to the Public Employment Service under new legislation in 1990, every Regional Board of the Public Employment Service acquired the authority to design its own policies concerning these training institutes.
- Secondly, training policies developed by the business sector have led to additional market demand for the services of these institutes.
- Thirdly, the Ministry of Education, Culture and Science (*OCW*) has initiated a thorough reform of the existing institutional structure for medium-level vocational education, including the integration of the existing diverse legislation and public regulations concerning: a) the apprenticeship system; b) schools for part-time, medium-level vocational education; c) schools for full-time, medium-level vocational education; d) institutes for adult education (both its general-oriented and vocational-oriented parts); and, if possible, e) the existing institutes for vocational training of unemployed workers. This project resulted in a comprehensive Law on Adult and Vocational Education (*Wet Educatie en Beroepsonderwijs – WEB*), which came into effect on 1 January 1996. Concomitantly, a process has been set in motion aimed at the establishment of integrated Regional Training Centres (*Regionale Opleidingscentra – ROC*), which would comprise all existing schools and institutes. During the last decade, many of the schools and institutions which were expected to enter these Regional Centres have already developed facilities for vocational training of workers and unemployed jobseekers. As such, they have become competitive with the services offered by the above-mentioned three institutes financed by the Public Employment Service.

These developments have fostered discussion concerning the integration of the CVs, CBBs and VVSs into the ROCs, whereby the Public Employment Service can contract their paid services. At the same time, paid services can also be contracted from other institutes and schools. These three institutes can also sell their training services to other demanders on the market (municipalities, enterprises, etc.). Moreover, in their prospective nature as free enterprises, they can also develop other forms of marketable services.

An important implication of these combined developments is that the three institutes mentioned lose their original characteristic of being a specific labour market measure. The "function" of adequate vocational training of the unemployed will of course remain, but it will not necessarily coincide with the existence of these institutes. The concept of "labour market measure" will only be embodied in various subsidy regulations for the training of specific target groups in the labour market. *Who* will provide training services will increasingly become a matter of free competition.

### **Vocational Training Centres (*Centra Vakopleiding – CV*)**

#### *Contents*

The *Centra Vakopleiding (CV)* provide full- and part-time day courses which are specifically geared to present and anticipated future demands in the labour market. There are training courses for industrial occupations (predominantly in the metal industry and the building construction sector) as well as clerical occupations (the latter were introduced in the 1970s).

The Vocational Training Centres are at the moment working out a process of greater internal autonomy which should come into force in 1998.

The duration of training courses ranges from four to 18 months (with an average of eight months). The courses are systematically tuned to the needs of the unemployed individual, who can enter training at any time after the decision of the Employment Office. The courses are aimed at a rapid acquisition of the necessary occupational qualifications, including the ability to meet regular time-related productivity standards. The unemployed continue to receive unemployment benefits during the training courses.

The special training units for clerical occupations cooperate with similar institutions in other European countries within the EUROPEAN network.

At present, 5% of the training positions at CVs are reserved for the training of (partially) disabled workers, who are still assisted in their reintegration efforts by the Social Security Agencies (cf. Chapter I, 6.). Recently, the cabinet has announced a plan to shift responsibility for (re)integration of this group to the Public Employment Service.

#### *Financial Resources*

For 1996, the Public Employment Service reserved a total budget of approximately NLG 197 million, which allows for the creation of some 8,500 structural year-long training positions at the *Centra Vakopleiding*. Each of the Regional Boards receives part of this budget.

Regional Boards can also make use of other training funds at their disposal (for instance, the budget related to the Framework Regulation for Training – see below) to contract supplementary training positions at the *Centra Vakopleiding*. This is, however, bound to a public tender procedure by which external training institutes are also invited to make competitive offers. Individual enterprises

and groups of enterprises can also contract the services of the *Centra Vakopleiding*, thus creating supplementary training places.

### *Effects*

The Vocational Training Centres offer in total 244 training courses, which are recognised by the government and the business community. These courses fit in the vocational qualification structure. In 1995 and 1996, 25,500 and 26,300 persons participated in these courses of the vocational training centres.

In the training courses for industrial occupations:

- 90% of the trainees are under 40 years of age.
- 88% are male.
- 67% have successfully completed the lowest grade of secondary education (*MAVO/LBO*). 22% have graduated at a more advanced level of secondary education. 11% are without any certificate of secondary education.
- 41% have been unemployed for over twelve months.

In the training courses for clerical occupations:

- 74% of the trainees are under 40.
- 77% are female.

60% of the trainees complete a training course successfully. 80% find a regular job within six months after completing a training course. Those who do not complete the training course often do so because they have found regular employment.

### **Centres for Vocational Orientation and Preparation (*Centra voor Beroepsorientatie en Beroepsoefening – CBB*)**

Original target groups are Dutch and allochthone jobseekers over the age of 16. Up to the end of 1994, a national subsidy measure existed, on the basis of which the continued existence of the *CBBs* was guaranteed. This regulation has now been abolished. Regional Boards now have to decide on the prolongation of subsidies within their own areas, which tends to become transformed into contracts for paid services.

### *Contents*

Courses are designed to eliminate deficiencies in knowledge and social skills. The following obstacles to employment integration need to be addressed: insufficient command of the Dutch language, inadequate experience of Dutch society and labour relations, lack of insight into occupational and job opportunities, and lack of the needed skills to practice a profession.

The average duration of individual participation is nine months up to a maximum of 12 months.

### *Financial Resources*

From 1995 on, financing has had to be implemented by the regional budget of the Public Employment Service. In 1995, the *CBBs* received incidental supplementary support. The average cost per year-long placement is an estimated NLG 16,000.

### *Effects*

In 1994, 9,000 individuals participated in *CBB* courses. There then existed 29 regular and three additional *CBB*-sites, e.g. projects. Since this time, a number of *RBA*s began a process of integration of *CBB*s and *CV*s; therefore, the number of sites has decreased. The structural capacity at the end of 1994 was 3,500 positions on a yearly basis. In 1995 and 1996, a respective 7,400 and 5,400 persons participated in *CBB* training courses. Some characteristics of the participants (in 1990) were:

- 48% female;
- 41% allochthones;
- 61% under 30 years of age, 10% older than 40; and
- 53% without any secondary education certificate, 39% with successful completion of the lowest grade of secondary education (*MAVO/LBO*).

50% did not complete the courses, one-fifth due to having found employment. After completing the course, 45% of the participants found employment, 25% remained unemployed and 25% entered a further training course.

## **Women's Vocational Schools (*Vrouwenvakscholen – VVS*)**

### *Contents*

Training traditionally covers male-dominated occupations, computer science and business courses. Furthermore, the training must assist women in finding jobs or enable them to start up their own businesses. The organisational methods and procedures are adapted to the needs of the target group (time schedules, part-time courses, children's day-care facilities, etc.). The courses last for ten months, at three days per week.

### *Financial Resources*

Women's Vocational Schools, which, if so indicated in a business plan (sent in before June 1996), can exist as independent units as of 1 January 1998 on the basis of a purchasing relation with the Public Employment Service (without guarantees for purchase of training places), received till 1 January 1998 a guarantee of financial support from the *CBA*. The business plan must also have indicated how the Women's Vocational Schools plan to realise a more flexible intake of training participants. A year-long training placement costs approximately NLG 15,000.

### *Effects*

In 1995 and 1996, a respective 1,300 and 1,200 persons participated in these *VVS* courses. Some characteristics of these participants were:

- 71% were older than 29 (26% were older than 39);
- 66% had successfully completed the lower level of secondary education (*LBO/MAVO*), while 31% had completed a more advanced level of secondary or tertiary education; and
- 33% had been unemployed or outside the labour force for one to three years, with another 47% for longer than three years.

Training courses have been successfully completed by 85% of the participants. 75% of the participants find employment; 7% move into further vocational training or education.



### **Framework Regulation for Training (*Kaderregeling Scholing – KRS*)**

This regulation provides a national framework by means of which Regional Boards of the Public Employment Service can support and encourage vocational training of unemployed workers and workers whose jobs are under threat and who, without additional training or retraining, cannot be adapted to or maintained in the labour market. The *KRS* replaces a number of more specific subsidy measures, while at the same time providing more autonomy to the Regional Boards for developing their own practices in subsidising training activities.

#### *Legal Basis*

Decree of the Central Board of the Public Employment Service of 1.6.1990 (Stcrt. No. 105). This decree replaced a Ministerial Decree of 17.12.1986.

#### *Contents*

Financial contributions can be awarded for various costs connected to training as well as to costs which facilitate participation in training (travel costs, costs of child care, etc.). For employees, wage costs for actual training hours can be reimbursed.

Subsidies granted are:

- 100% for training of unemployed persons;
- a maximum of 50% for training of employees.

Financial contributions are only granted upon submission of a training plan and when it is reasonable to assume that employment integration will follow. Employees must have worked for more than six months and be prepared to adapt to a radical change in their job description.

According to national prescriptions, 75% of the persons trained under the *KRS* scheme must be unemployed.

Specific aspects of the implementation are laid down annually in the Regional Policy Plans.

90% of the training measures programmes last less than one year.

#### *Financial Resources*

Regional Boards bear the costs of the *KRS*, setting aside an amount each year for their applications from the lump-sum budgets they receive from the Central Board.

After a period of growth (NLG 255 million in 1990), expenditures for the *KRS* have decreased to NLG 199 million in 1994 and an expected NLG 40 million in 1997.

Costs per training position (average per application): NLG 3,600 (in 1989).

