

OECD THEMATIC FOLLOW-UP REVIEW OF POLICIES TO IMPROVE LABOUR MARKET PROSPECTS FOR OLDER WORKERS

NETHERLANDS (situation mid-2012)

*In 2011, the employment rate for the population aged 50-64 in the Netherlands was 8.6 percentage points **higher than in 2005** and 3.4 percentage points **above the OECD average**. Further statistical information about the labour market situation for older workers in the Netherlands is presented in the scoreboard in Table 1.*

A major multi-country OECD review of employment policies to address ageing took place during 2003-05 and was summarised in the OECD synthesis report *Live Longer, Work Longer*, published in 2006. That report put forward an agenda for reform, consisting of three broad areas where policy action was seen as necessary to encourage work at an older age:

- strengthening financial incentives to carry on working
- tackling employment barriers on the side of employers
- improving the employability of older workers

One of the main purposes of this follow-up review is to take stock of the progress OECD countries have made in implementing this reform agenda. In the third quarter of 2011, a questionnaire was sent to all member countries, seeking information on the measures and reforms carried out since 2006. For each of the 21 countries¹ that had participated in the original review, the questionnaire was adapted to refer to the OECD's specific policy recommendations in each corresponding country report.

The main actions taken in the Netherlands since 2005 are described in this Note. A summary assessment of the extent to which the Netherlands has followed the OECD's recommendations in the report *Ageing and Employment Policies: Netherlands* is given in Table 2.

¹ Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, United States. For further information, see www.oecd.org/els/employment/olderworkers.

A. STRENGTHENING FINANCIAL INCENTIVES TO CARRY ON WORKING

A.1. OECD recommendations to the Netherlands in 2005 – action taken

Adjust the age of retirement in accordance with demographic trends

The statutory retirement age of the public pension system (AOW) will rise by one month in 2013 (from 65 to 65 and one month). This age will be gradually increased in subsequent years, reaching 66 years in 2019 at the latest and to 67 in 2024 at the latest. After that, the retirement age will rise with the development of life expectancy. In 2014 the statutory retirement age in the occupational schemes (second pillar) will be increased to 67 (only affecting new deposits).

Monitor the use of the new individual Life-Course Savings scheme and prevent it from becoming an alternative route to early retirement

A 2010 evaluation of the individual Life-Course Savings scheme indicated that more than 50% of all participants used this scheme as a means to early retirement; the scheme was consequently dropped. A Vitality Savings scheme was introduced, the main precondition for which was that it must not be used as a pathway to early retirement or long periods of leave. The maximum amount of savings is limited to EUR 20 000 (compared to the Life-Course Savings scheme, where the maximum was 210% of the participant's yearly gross wage) and those aged 62 and older can only withdraw a maximum amount of EUR 10 000 a year.

Extend reassessment of disability status to people aged 50-55, and monitor the impact of the new disability scheme in order to ensure that it is closed off as a pathway to early retirement

While the disability pension scheme (WAO) in 2002 had an inflow of 15 000 employees aged 55 and over, in 2010 about 7 500 employees were granted a working incapacity benefit (WIA, which succeeded WAO from January 2006). Some wishing to apply may have been dissuaded by the major reassessment programme targeting those under 50, carried out between 2004 and 2009. These reassessments, which now take place on a random basis in this target population, are crucial to prevent an increase in the inflow into disability benefits.

The October 2006 cut in the maximum duration of unemployment benefits from five years to 38 months has especially affected the number of older unemployment beneficiaries, indicating that previously the long-term unemployment benefit was being used as an early retirement benefit.

Avoid measures based solely on age, such as the income tax deduction for older people in employment

Since 2006 the Netherlands has successively introduced a set of financial instruments, regularly adjusted, to encourage disadvantaged older workers to carry on working, and employers to retain and hire them. These measures include:

- A contribution credit for employers who take on unemployed persons above the age of 49 or retain employees above the age of 61. To offset the increased risk of long-term sickness absence posed by long-term unemployed persons over the age of 54, a compensation scheme is designed to cover the employee's salary in the event of illness lasting longer than 13 weeks.