#### *Effects*

The number of new applications decreased from 72,000 in 1993 to 9,000 in 1996.

### **Framework Regulation for Enterprise-related Training (*Kaderregeling Bedrijfsscholing – KBS*)**

The *KBS* aimed to stimulate business branches and industrial sectors to prevent, overcome or diminish bottlenecks in specific segments of the labour market by means of appropriate training. Application followed the production of collective training plans by the national sector organisations of employers and workers.

The *KBS* integrated three more specific, previous regulations for training: one contributing to collective training facilities for employees in small and medium-sized enterprises (with a total of 10,000 trainees from 1989-1992; cost: NLG 20 million); a second aimed at training facilities for unemployed workers created by industrial sectors (with 4,000 trainees in 1992; cost: NLG 48 million); and a third contributing to the in-company portion of training programmes in the apprenticeship system (with 56,000 applications in 1992; cost: NLG 260 million).

Due to the severe financial problems of the Public Employment Service caused by the structural reduction of its budget (cf. Chapter I, 3.6), the *KBS*, after barely six months of existence, was suspended in June 1995. On 1 January 1996, the Act on Reduction of Employers' Tax and Social Security Contributions (cf. Chapter III, NL-v.10) came into effect. The item on education from this Act (*WVA-VO*) now replaces the third previously mentioned item of the *KBS*. Since 1996, the second item of the *KBS* has once again become a separate regulation, one which had already existed before the *KBS*, namely, the Contribution Scheme for Sectoral Training of the Unemployed (cf. Chapter III, NL-iv. 4). The first item was not extended.

### **Contribution Scheme for Sectoral Training of the Unemployed (*Bijdrageregeling Bedrijftaksgewijze Scholing Werklozen – BBSW*)**

The *BBSW* aims to stimulate sectors, in cooperation with the national and regional Public Employment Service, to solve and prevent bottlenecks in sectoral labour markets. The *BBSW* subsidises the sector-specific training of the unemployed. The goal is to have unemployed persons finish training within a maximum of one year, and then to have them find a job in less than five months.

The budget, the list of applicants, and the maximum available amount per sector and training plan are yearly determined by the Central Board of the Public Employment Service. *RBA*s are allowed to give (consequential) advice to the Central Board, which ultimately makes decisions on applications.

#### *Contents*

The *BBSW* is an accompaniment to existing training measures, such as the *KRS* and the Reduction of Employers' Tax and Social Security Contributions specifically related to education (*WVA-VO*). Its supplementary feature is the possibility it introduces of realising sector-specific and transregional training plans. The regulation is not meant for individual employers; it is implemented for initiatives of sector-based (representative) organisations which cover more than one region. In 1995, the *BBSW* was integrated into the *KBS*. In 1996, the regulation once again became a separate entity. However, a new feature is that now a maximum subsidy per sector is fixed in advance. With the *KBS* this was not the case, which resulted in too many applicants, extensions of transaction periods, and the like. The regulation was extended for several more years in 1997.

A maximum subsidy is available per sector. For every unemployed person who finishes training within the maximum period of time and obtains employment no later than five months after the end of the training (the job should last at least six months, and provide at least half of the working hours of the sector average), the subsidy amounts to 100% of the real costs, with a maximum of NLG 7,000. For every unemployed person who does not finish training within the fixed period of time or who does not have a job within five months following training, the subsidy amounts to 90% of costs, with a maximum of NLG 6,300.

#### *Legal basis*

The Contribution Scheme for Sectoral Training of the Unemployed in the Stcrt. 1996/132, revised in the Stcrt. 1996/205.

#### *Financial Resources*

Every year, before the fifteenth of July, the *CBA* announces which sectors will be subsidised in the following calendar year and the maximum amount for each subsidy. A sector, branch or a combination of sectors or branches not represented in one or more sectors can, before the first of January, following the *CBA* announcement, apply for a subsidy for the following calendar year. The 1997 budget of the *CBA* for this measure was NLG 70 million.

#### *Effects*

In 1995, the number of new participants was 10,000, in 1996, 15,000. An estimated 32% of the participants are allochthones.

## 5. Job Creation

- NL-v.1 Framework Regulation on Integration into Working Life (*Kaderregeling Arbeidsinpassing – KRA*)
- NL-v.2 Labour Pools (*Banenpools – BP*)
- NL-v.3 40,000 Additional Jobs for the Long-term Unemployed (*40,000 Banenplan*)
- NL-v.4 20,000 Supplementary Jobs for the Long-term Unemployed (*20,000 Banenplan*)
- NL-v.5 Unpaid activities for the Unemployed Receiving National Assistance Benefit (*Onbeloonde activiteiten met behoud van uitkering op basis van artikel 144 ABW*)
- NL-v.6 Employment in Domestic Services
- NL-v.7 Youth Employment Guarantee Act (cf. Chapter II, 1.4)
- NL-v.8 Sheltered Employment Act (cf. Chapter II, 1.4)
- NL-v.9 Wage-cost Subsidy for the Disabled (*Loonkostensubsidie in de WAO – LKS*)
- NL-v.10 Act on Reduction of Employer's Tax and Social Security Contributions (*Wet Vermindering Afdracht loonbelasting en premie volksverzekeringen – WVA*)
- NL-v.11 Jobseekers Employment Act (*Wet Inschakeling Werkzoekenden – WIW*)

## **Framework Regulation on Integration into Working Life (Kaderregeling Arbeidsinpassing – KRA)**

The *KRA* aims to advance the (re)integration of the unemployed into working life. There are two possibilities, one targeting the (re)integration of the unemployed into regular jobs (*reguliere arbeidsplaatsen – KRA-RAP*), and the other providing places for "work experience" (*werkervaringsplaatsen – KRA-WEP*) for the long-term unemployed. The *KRA* has been revised as of 1 January 1996. Subsidies for work-experience positions are possible if the *RBA*s include these measures in their budgets. The location of the work place determines which *RBA* is responsible for implementation. The Minister of the *SZW* intends to integrate the work-experience places measure into the "Jobseekers Employment Act" (*WIV*) (cf. Chapter III, NL-v.11).

### *Contents*

After 1 March 1995 the regulation was revised because of cuts in the budget of the Public Employment Service: persons unemployed longer than 12 months were no longer a target group of the *KRA-RAP*; the *KRA-RAP* subsidy amount was cut by NLG 500 per year; and the *KRA-WEP* is now linked more strictly to agreements between employers and employees to create more jobs. On 1.1.1996, the *KRA-RAP* was abolished; the *KRA-WEP*, however, has continued. The *RBA*s can decide for themselves whether they wish to take up *KRA-WEP* resources in their budgets. A number of *RBA*s prefer to reserve this portion of their budgets for comparable regional regulations, since the terms of these are less binding (*vis-a-vis* employers).

The subsidy consists of the tax and social security contributions reduction for long-term unemployed and (as long as the wages are not higher than 115% of the minimum wage) the wage cost reduction for low-wage labour regulated by the *WVA* (cf. NL-v.10) and of a one-time subsidy of between NLG 7,500 and 15,000 for a full-time equivalent (a 38-hour work week) in the market sector and NLG 22,000 (on the basis of a 32-hour work week) in the public sector. The amount for a market sector position is determined by the *RBA*: if the *RBA* does not fix an amount, NLG 7,500 will be applied for. The duration of a work-experience position is from six to twelve months. The actual subsidy is dependent on the number of hours a person works, their age and the duration of the placement.

### *Legal Basis*

*KRA* (Stcrt. 1992, 239). Last change Stcrt. 1997/30 (decree on the coming into force of the Public Employment Service Act of 1996).

### *Financial Resources*

In the early 1990s, the *KRA* budget usually exceeded NLG 150 million. The *KRA* was one of the most important labour market measures. In 1994, the amount of money spent was reduced to NLG 111 million. In 1995, partly due to the difficult financial situation of the Public Employment Service as a whole, the *KRA* budget was reduced to about NLG 35 million. In 1996, only six *RBA*s set aside a total of NLG 6 million for expenditure on new commitments in the framework of *KRA*.

*Effects*

Year	Places for work experience	Regular jobs	Total
1992	6,100	10,700	16,800
1993	5,300	12,490	17,800
1994	3,900	12,300	16,200
1995	2,900	12,000	14,900
1996	300	-	300

## **Labour Pools (*Banenpools* – *BPs*)**

Labour pools (*BPs*) aim to help long-term unemployed workers who are not thought to have a realistic chance at finding regular employment. These workers are employed in super-numerary jobs in the (semi-)public sector. *BPs* offer permanent employment contracts to participants and hire them out to public institutions, which create the super-numerary jobs. The *BPs* were established in 1990 as a measure "of last resort" for employment integration of those who cannot be helped by any other measure. The *BP* regulation was changed in 1997. A 36-hour work week has been introduced. The *BP* regulation will be integrated into the "Jobseekers Employment Act" (*WIV*) on 1.1.1998 (cf. Chapter III, NL-v.11).

### *Legal Basis*

Ministerial Decree (*Rijksbijdrageregeling*) of 31.8.1990, Stcrt. No. 1990/172. Several later adjustments.

### *Contents*

The *BPs* are established and maintained by municipal authorities. They sometimes operate in the form of a joint venture between several municipalities based upon an agreement for cooperation between the municipalities and the Regional Board of the Public Employment Service. The Public Employment Service decides in each individual case on eligibility for participation. The only criterion is that the prospective participant must have been unemployed for more than three years. If the Public Employment Service acknowledges eligibility, the actual process of application, selection and recruitment can proceed along various lines, as it potentially can be influenced by the Public Employment Service, the *BP*, the employer to whom the participant is hired out and/or the unemployed applicant.

Remuneration is based on the statutory minimum wage.

In recent years, efforts have been made to stimulate the outflow of *BP*-jobs. They should no longer be viewed exclusively as the terminal station of reintegrative labour market policies. There has been no real change in the target group, but the remaining capacity for re-acquiring competitiveness on the regular labour market is more consciously emphasised.

### *Financial Resources*

The *BPs* are financed through various combined sources:

- an amount of money equal to the previous unemployment assistance benefit of the participant is transferred to the *BP*;
- a state-subsidy of NLG 7,000 per participant;
- a subsidy of NLG 3,500 per participant awarded by the Public Employment Service;
- cancellation of compulsory employer contributions to social insurance funds;
- a contribution paid by the employer who takes on the *BP*-worker;
- other sources (municipal, provincial, European Social Fund, the national fund for "Social Renovation", etc.).

The total of state subsidies, Public Employment Service subsidies and "transformed" unemployment benefits directed towards the *BPs* has increased from NLG 236 million in 1991 to NLG 710 million in 1996.

Costs per position: NLG 31,900 in wage costs, plus NLG 3,000 in administrative costs, plus another NLG 1,200 in travel and other costs.

### *Effects*

The average total number of participants per year has increased from 2,000 in 1991 to 23,000 in 1996.

Some characteristics of the participants were:

- nearly 50% without any certificate of secondary education;
- 33% allochthones;
- 66% older than 40;
- 75% unemployed for longer than five years.

The Labour Pools' outflow was rather small. During the first two years after the initiation of this labour market measure, only some 12% of the participants terminated their contracts, with 2% or 3% moving into regular employment and the remainder becoming unemployed once again.



### **40,000 Additional Jobs for the Long-term Unemployed (40,000 *Banenplan*)**

The *40,000 Banenplan* aims to create additional permanent employment for applicants who have been unemployed for more than one year.

This employment is planned for the welfare and health-care sectors, as well as for firms and institutions which are (either entirely or partly) engaged in public surveillance or in children's day-care facilities. 70% of these additional placements will be created in the country's four largest cities, where (long-term) unemployment rates are twice as high as in other parts of the country.

The immediate creation of additional jobs has been deemed necessary because the manifold policy programme initiated by the present Cabinet in 1994 (meant to improve the employment-generating powers of the labour market) was expected to have insufficient impact on existing long-term unemployment in the short term.

The programme was announced in the Constitutive Agreement of the new Coalition Cabinet and began in early 1995.

#### *Specific Contents of the Regulation*

In principle, the 32-hour work week is binding. Remuneration will be settled according to normal collective wage negotiations, but will be kept within the boundaries of 100-120% of the statutory minimum wage. For each placement, additional costs of NLG 4,000 per year are taken into account.

The municipalities and the Employment Offices will select the participants. To speed up the flow through the Labour Pools (cf. Chapter III, NL-v.2), its participants are also eligible for the 40,000 new placements.

#### *Financial Resources*

For a period of four years a fund of NLG 1,600 million has been made available, of which NLG 200 million was used in 1995. Structural financial provisions to secure the prolongation of these placements after 1998 have not yet been settled.

#### *Effects*

The average total number of participants per year has increased from 1,700 in 1995 to 9,000 in 1996 (of which a respective 1,000 and 4,400 were in the welfare and health-care sector). At the end of 1996, there was a total of 15,600 participants (of which 6,700 were in the welfare and health-care sector).

Up to June 1997, some 23,000 persons had found a new job in the municipalities and the health-care sector (13,400 in the municipalities). Of these, 19,500 persons still worked in these positions at the end of June 1997 (11,400 in the municipalities). More than 3,000 persons had changed jobs or left for some other reason.

The municipalities realised their placing targets for 1996. For 1997, in addition to its contingent of 5,000 jobs, the municipalities received an extra contingent of 2,170 jobs at the expense of the 1997-contingent of the health-care sector.

### **20,000 Supplementary Jobs for the Long-term Unemployed (20,000 *Banenplan*)**

The *20,000 Banenplan* is a scheme in which a part of unemployment benefits (the tax-financed national assistance benefit which is paid by the municipal "Departments of Social Services" – cf. Chapter II) is transformed into a subsidy to create supplementary jobs. For each supplementary placement, a maximum annual subsidy of NLG 18,000 can be awarded for an employment contract of two years duration. The minimum duration of the contract is 6 months in order to give the long-term unemployed person the opportunity to have a substantial period of work experience. This approach is often referred to as "stimulating employment with the help of benefit money". The scheme strives to establish permanent employment for applicants who have been unemployed for longer than 12 months. This should be achieved either by: a) the creation of subsidised jobs in new types of employment which can develop into self-sustaining permanent employment or b) the creation of special "employment integration pools" (cf. Chapter III, NL-viii.5) which hire out the long-term unemployed to employers who, for example, anticipate a normal vacancy at some later time and intend to transform the contract into a permanent employment contract with the applicant if he or she proves to be a reliable employee.

The *20,000 Banenplan* will be integrated into the "Jobseekers Employment Act" (*WIV*) (cf. Chapter III, NL-v.11) on 1.1.1998.

#### *Legal Basis*

*Tijdelijk besluit subsidiëring experimenten activering van uitkeringsgelden* (Stcrt. No. 79, 7 February 1997).

#### *Specific Contents*

In order to remove obstacles for single parents who must care for young children, it is possible for them to take on part-time employment, but at a minimum of 16 hours. It then becomes possible to receive an additional benefit. The subsidy varies depending on the number of hours worked.

Of 150 proposed projects, 63 have been chosen to create 20,000 jobs, of which 7,000 are to be realised in the four largest cities. National institutions will create about 4,000 jobs. 9,000 of the jobs will be spread over the 12 provinces. The approved projects are diverse in nature: employment in the public sector as well as – and preferably – in the private sector. The "employment integration pools" will primarily be targeted at employers in small and medium-sized enterprises. Some projects attempt to show the existence of "hidden employment". Other projects are focused on a specific target group, such as allochthones or refugees.

The scheme is experimental and began in mid-1995. In its present form, the inflow will end in 1997. The long-term unemployed in the created jobs will be subsidised until 31 December 1998. At the beginning of 1999, an evaluation report will be published based on research done by an independent institute.

#### *Effects*

By the end of the first quarter of 1997, a total of 12,051 labour contracts receiving a subsidy were agreed upon.

### **Unpaid Activities for the Unemployed Receiving National Assistance Benefit (*Onbeloonde activiteiten met behoud van uitkering op basis van artikel 144 ABW*)**

In the new National Assistance Act (*ABW – 1996*), the experimental article 144 *ABW* provides the opportunity for municipalities to experiment with new forms of integration and social activation. Article 144 states that the Minister of Social Affairs and Employment can give some municipalities permission, on an experimental basis, to deviate from one or more of the conditions of the *ABW* in order to render possible unpaid activities by the long-term unemployed while continuing to pay them unemployment benefits.

#### *Legal basis*

This experimental opportunity is included as a special article (Art. 144) of the new *ABW*. The conditions for these experiments are formulated in an order in council (*Amvb*). Article 144 will stay on the books for four years and may be prolonged – after an evaluation of the new *ABW* – for a maximum of two years. It is also possible, if the results after four years are positive that the article 144 will become a permanent regulation.

#### *Contents*

In spite of intensive use of various labour market measures, a substantial number of social assistance benefit recipients do not find paid employment in the short run: the so-called "stayers" in the social assistance system. These people are at risk of becoming socially isolated.

With this experiment in social benefit regulations, municipalities have been given a new instrument for integrating beneficiaries, namely the ability to offer beneficiaries activities while still paying out their social benefits. During a given person's participation in this programme, a municipality can waive the person from the obligation to apply for a job and also reward his or her activities with a premium, which will not reduce the social benefit amount. Most of these activities are primarily oriented toward helping the beneficiary out of his or her social isolation or preventing such isolation. The municipalities are creating special projects for this pilot programme or engaging beneficiaries in general volunteer work. In these projects, beneficiaries have the opportunity to do useful work in a sheltered work environment under guidance. It is recognised that the interests of and possible avenues for the beneficiary are central to his or her reintegration.

There are also experiments which aim to retain the work capacity and the work rate of the long-term unemployed, i.e. by stimulating their participation in useful work and services for the society as a whole. These activities build a preparatory phase for possible follow-up trajectories. They are the first step in an individual guidance trajectory, which can help to improve a person's labour market chances in the long run.

#### *Financial resources*

The central government and the municipalities are financing these measures in accordance with the division of responsibility for resources in the *ABW*.

*Effects*

In total, 162 municipalities were permitted to introduce these pilot projects for beneficiaries. There are 217 different experiments, most of which are still starting up. The evaluation of these experiments will begin at the end of 1997.

## Employment in Domestic Services

In 1996, the Temporary Regulation Experiment on Expanding the Market for Cleaning Services (*REMS*) began. It aims to enlarge the formal demand for cleaning services by private persons, thereby simultaneously increasing the employment of unskilled and low-skilled persons. Employers receive a total wage benefit of NLG 18,000 per year for every long-term unemployed person employed for 32 hours per week who agrees to enter into a contract for cleaning activities with private persons.