- A higher tax credit for workers over the age of 56, which increases with age. Workers older than 62 are additionally entitled to a bonus, which varies with age and income and is paid out at the end of every year of work.

The Vitality Package passed by Parliament, which will be implemented in January 2013, aims to reallocate funding in a more effective manner, *i.e.* better targeted towards at-risk groups.

Improve transparency with regard to future pensions

Fresh initiatives are in place to improve pension information and transparency. A national pension register launched in 2011 gives every Dutch citizen an online overview of his/her accrued pensions in pension funds, including from pension insurers. The register includes the accrued state of the basic public pension (AOW). A project now under way aims to further improve communication about pensions. Implementation of revised regulations concerning the information to be provided on pensions is planned for 2014.

B. TACKLING EMPLOYMENT BARRIERS ON THE SIDE OF EMPLOYERS

B.1. OECD recommendations to the Netherlands in 2005 – action taken

Closely monitor the effects of the new legislation banning age discrimination

In 2009, the Netherlands government commissioned an evaluation of the Equal Treatment Act with regard to age. The main conclusion reached was that the special nature of the age component makes it difficult to assess discrimination. The experts nevertheless concluded that the Act works well and did not require any changes. They also found that awareness of age discrimination issues has greatly increased.

Promote and monitor age diversity programmes

Many initiatives and campaigns have been launched to encourage an age-neutral approach in employers' practices. To raise awareness of the age element in employment practices in firms, in 2004 the government initiated the Temporary Subsidy Regulation to Stimulate Age-awareness Policies. From 2004 to 2010, a total of 444 age-awareness projects were carried out. In almost half of the firms evaluated, the projects contributed to a more positive image of older workers and to a decrease in prejudices, especially among managers.

The Netherlands government has implemented various programmes and formed task forces to change negative attitudes towards older workers. The task force Grey at Work carried out a campaign to educate and inform the general public and employers about the benefits and expertise older workers can bring to the workplace. The work of the task force ended in 2008 but its influence has been considerable, and all the tools that were developed are still available on its website. Another campaign – “I Can: Experienced” – focuses on the benefits of employees over 45: *e.g.* they are experienced, have extensive networks outside the firm and can help younger employees by transferring knowledge to them.

Remove barriers to work after 65

Steps are being taken to remove barriers to continuing to work after the age of 65. The factors motivating people to or dissuading them from carrying on working past that age have been under study since 2006; these aspects have been discussed by policy makers in Parliament and by the social partners in the Labour Foundation. In October 2011 the Ministry of Social Affairs and Employment (SZW) introduced legislation designed to make it easier to work beyond the age of 65. The bill is part of the pension agreement worked

out by the Cabinet in June 2011 in the pension agreement made with the participation of employers and employees. It is expected that the bill will be passed by Parliament in 2012.

Continue to promote an age-neutral approach to collective dismissals

In 2005 the Dismissal Decision was amended, which means that from March 2006 the proportionality principle must be applied in all business layoffs. This new arrangement means that layoffs involving interchangeable positions are to be proportionately divided among various age groups. Mandatory application of the principle will prevent the most recently acquired staff from always being first to be laid off. The result is that various groups of employees are offered more balanced protection against dismissals.

Disseminate good practices more widely

With funding from the SZW, in 2005 the Expertise Centre for Age and the Equal Treatment Commission created a “checklist” for employers to define what is allowed and prohibited in the text of a vacancy notice. Every year since 2005, published vacancies are screened for age discrimination. Employers or recruiters responsible for prohibited text receive a letter explaining why the vacancy is discriminatory, along with information about the 2004 Equal Treatment Act as it pertains to age.