This regulation will be changed on 1 January 1998 into a permanent structural subsidy regulation for domestic services. The target group will be the same as that of the *WVA* – Reduction of Tax and Social Security Contributions for the long-term unemployed (*WVA-VLW*). For every long-term unemployed person employed under this scheme, there will be available a yearly subsidy of NLG 19,000 (on the basis of a 32-hour work week), under the condition equal consumer-contract hours with private households can be proved.

### *Legal Basis*

Temporary Regulation Experiment on Expanding the Market for Cleaning Services (*REMS*), Stcrt. 1996/101, revised Stcrt. 1996/186 and Stcrt. 1996/237 (prolongation).

### *Contents*

The *REMS* is meant for the cleaning services sector. The subsidy will be provided under the condition the employer can evince contracts with private persons (consumer-contracts), in order to demonstrate that an expansion of the private market took place.

The enterprises have committed themselves via the "Council of Labour Relations for the Cleaning and Window-cleaning Sectors" (*RAS*) to charge the private consumer NLG 15 per hour for cleaning services. The pilot project also commits employers to pay 10% of the new employees a starting wage at the minimum wage level. The firms can apply for subsidies for labour contracts starting on 1 June 1996 until 31 May 1998. In combination with the maximum duration of the subsidy of two years, the experiment will last four years.

Cleaning services for companies will not be subsidised. However, in the framework of this regulation, the employment of the long-term unemployed (performing cleaning services for a company) is possible if at the same time a regular employee will be working with private persons. A subsidy will then be paid for the number of hours for cleaning services to private persons or for the number of hours the long-term unemployed person works, if the latter figure is lower.

The *RAS* office is responsible for giving information on the project and sending out the applications for subsidies of employers to the Ministry of Social Affairs and Employment.

### *Effects*

In 1996, available financial resources allowed for a maximum of 2,500 full-time jobs (on the basis of a 32-hour work week). In October 1996, some hundreds of positions were realised. In 1997, available financial resources allowed again for a maximum of 2,500 jobs. So, including the 1996 subsidised labour contracts, a maximum of 5,000 full-time subsidised jobs in 1997 (on the basis of

a 32-hour work week) may be possible. The Minister of Social Affairs and Employment can increase these numbers if additional financial resources become available. If the proposed limit of subsidies is reached, the Minister of Social Affairs and Employment will in the course of time announce this in the Stcrt.

#### *Financial resources*

Financing will come out of the financial resources of the social assistance budget (*ABW*). The *WVA-VLW* will make available a respective NLG 5.6 million for 1996 and NLG 17 million for 1997 and 1998, as well as NLG 5.6 million for 1999. 50% of the expenses for research, development and implementation of this project will be paid by the Ministry of Social Affairs and Employment under the condition that the sector pays the other 50%. The maximum amount to be paid by the *SZW* will be NLG 2 million.

NL-v.7

**Youth Employment Guarantee Act**

Cf. Chapter II, 1.4, p. 29.

**Sheltered Employment Act**

Cf. Chapter II, 1.4, p. 31.



### **Wage-Cost Subsidy for the disabled (*Loonkostensubsidie in de WAO – LKS*)**

The aim of this regulation is to increase the inflow of partly disabled persons into the labour market. Employers who hire a partly disabled person will receive a subsidy for the wage costs of this employee, eventually as well with a job-introduction and job-guidance allowance. From 1 January 1995 on, this is also possible for an employer who gives an already hired employee another job function or position (replacement by his or her own employer).

The government's proposal of the "Act on Reintegration" (planned date of coming into force: spring 1998), which was forwarded in September 1997 to parliament, implies (among other things) the abolishment of this wage-cost subsidy as an independent regulation. A replacement budget, a placement budget and a "tailored" package of measures will replace the wage-cost subsidy.

#### *Contents*

The measure was introduced in March 1992 in connection with the "Act to Decrease the Number of Disabled Workers" (*TAV*). This was at the time a duplicate of the *KRA-RAP*. On the basis of the so-called "Amber Act", the maximum wage-cost subsidy was raised from a maximum of 20% of the gross wage to a maximum of 25%. The percentage depends on the duration of unemployment: for a placement within 1 year after the first date of disability or unemployment, there is a subsidy percentage of 15%; for placements between one and one and a half years, it is 20%; and after one and a half years it is 25%. Interested persons without a working history (i.e. persons disabled early in life) will also fall into this category. In the case of replacement by the same employer, the wage-cost subsidy will always be 25% of the agreed wage. The wage-cost subsidy can be paid out for a maximum of 4 years (48 months).

An employer who agreed upon a labour contract with a disabled employee, thus receiving a wage-cost subsidy, can also receive, upon application, a one-time only subsidy for training and guidance of the employee. The maximum amount of a training and guidance subsidy (*IBS*) is NLG 4,000.

#### *Legal Basis*

Since the "Amber Act" (Stcrt. 1995/560), the regulation is based on article 62 of the *WAO*. The previous basis for the regulation was article 59n of the *AAW*.

#### *Financial Resources*

The "General Disability Fund" (*Aaf*) establishes the yearly budget. This budget is paid by the *Aaf*. In 1996, NLG 56 million was distributed for wage-cost subsidies (*LKS*) and NLG 12 million for training and guidance subsidies (*IBS*).

*Effects*Number of *LKS* and *IBS*:

Year	Wage-Cost Subsidy ( <i>LKS</i> )			Training and guidance subsidy ( <i>IBS</i> )
	new	finished	current	
1992	1,299	104	1,195	838
1993	2,049	788	2,456	1,238
1994	3,061	1,234	4,283	1,959
1995	5,807	1,954	8,136	3,190
1996	6,712	4,033	10,815	3,685

### **Act on Reduction of Employer's Tax and Social Security Contributions (*Wet Vermindering Afdracht loonbelasting en premie volksverzekeringen – WVA*)**

The *WVA* gives employers the opportunity from 1 January 1996 on to receive reductions in wage costs for low-paid employees (via the Specific reduction of employer's tax for the low-paid – *SPAK*), the long-term unemployed (via the Reduction for the long-term unemployed – *VLW*), as well as for trainees of the apprenticeship system, of post-graduate trainee researchers/trainee research assistants (*OIO's* and *AIO's*) and (since January 1997) students of Higher Vocational Training Institutes who follow a so-called "dual system" of training (via the Reduction for Education – *VO*).

From 1 January 1998 on, the *SPAK* will be doubled to NLG 3,660 for jobs of 36 hours or more (this was NLG 1,830 for jobs of 32 hours or more). The wage maximum here is 115% of the minimum wage for a 36-hour work week (previously 32 hours). The Reduction of Employer's Tax for the flow through low-wage employment (since 1 January 1997) will be raised from NLG 915 to NLG 1,830. The total fiscal advantage to the employer, in combination with the *VO*, may increase to a maximum of NLG 6,250.

The maximisation in case the *SPAK* and the *VLW* are combined, has been abolished (thus the maximum in combination is now NLG 8,160).

#### *Legal Basis*

Act of 15 December 1995, Reduction of Employer's Tax and Social Security Contributions, Stbl. 635 of 27.12.1995. Act to revise some of the Tax Acts, c.a. (Tax plan 1997) Stbl. 1996/654.

#### *Contents*

Within the frame of the total tax reduction of 1 January 1996, the *SPAK* is oriented toward the lower end of the labour market. The target group of the *SPAK* consists of persons who earn no more than 115% of the statutory minimum wage in a 36-hour work week (i.e. for younger employees, the minimum youth wage). Since 1 January 1997, the Reduction of Employer's Tax for the flow through low-wage employment is added in order to prevent the wage ceiling of the *SPAK*-reduction from becoming a hindrance to the increase of wages (marginal tax wedge). The aim is to prevent a situation whereby, with a wage of more than 115% of the minimum wage, the advantage of the reduction for low wages (i.e. *SPAK*) diminishes all of a sudden.

The *SPAK* and the *VLW* can be combined for the long-term unemployed who do not earn more than 115% of the minimum wage. This way the total allowance for the engagement of a long-term unemployed person can come to NLG 8,160 per year. Per saldo, employers no longer have to pay the collective employer's contributions for the employees at the minimum wage level.

The target group of the Reduction for the long-term unemployed (*VLW*) are persons who have been registered as a jobseeker in the employment office for longer than twelve months in a row (for persons aged 57.5 and over, there is no duration requirement) and who will not earn more than 130% of the statutory minimum wage for adults.

For regions with high unemployment, the act provides for a relaxation of the restrictions on registration from twelve to six months. During 1996, such regions are the big cities (Amsterdam, Rotterdam, The Hague and Utrecht) as well as the four municipalities with the highest social benefit dependency from all the municipalities with more than 40,000 inhabitants.

The Reduction for Education (VO), in so far it can be used toward the apprenticeship system, also must be viewed with regard to the cuts in the Public Employment Service budget over the period 1994-1998. The Reduction VO meant factually a fiscalisation of the apprenticeship system. Here-with the Public Employment Service could abolish the *KBS* subsidy. In so far as the Reduction VO is specifically geared to post-graduate trainee researchers/trainee research assistants (*OIO*'s and *AIO*'s), it aims to drive forward technology policy and further the employment of young academicians. In the beginning of 1997, the scope of action of the Reduction VO became broader: the "dual training systems" of the Higher Vocational Education Institutes (*HBO*) were also included (the maximum duration of enforcement for interested persons is 24 months).

#### *Financial Resources*

The employer is allowed to reduce the tax bill for the period concerned, if, of course, he meets the conditions for the Reduction on the low-paid (*SPAK*), the long-term unemployed (*VLW*) and education (*VO*).

Data from the tax department show the following amounts for 1996: *SPAK*, NLG 785 million; *VLW*, 66 million; and *VO*, NLG 185 million. According to estimates, these expenditures concern respectively 1 million, 23,000 and 40,000 persons.

#### *Effects*

The *WVA* will be evaluated at the end of 1997.

## **Jobseekers Employment Act (Wet Inschakeling Werkzoekenden – WIW)**

Beginning 1 January 1998, the new "Jobseekers Employment Act" (*WIW*) will come into effect. The *WIW* is one regulation for subsidised work: the "Youth Employment Guarantee Act" (*JWG*), the regulation on "Labour Pools", the financial resources of ABW-incentive policies, and the regulation on child care will all be combined in this act. Resources will be available for municipalities via the "municipal Work fund". With these resources, municipalities can activate beneficiaries, the long-term unemployed and unemployed youth under 23, as well as offer training and/or work experience. The *WIW* enables municipalities to more effectively use available resources, and offer more "tailored" employment measures.

### *Legal Basis*

On 26 June 1997, the Second Chamber of Parliament agreed to introduce this new Act.

### *Contents*

The instruments of the *WIW* are many; they vary from social activation and training to work experience positions in private enterprises and detachment places (*WIW-employment contracts*). The municipality is free to develop its own variants; it can also use different instruments simultaneously or one after another. In this way, as long as conditions of the Act are met, "tailored" measures for a particular target group can be implemented.

Municipalities must implement the Act in cooperation with the Public Employment Service (*ARBVO*) and the Social Security Agencies (*Uvi's*). The Public Employment Service is responsible for the categorisation of persons belonging to the target group. The Public Employment Service decides if a long-term unemployed person will belong to a target group for a *WIW*-work experience position or for a *WIW*-employment contract. The municipality decides upon a trajectory for unemployed youth, once again in cooperation with the Public Employment Service. The Public Employment Service remains responsible for placement into work. Cooperation with the Social Security Agencies is important when unemployment benefit recipients (*WW*) apply for *WIW* measures. The Social Security Agencies can buy *WIW* instruments with the support of resources from the General Unemployment Fund (*AWf*). Municipalities can assign – as is now already common in the *JWG* and *BPs* – the implementation of the *WIW* to a separate organisation. It is also possible for the current *JWG* and *BP* organisations – and also possibly the inflow-pools of the Subsidy Regulation Experiment for Activation of Social Benefits (*EAU*) – to implement the *WIW*. The new Sheltered Employment Act of 1 January 1998 (cf. Chapter III, NL-v.8) also opens up the possibility of an integrated implementation of both new Acts at the municipal level.

### *Financial Resources*

The "municipal Work fund" will be funded through various sub-budgets, which currently originate from the budgets of the Ministry of Social Affairs and Employment, the Ministry of Home Affairs (a few components of the Social Innovation Fund) and the Public Employment Service (Labour Pools subsidy). The budget of the Ministry of Social Affairs and Employment includes the *JWG*, *BP*, work-experience positions, child care and saved ABW benefits. The *WIW* brings all of these together into one broad allowance from the budget of the Ministry of Social Affairs and Employment: in 1998, at a total of NLG 1.7 billion.

*Effects*

The 50,000 *WIW-employment contracts* will be financed through a large portion of the municipal Work fund. These employment contracts will replace the possibility, which the municipalities had up until 1.1.1998, of placing a long-term unemployed person or unemployed youth with the *BP* and *JWG* regulations. Unlike the *BP* positions, the *WIW-employment contracts* are much more linked in a chain intended to lead from unemployment to regular employment. The fact that the *WIW-employment contracts* are part of a broader set of instruments is also illustrated with the possibility of an employment contract (with a minimum of 19 hours per week) in combination with training. Some financial incentives can also be given.

For the time being, there will be about 12,000 *WIW work-experience positions* per year. If there are not enough places, the government will consider a possible increase. In addition, the *EAU*-subsidy regulation (cf. NL-v.4) – which also implies the same kind of work-experience places – will remain effective until the end of December 1998. Evaluation results of the *EAU* regulation will play an important role in the more detailed integration of work-experience positions in the *WIW*.



## **6. Special Categories of Workers**

Many laws and specific labour market measures are targeted towards special labour market categories, such as ageing workers, women, disabled workers, allochthones, young workers and the long-term unemployed. Descriptions can be found under many other headings in this report.





## 7. Placement

- NL-vii.1 Regional Service Centres (*Regionale Diensten Centra – RDC*)
- NL-vii.2 Job Clubs (*Sollicitatieclubs*)
- NL-vii.3 Temporary Employment Agency – START (*Stichting Uitzendbureau Arbeidsvoorziening – START*)
- NL-vii.4 Framework Regulation for Employment Contracts with Firms which hire out Workers (*Kaderregeling Uitzendarbeid – KRU*)

### **Regional Service Centres (Regionale Diensten Centra – RDC)**

In 1993, most of the existing institutes for vocational counselling and guidance were integrated into Regional Service Centres (*RDCs*), also called "Consultancy Offices for Education and Professional Occupation" (*Adviesbureaus voor Opleiding en Beroep – AOB*).

Participants in this merger were: a) associations of Offices for Vocational Guidance which were originally founded upon common religious or ideological convictions (the "pillar" principle, cf. Chapter II, 2.1); b) regional organisations engaged in the guidance of apprentices; and c) regional bodies for coordination between education and the labour market (called *COAs*).

At present, 15 *RDCs* have been established. They are to be interpreted as specialist organisations which are called upon when institutions for education (of all possible types) or the Employment Offices are not capable of providing necessary guidance within their own range of services for pupils, students and jobseekers. Schools and universities usually operate their own facilities for counselling and guidance, availing of their own teachers (*Mentoren*) and specialised professionals (*Decanen*). The Employment Offices operate similarly with the help of their job counsellors and, when required, special career counsellors.

*RDCs* are managed by boards in which employers associations, associations of trade unions and the Ministry of Education, Culture and Science are represented.

#### *Auxiliary Institute*

A National Service Centre (*Landelijk Diensten Centrum – LDC*) has been established to support the *RDCs*. It produces brochures on specific professions and occupations and different routes through the educational system towards specific occupations. It also develops computerised information systems. In addition, it develops the methodology of counselling and guidance. The *LDC* is equally financed by the Public Employment Service and the Ministry of Education, Culture and Science (*OCW*).

#### *Financial Resources*

*RDCs* organise their work on the basis of contracts with schools, Employment Offices and sometimes with agencies for the administration of unemployment and disability benefits. Individuals who contact these *RDCs* on their own initiative can also receive information, counselling and guidance, in which case a fee is usually charged for more elaborate psycho-diagnostic services.

The central government and the Public Employment Service award a contract and a platform subsidy. The contract subsidy is earmarked for direct services. *RBA*s and educational institutions in the regions decide on the contents of these services.

The platform subsidy was developed in order to enable the *RDCs* to make contacts with schools, enterprises and other partners on the regional level, and to promote in this way fine-tuning between the educational system and the labour market.

On the central level, the Public Employment Service and the Ministry of Education, Culture and Science spent the following amounts in 1994, 1995, and 1996:

Year	Contract-subsidy (in millions)		Platform-subsidy (in millions)	
	PES	OCW	PES	OCW
1994	11.3	–	2.9	–
1995	11.3	–	2.9	–
1996	6.9	43.1	1.8	3.0

The actual expenditures of the Public Employment Service and the educational institutions in the RDCs/AOBs may possibly be higher. No information on these amounts is available.

## **Job Clubs (Sollicitatieclubs)**

Job Clubs aim to help the registered unemployed find jobs as quickly as possible by teaching job-application techniques and investigating every opportunity that may result in finding employment. The defined target group is rather extensive: all unemployed jobseekers (sometimes limited to persons unemployed for more than six months) who are expected to be potentially successful in the job application process. Each Regional Board tends to develop its own policies with regard to this scheme.

In 1990, 483 Job Clubs were founded, 55 of which were still running at the end of the year. More recent figures are not available, but the general impression is one of growth.

### *Legal Basis*

The first global internal regulation on the then rather new phenomenon of Job Clubs was introduced on 14.5.1988.

### *Contents*

Job Clubs consist of approximately 15 persons with two supervisors. The emphasis is on the person's own initiative. Group dynamics are used to stimulate the individual jobseeker. Job-application training is given several days per week.

Participation lasts for 12 to 18 weeks. During recent years, Regional Boards have diversified the organisational model and methods of Job Clubs.

### *Financial Resources*

Job Clubs are set up and financed by the Public Employment Service.

Expenditure:

- NLG 6 million in 1988;
- NLG 11 million in 1990.

Costs per place: NLG 2,500.

### *Effects*

Year	Number of participants
1988	1,600
1990	5,300
1991	6,500
1993	7,500
1996	10,000

As measured by the number of job finders amongst Job Club participants, this labour market scheme turns out to be very effective. Results, specified by some sub-categories within the group of participants, are:

	Percentage of all participants	Percentage of job finders participating in Job Clubs
Older than 40	22%	19%
Women	45%	46%
Allochthones	11%	10%
Unemployed >5 years	17%	14%
Low educated	19%	19%

### **Temporary Employment Agency – START (*Stichting Uitzendbureau Arbeidsvoorziening – START*)**

START was set up by the Public Employment Service in 1977 as a non-profit foundation participating in the market for temporary work agencies; it hires out unemployed jobseekers to other employers. Its prerogative was to use the "hiring-out" formula for the benefit of hard-to-place jobseekers. At present, the following target groups are discerned: disabled workers, allochthones, women re-entering the labour market and the long-term unemployed.

START has developed a nation-wide network of some 250 branch offices. It employs a staff of about 2,700 employees (in 1996).

In recent years START diversified its services, which at present include activities such as "out-placement" and "recruitment and selection". Furthermore, it developed certain programmes for vocational training.

The top management of START is composed of a tripartite board of six members with an independent chairperson. Although START is a fully independent organisation, the connections between START and the Public Employment Service have remained rather close over the years. One government official is represented on both the board of START and the Central Board of the Public Employment Service. Local branch offices are sometimes located in the same premises as, for instance, the local Employment Offices, and in some cases they participate in combined front offices set up by the Public Employment Service and the Social Benefit Agencies. At present, a more elaborate "strategic alliance" is aspired to by both organisations.

#### *Financial Resources*

START does not receive any subsidies. It finances itself through the "hiring-out" services sold to employers. Net returns in 1996 amounted to NLG 1.6 billion.

Contrary to profit-oriented temporary work agencies, but similar to any other legislatively-grounded foundation, it is exempted from the obligation to pay company taxes. For that reason, other firms in this field tend to accuse START of unfair competition. The START net profit is deposited in a special fund through which socially useful projects are financed.

#### *Effects*

Year	Average number of hired-out workers	Placements per year	Placed persons
1987	17,000	92,000	69,000
1989		100,000	–
1991		84,000	–
1993		85,000	–
1994	25,000	129,000	–
1995	35,000	175,000	–
1996	45,000	–	–

Percentages of target groups within the total number of placements for 1993-1995:

	1993	1994	1995
Disabled	822 (1%)	2,785 (3%)	5,545 (3%)
Ethnic minorities	6,899 (9%)	7,424 (8%)	8,871 (5%)
Unemployed longer than one year	16,828 (22%)	23,206 (25%)	17,742 (10%)
Women re-entering the labour market	3,079 (4%)	5,570 (6%)	6,653 (4%)

In general, a quarter of the temporary employees find regular employment; in 40% of the cases, a position is obtained in the enterprises for which they previously worked.



**Framework Regulation for Employment Contracts with Firms  
which hire out Workers  
(*Kaderregeling Uitzendarbeid – KRU*)**

The *KRU* aims to engage temporary work agencies in the employment (re)integration of the long-term unemployed.

*Legal Basis*

Decree of the Central Board of the Public Employment Service of 17.11.1992, Stcrt. No. 1992/239. This regulation follows a more specific, analogous regulation of 19.1.1990, which generalised experimental subsidy measures begun in 1984.

*Contents*

An employer who takes on an unemployed jobseeker from a temporary employment agency, when the jobseeker has been unemployed for more than six months and will be employed for at least twelve weeks and 15 hours weekly, can receive a wage-cost subsidy of 33% of the statutory minimum wage for a period of twelve months from the Regional Director of the Public Employment Service. In every region some temporary work agencies are selected by the Regional Boards of the Public Employment Service to take part in this scheme. These agencies also get a subsidy for incurred costs, i.e. 7%-15% of the wage costs of the hired-out unemployed.

*Financial Resources*

Acting on proposals put forward by the Regional Boards, the Central Board of the Public Employment Service set aside NLG 11 million for expenditure on the *KRU* for 1995. This was considerably less than in previous years. In 1990, NLG 40 million was spent on a previous regulation, resulting in 2,100 placements. In response to the financial problems of the Public Employment Service caused by the structural budget reduction imposed on it (cf. Chapter I, 3.), the *KRU* was suspended in spring 1995. In connection with ongoing commitments, however, NLG 0.9 million was paid out in 1996 and another NLG 0.1 million are expected to be paid for 1997.

## 8. Miscellaneous

- NL-viii.1 National Assistance Complementary Benefit Scheme for the Self-employed  
(*Besluit bijstandsverlening Zelfstandigen – Bbz*)
- NL-viii.2 Benefit Regulations on Job Search
- NL-viii.3 Subsidy Regulations for Remigration
- NL-viii.4 Subsidy Regulations for Activating Recipients of National Assistance Benefit
- NL-viii.5 Employment Pools
- NL-viii.6 Regional Subsidy Measures

### **National Assistance Complementary Benefit Scheme for the Self-employed (*Besluit bijstandsverlening Zelfstandigen – Bbz*)**

Besides some provisions for self-employed persons in general, the Bbz provides financial support for persons who want to start their own business. Assistance for starting self-employment is available for recipients of unemployment benefit or any other social benefit as well as for workers whose jobs are under direct threat. Employed persons who are completely self-sufficient and persons whose partners have sufficient income cannot apply for support.

#### *Contents*

To qualify for financial support, the enterprise initiative must be proved viable. This must be established on the basis of an expert report, written, for instance, by the Institute of Small and Medium-sized Enterprises (*IMK*).

Support can consist of two parts:

1. During the initial period of the enterprise, an income supplement may be awarded in order to make it compatible with the social minimum income. This supplement is awarded for a maximum of three 6-month periods. It replaces the original social benefit. Self-employed who are confronted with a temporary reduction in income can receive an allowance for living costs for a period of twelve months. This period can be prolonged for a maximum of 24 months when external circumstances make this necessary. Self-employed older than 55, who have had their own business for at least ten years, can, on certain conditions, receive an income supplement until their 65<sup>th</sup> birthday.  
Income supplements are only awarded if the value of available personal property does not exceed a certain level.
2. A loan-bearing interest (6% if used as investment capital). Loans to new starters are limited to a maximum of NLG 41,000. The self-employed can receive a loan for a maximum of NLG 309,000. Financial support for investment purposes up to a maximum of NLG 15,000 can be given for free, if the annual income usually remains below the relevant social minimum income. Six months after the initiation of a new business, the local authorities check to see if it is progressing according to expectations. Since only viable enterprises are supported, sufficient current income normally should be generated after twelve months. If growth stagnates and prospects are negative, the *Bbz* is discontinued. The then unemployed person continues to receive his or her previous unemployment benefits for a maximum period of the same duration as was remaining at the moment of the business initiation.

#### *Implementation*

Municipal "Department of Social Services".

#### *Financial Resources*

90% of the costs are borne by the Ministry of Social Affairs and Employment. 10% are borne by the municipalities.

### Benefit Regulations on Job Search

Unemployed workers over the age of 57.5 years are usually exempted from the obligation to look for new employment.

To increase the labour market participation of the working-age population, job-search obligations are gradually being extended to more categories of benefit recipients under the National Assistance Act (cf. Chapter II, 3.). This pertains, for instance, to an ever-increasing proportion of single parents as well as to both members of a young partnership receiving national assistance benefit.

With regard to recipients of assistance benefit, the Ministry of Social Affairs and Employment issued a special regulation in 1992 containing directives with regard to the concept of "appropriate employment". The following principles were laid down:

In general, no unemployed worker is obliged to change his occupation or to accept employment beneath his educational qualifications during the first 6 months of his unemployment. If unemployment is of longer duration, the scope for "appropriate employment" gradually broadens. After six months, a worker who graduated in higher education should accept a job for which middle-level vocational education is a sufficient qualification. After twelve months, jobs requiring lower-level vocational education are considered "appropriate". Finally, after 18 months, unskilled jobs are considered "appropriate". In the same manner, gradually shifting norms are enforced with regard to work in other occupations, lower-paid jobs and jobs involving greater travel distance or even necessitating migration.

For school leavers (including university graduates), every type of employment is considered "appropriate" during the first six months. Academicians also must accept positions on the HBO-level during the first six months.

The following table summarises these principles:

Level	University and Higher vocational education	Middle vocational education	Lower vocational education	No vocational education
	months			
University and Higher vocational education	0-6	6-12	12-18	after 18
Middle vocational education		0-6	6-12	after 12
Lower vocational education			0-6	after 6

### **Subsidy Regulations for Remigration**

These regulations are applicable in the case of remigration to the Cape Verde Isles, Tunisia, Morocco, Turkey, former Yugoslavia, Surinam and the Antilles and with regard to foreign refugees in general.

According to a fixed scale by country, subsidies can be awarded for travel costs and resettlement costs incurred during the first two months after remigration.

Preconditions are:

- no such subsidies have been paid before;
- minors need written approval of their parents;
- no unpaid financial debts to the state;
- it must be made clear that sufficient means of existence will be available in the country of destination;
- in possession (or previously having been in possession) of the nationality of the country of destination;
- having stayed legitimately in the Netherlands for two years immediately prior to the request for subsidy.

In addition to this single subsidy, a periodic benefit to cover subsistence costs can be awarded on certain conditions. The amount depends on the cost of living in the country of destination as well as on the size and circumstances of the remigrant's family. This periodic benefit can only be awarded to persons over 49 who formerly received social insurance or assistance benefit while over the age of 49.

NL-viii.4

### **Subsidy Regulations for Activating Recipients of National Assistance Benefit**

Anticipating the new National Assistance Act (implemented 1 January 1996), the "Temporary Act on Promotion of Social Renovation" (*Tijdelijke Wet Stimulering Sociale Vernieuwing – TWSSV*, January 1994) has, among other things, involved the following alterations to the existing *ABW*. Up to 1 October 1994, there was an exemption scheme for income from labour.

Contrary to previous practice, 100% of any income earned in addition to the received assistance benefit is subtracted from the benefit. Municipal Departments of Social Services (*GSD*) can now give a subsidy to the benefit recipient to stimulate reintegration into working life. This subsidy can be used for training (NLG 2,290) or more directly for stimulating (re)integration into benefit-replacing employment (NLG 3,400).

Exactly three years later, on 1 October 1997 (planned implementation) an exemption scheme was re-introduced for some specific groups of social security beneficiaries. First, it concerns claimants who, on the basis of the National Assistance Act, have been exempted from the obligation to seek employment (persons aged 57.5 years and over and single parents with children under the age of five). Second, it concerns claimants who – for medical or social reasons – are designated by the local authority as fit only to work on a part-time basis. This re-introduction is based on the Poverty Memorandum (1996), which addresses the prevention and combating of hidden poverty and social exclusion.

## Employment Pools

Another type of labour market measure becoming increasingly popular are "Employment Pools", not to be confused with "Labour Pools" or the pool arrangement under the "Youth Guarantee Act" (cf. Chapter II, 1.4). These pools hire out workers to other employers, differing from work agencies in that they establish permanent employment contracts with their workers.

Several types can be distinguished:

### 1. "Flex-pools"

These aim at establishing permanent "employment contracts" in business branches where the volume of production varies throughout the year. The seaport pools, dating from the first half of this century, are a well-known example. Recently, this type of pool was set up in the road transport sector.

Part of the costs – in particular the costs for idle hours – are borne by Social Security Agencies

### 2. "Redundancy-Pools"

These aim at maintaining employment contracts with redundant workers. Instead of being dismissed, these workers are hired out to other employers. They are also used for temporary jobs with their former employer, and are the first to be rehired when new jobs are made available. Here, too, the Social Security Agencies can make financial contributions.

### 3. "Employment Integration Pools"

These aim at hiring out formerly unemployed workers to other employers, with the expectation that these workers will be reintegrated into permanent employment after some time. Hiring out can focus on temporary jobs, with the hope to requalify workers for permanent jobs elsewhere. It can also focus on employers who, after some time, are expected to transform their temporary work relationship with the hired worker into a permanent employment contract. These pools are called "inflow-pools" ("instroom-pools"). One of the objectives of the *20,000 Banenplan* (cf. Chapter III, NL-v.4) is to stimulate the development of such employment pools.

**Regional Subsidy Measures**

In addition to existing national subsidy measures, the Regional Boards of the Public Employment Service (RBA) can establish specific regional subsidy measures for specific categories of unemployed jobseekers. Usually these are related to training subsidies. In 1994, Regional Boards spent some NLG 80 million on such measures, applying to approximately 7,000 persons. For 1995, this budget comprised approximately NLG 65 million.





# CHAPTER IV INFORMATION AND RESEARCH

## Labour Market Statistics

Statistical data are regularly collected by the Central Statistical Office (*Centraal Bureau voor de Statistiek – CBS*). They include the following:

- a) Data on the volume and composition of the labour force are collected through a monthly survey based on a multi-step stratified sample, resulting in the annual publication "Labour Force Survey" (*Enquête Beroepsbevolking*). This publication includes data on:
- the working population and its composition with regard to many relevant aspects, such as sex, age, ethnicity, education, marital status, and position in the household;
  - industrial sector, occupation, municipality, weekly working hours, position in work (including the self-employed working in their own enterprise/collaborating family members/others), working times, (border)commuters, etc.

Many (multiple) crossings are available:

- unemployment and its composition with regard to:  
sex, age, ethnicity, education, duration of employment, regional subdivision of the Public Employment Service, etc.

(Multiple) crossings are only possible to a limited extent, due to the size and structure of the sample.

On the basis of this survey, and in connection with registration data of the Public Employment Service, official data on "Registered Unemployment" (*Geregistreeerde Werkloosheid*) are calculated monthly, representing a progressive "3-month average".

- b) The annual publication "Work and Wages of Employees" (*Arbeid en Lonen van Werknemers*) gives a comprehensive and coherent overview of CBS publications in the field of work and wages for employees. This concerns surveys of enterprises and institutions: the "Quarterly Survey of Employment and Wage bill" (*Kwartaalonderzoek naar Werkgelegenheid en Loon-som*); the "Annual Survey of Employment and Wages" (*Jaarlijks Onderzoek naar Werkgelegenheid en Lonen*); the "Quarterly Survey of Wage Development" (*Kwartaalonderzoek Loonont-wikkeling*); "Statistics of Index Data on Regular Wages" (*Indexcijfers van Regelingslonen*); the "Wage-cost Survey" (*Loonkostenonderzoek*); and the "Survey on Company Training" (*Bedrijfs-opleidingen*).
- c) Data on the stock, in- and outflow of vacancies by economic activity and size of enterprises are summarised in the quarterly "Vacancy Survey" (*Vacature-enquête*). The data on the third quarter (at the end of September) involve many variables, among which are profession, training and duration of the vacancies.
- d) The CBS also executes an annual registration of "Inflow into, Internal Mutations of and Outflow from the Educational System" (*Instroom in, Doorstroom en Uitstroom uit het Onderwijs*). These data comprise all existing types of general and vocational education and are published annually.
- e) In order to give a statistical overview of the total labour market, the CBS developed an integrated data system on labour, the so-called "Labour Accounts" (*Arbeidsrekeningen*). The Labour Accounts deal with employees, jobs and expenditures of the social insurance system. The most detailed data cover employment positions of employees. The system is built upon quarterly and yearly accounts.

More detailed information on the structure of unemployment can be obtained from the registration data of the Public Employment Service. Due to their lack of accuracy, they are not published, but still provide an important source of information for the Public Employment Service. These data are aggregated and analysed under the concept of "Jobseekers without a Job" (*Baanzoekers zonder Baan*).

Furthermore, the Public Employment Service executes two surveys annually (contracted out to an independent research institute) on the labour market behaviour of jobseekers and employers. These investigate methods and intermediary job-search mechanisms and their degree of success. They result in the following two publications:

- "How do jobseekers look for a job?" (*Hoe Zoeken Werkzoekenden?*)
- "How do companies recruit and select their staff?" (*Hoe Werven Bedrijven?*)

### **Dissemination of Information**

An important part of the CBS data on the labour market is published (in advance) in the "Socio-Economic Monthly Statistics" (*Sociaal-Economische Maandstatistiek*), which also involves a quarterly overview of the labour market.

The "Central Planning Bureau" (*CPB*) publishes annually the "Central Economic Plan" (*Centraal Economisch Plan*) in April and the "Macroeconomic Survey" (*Macro Economische Verkenning*) in September. These publications also involve a labour market analysis for the medium term.

The Public Employment Service publishes quarterly status and flow information on jobseekers registered with the employment offices and on vacancies and their activities (i.e. the number of placements per target group). An overview is published in the "Annual Report of the Public Employment Service" (*Jaarverslag Arbeidsvoorziening*). In the "School Leavers Memorandum" (*Schoolverlatersbrief*), the Public Employment Service gives an annual overview concerning all relevant labour market information, trends and prognoses for jobseekers, employers and policy-makers. The "School Leavers Memorandum" gives an overview of the future demand of training and of the volume and structure of the category of school leavers entering the labour market.

### **Institutional Framework and Organisation of Labour Market Research**

Many labour market programmes and measures are – either periodically or at a certain point in time – evaluated through special research projects. These projects are always contracted out to independent institutes. Joint committees of experts and policy-makers are usually nominated to monitor the preparation of the research design, research progress and the publication of its results.

For more fundamental labour market research, a special institute has been established: the "Organisation for Strategic Labour Market Research" (*Organisatie voor Strategisch Arbeidsmarktonderzoek – OSA*). It develops research programmes and contracts out research projects. It publishes reports under its own authority. OSA is financed by the allocations of five Ministries (Social Affairs and Employment; Education, Culture and Science; Economic Affairs; Domestic Affairs; Welfare, Public Health and Sports) and the Public Employment Service.

The OSA publishes (among other things) the annual OSA-Trend report. This trend report covers alternately information on the demand and supply of labour. In May 1997, the OSA published the "1997 Trend Report on Supply of Labour" (*Tendrapport Aanbod van Arbeid 1997*) and in May 1996, the "Trend Report on Demand of Labour" (*Tendrapport Vraag naar Arbeid 1996*).

Another important research institute which conducts research in the field of the labour market is the "Research Centre for Education and the Labour-market" (*Researchcentrum voor Onderwijs en Arbeidsmarkt – ROA*). The ROA developed the "Information system for Education and the Labour Market" (*Informatiesysteem Onderwijs-Arbeidsmarkt*), which aims to give an overview of the current and future positions of different professional and training categories in the labour market. Central to these analyses are future medium-term developments. This information system is financed by the Ministry of Education and Science, the Public Employment Service and the "National Service Centre for Information on Study and Professional Guidance" (*LDC*). Every two years, an overview report is published. In October 1997, the "Labour Market by Training and Profession up to 2002" (*De arbeidsmarkt naar opleiding en beroep tot 2002*) appeared. An actualisation of the statistical annex of the main report is worked out every year.

Furthermore, the ROA publishes an annual analysis of the status of school leavers with a diploma and university graduates one and a half years after finishing their studies. In June 1997, "School Leavers between Education and the Labour Market 1996" (*Schoolverlaters tussen Onderwijs en Arbeidsmarkt 1996*) was published.

## Appendix 1: Abbreviations

AAW	General Disablement Pensions Act ( <i>Algemene Arbeidsongeschiktheidswet</i> )
ABW	National Assistance Act ( <i>Algemene Bijstandswet</i> )
AM	Labour Market Directorate ( <i>Directie Arbeidsmarkt</i> )
ANW	General Surviving Relatives Act ( <i>Algemene Nabestaandenwet</i> )
AOB	Consultancy Office for Education and Professional Occupation ( <i>Adviesbureau voor Opleiding en Beroep</i> )
ARBO	Working Conditions Directorate ( <i>Directie Arbeidsomstandigheden</i> )
ARBVO	Public Employment Service ( <i>Arbeidsvoorzieningsorganisatie</i> )
ASEA	General Socio-economic Affairs Directorate ( <i>Directie Algemene Sociale en Economische Aangelegenheden</i> )
ATW	Working Times Act ( <i>Arbeidstijdenwet</i> )
AV	Labour Relations Directorate ( <i>Directie Arbeidsverhoudingen</i> )
AVC	General Federation of Trade Unions ( <i>Algemene Vakcentrale</i> )
BBSW	Contribution Scheme for Sectoral Training of the Unemployed ( <i>Bijdrageregeling Bedrijfstaksgewijze Scholing Werklozen</i> )
Bbz	National Assistance Complementary Benefit Scheme for the Self-employed ( <i>Besluit bijstandsverlening zelfstandigen</i> )
BP	Labour Pool ( <i>Banenpool</i> )
BW	Civil Code ( <i>Burgerlijk Wetboek</i> )
BZ	Social Welfare Directorate ( <i>Directie Bijstandszaken</i> )
CAO	Collective Wage Agreement ( <i>Collectieve Arbeidsovereenkomst</i> )
CBA	Central Board of the Public Employment Service ( <i>Centraal Bestuur Arbeidsvoorziening</i> )
CBB	Centre for Vocational Orientation and Preparation ( <i>Centrum voor Beroepsorientatie en Beroepsoefening</i> )
CBS	Central Statistical Office ( <i>Centraal Bureau voor de Statistiek</i> )
CNV	National Federation of Christian Trade Unions ( <i>Christelijk Nationaal Vakverbond</i> )
CPB	Central Planning Bureau ( <i>Centraal Planbureau</i> )
Ctsv	Social Insurances Supervisory Board ( <i>College van toezicht sociale verzekeringen</i> )

CV	Vocational Training Centre ( <i>Centrum Vakopleiding</i> )
EAU	Subsidy Regulation Experiment Activation of Social Benefits ( <i>Experimentele Arbeidsprojecten Uitkeringsgerechtigden</i> )
FNV	Federation of Dutch Trade Unions ( <i>Federatie van Nederlandse Vakverenigingen</i> )
GAK	Joint Industrial Insurance Administration Office ( <i>Gemeenschappelijk Administratiekantoor</i> )
GSD	Municipal Department of Social Services ( <i>Gemeentelijke Sociale Dienst</i> )
GUO	Joint Implementing Body for Social Insurance Regulations ( <i>Gemeenschappelijk Uitvoeringsorgaan</i> )
IMK	Institute of Small and Medium-sized Enterprises ( <i>Instituut voor Midden- en Kleinbedrijf</i> )
IOAW	Act on Income Provisions for Older and Partially Disabled Formerly Unemployed Persons ( <i>Wet Inkomensvoorziening Oudere en Arbeidsongeschikte Werkloze Werknemers</i> )
IOAZ	Act on Income Provisions for Older and Partially Disabled, Formerly Self-employed Persons ( <i>Wet Inkomensvoorziening Oudere en Gedeeltelijk Arbeidsongeschikte gewezen Zelfstandigen</i> )
JWG	Youth Employment Guaranty Act ( <i>Jeugdwerk Garantie Wet</i> )
KBS	Framework Regulation for Enterprise-related Training ( <i>Kaderregeling Bedrijfsscholing</i> )
KNOV	Royal Dutch Alliance of Employers ( <i>Koninklijk Nederlands Ondernemersverbond</i> )
KRA	Framework Regulation on Integration into Working Life ( <i>Kaderregeling Arbeidsinpassing</i> )
KRS	Framework Regulation for Training ( <i>Kaderregeling Scholing</i> )
KRU	Framework Regulation for Employment Contracts with Firms which Hire out Workers ( <i>Kaderregeling Uitzendarbeid</i> )
LISV	National Institute for Social Insurances ( <i>Landelijk Instituut Sociale Verzekeringen</i> )
LKS	Wage-cost Subsidy for the Disabled ( <i>Loonkostensubsidie WAO</i> )
LTO-NL	Federation of Agrarian Organisation in the Netherlands ( <i>Federatie van Land- en Tuinbouw Organisaties Nederland</i> )
MHP	Federation of Trade Unions for Senior and Middle-ranking Managers and Staff ( <i>Federatie van Middelbaar en Hoger Personeel</i> )
MKB-Nederland	Federation of Employers in Small and Medium-size Enterprises ( <i>Werkgeversfederatie Midden- en Kleinbedrijf Nederland</i> )

NCOV	Dutch Christian Alliance of Employers ( <i>Nederlands Christelijk Ondernemersverbond</i> )
OCW	Ministry of Education, Culture and Science ( <i>Ministerie van Onderwijs, Cultuur en Wetenschappen</i> )
OSA	Organisation for Strategic Labour Market Research ( <i>Organisatie voor strategisch Arbeidsmarktonderzoek</i> )
PAYG	Pay-as-you-go ( <i>Omslagstelsel</i> )
PES	Public Employment Service ( <i>Arbeidsvoorzieningsorganisatie</i> )
RBA	Regional Board of the Public Employment Service ( <i>Regionaal Bestuur Arbeidsvoorziening</i> )
RCO	Council of Central Employer's Organisations ( <i>Raad van Centrale Ondernemersorganisaties</i> )
ROA	Research Centre for Education and the Labour Market ( <i>Researchcentrum Onderwijs en Arbeidsmarkt</i> )
ROC	Regional Training Centre ( <i>Regionaal Opleidingscentrum</i> )
SER	Social Economic Council ( <i>Sociaal-Economische Raad</i> )
START	Semi-public Temporary Employment Agency ( <i>Stichting Arbeidsvoorziening Tijdelijk Werk</i> )
Stcrt	State-Gazette ( <i>Staatscourant</i> )
STO	Statutory Trade Organisation ( <i>Produkt- en Bedrijfsschappen</i> )
StvA	Labour Foundation ( <i>Stichting van de Arbeid</i> )
SV	Social Security Directorate ( <i>Directie Sociale Verzekeringen</i> )
SWI	Cooperation on Work and Income ( <i>Samenwerking Werk en Inkomen</i> )
SZW	Ministry of Social Affairs and Employment ( <i>Ministerie van Sociale Zaken en Werkgelegenheid</i> )
TAV	Act to Decrease the Number of Disabled Workers ( <i>Wet Terugdringing Arbeidsongeschiktheidsvolume</i> )
Tica	Temporary Institute for Coordination and Harmonisation ( <i>Tijdelijk instituut voor coördinatie en afstemming</i> )
TW	Act on Supplementary Benefits ( <i>Toeslagenwet</i> )
TWSSV	Temporary Act on Promotion of Social Renovation ( <i>Tijdelijke Wet Stimulering Sociale Vernieuwing</i> )
USZO	Administrative Body for Social Security Regulations for the Public and Educational Sector ( <i>Uitvoeringsinstelling Sociale Zekerheid voor Overheid en Onderwijs</i> )
Uvi	Social Security Agency ( <i>Uitvoeringsinstelling sociale verzekeringen</i> )

VNO-NCW	Federation of all Employer's Associations (not SME) <i>(Verbond van Nederlandse Ondernemingen – Nederlandse Christelijke Werkgeverscentrale)</i>
VUT	Early Retirement Schemes <i>(Vrijwillige Vervroegde Uittreding)</i>
VVS	Women's Schools for Vocational Training <i>(Vrouwen Vak School)</i>
WAGW	Act on Employment of Handicapped Workers <i>(Wet Arbeid Gehandicapte Werknemers)</i>
WAO	Disability Insurance Act <i>(Wet op de Arbeidsongeschiktheidsverzekering)</i>
WAPES	World Association of Public Employment Services
WAV	Act on the Employment of Foreign Workers <i>(Wet Arbeid Vreemdelingen)</i>
WAVV	Act on Declaring General-Binding or Non-Binding Prescriptions in Collective Agreements <i>(Wet op het Algemeen Verbindend Verklaren van CAO's)</i>
WBA	Act on Promoting Integration into Employment <i>(Wet Bevordering Arbeidsinpassing)</i>
WBEAA	Act on the Promotion of Equal Participation of Allochthones in Employment <i>(Wet Bevordering Evenredige Arbeidsdeelname van Allochtonen)</i>
WCAO	Collective Agreement Act <i>(Wet op de Collective Arbeidsovereenkomst)</i>
WEB	Adult and Vocational Education Act <i>(Wet Educatie en Beroepsonderwijs)</i>
WIW	Jobseekers Employment Act <i>(Wet Inschakeling Werkzoekenden)</i>
WKA	Law on Linkage with Possible Deviation <i>(Wet Koppeling met Afwijkingsmogelijkheid)</i>
WSW	Sheltered Employment Act <i>(Wet Sociale Werkvoorziening)</i>
WVA	Act on Reduction of Employer's Tax and Social Security Contributions <i>(Wet Vermindering Afdracht loonbelasting en premie volksverzekeringen)</i>
WW	Unemployment Benefits Act <i>(Wet Werkloosheidsverzekering)</i>
ZW	Sickness Benefits Act <i>(Ziektewet)</i>



## Appendix 2: National Correspondents

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