B.2. OECD recommendations to the Netherlands in 2005 – no action taken

Implement good practices in the public sector

Collective agreements have been little used to promote employment of older workers, in particular in the public sector. The measures taken to date in collective agreements have not been sufficiently innovative to foster the employability of older workers; mainly, they have focused on measures to lower labour costs. However, improving age awareness and sustainable employability are priorities for the current Netherlands government, and it closely monitors developments in collective agreements in this area together with the Labour Foundation. From 2011 and for the years to come, the social partners have agreed to take action to raise the labour participation of workers aged 50 and over by 2020. The actions laid down in the Policy Agenda 2020 include measures to improve working conditions for all employees and to foster sustainable employability. Barriers to achieving a better work-life balance will be eliminated from legislation in 2012. The legislation on occupational health will be adapted and the government will launch the programme Healthy Company to improve the health status, education, training and (internal and external) mobility of workers.

C. IMPROVING THE EMPLOYABILITY OF OLDER WORKERS

C.1. OECD recommendations to the Netherlands in 2005 – action taken

Promote lifelong learning at all ages

Older workers’ participation in training has increased but the age gap is still large. Measures to increase and update skills for low-skilled workers and jobseekers require the co-operation and involvement of a range of stakeholders, and to that end joint efforts were undertaken by the SZW and the Ministry of Education, Culture and Science in 2005. The main objective was to stimulate and facilitate co-operation at the regional level among local and regional governments, public employment services, educational institutions, employers and employees. One specific aim was to stimulate the learning environment in small and medium-sized enterprises and so increase the employability of older workers. At least 500 companies across 14 sectors are being advised how to promote learning.

Develop instruments to validate skills acquired on the job

In the Netherlands, the instrument to validate skills acquired on the job is the *Ervaringscertificaat* (Experience Certificate). In recent years its use has increased through campaigns (television, radio and billboards), a quality code and regional infrastructures for learning and working. The *Ervaringscertificaat* also forms part of the collective labour agreements in several sectors, and a number of training and development funds pay for it. The government contributes with fiscal support.

In 2007, 9 900 persons received an *Ervaringscertificaat*; in 2009, the number had increased to 15 700. The government now focuses on the quality assessment of the certificate. The next step is an agreement with the social partners to increase the accessibility and use of the instrument.

Improve working conditions for all

In December 2009, the SZW submitted a policy memorandum on sustainable employability and the labour market participation of older workers to the Dutch Parliament. The memorandum announced the intention of the Dutch cabinet to create a climate for investing in the productivity, employability and mobility of workers; this would allow them to fully utilise their talents and potential, including in later life irrespective of whether the age of retirement will indeed be changed to 67. Three key areas for policy development were identified: education and training; age-aware human resource management (HRM) strategies in companies; and the development of instruments for preventive interventions.

Step up and evaluate initiatives to help older jobseekers back into work

A broad action plan was launched to help older jobseekers back into work. In 2007-09, the Action Plan Talent 45+ was implemented by the Public Employment Service (PES) on the request of Parliament, to reduce the relatively high number of people aged 45 and over on unemployment benefits or on social assistance. It involved 300 specially trained local case managers organising workshops on ways of applying for jobs and presenting oneself, as well as creating networks and support groups. It also involved a focus on regional/local collaboration of responsible public reintegration parties and private organisations. The new methods developed through the Action Plan of registering the older unemployed and providing them with assistance are now standard practice in the PES: for example, fresh information on the dos and don'ts for the older unemployed seeking a new job can be found on its national website (www.werk.nl).

C.2. OECD recommendations to the Netherlands in 2005 – no action taken

Consider reintroducing corporate training deductions for low-skilled older workers

The evaluation findings of this measure were not conclusive.

Introduce a separate scheme for work injuries

In the Netherlands, no distinction in benefits is made between work-related injuries and non-work-related injuries. People who become disabled as a result of either type of injury can apply for a WIA benefit.

Table 1. Older workers scoreboard, 2001, 2005 and 2011

	Netherlands			OECD ^h		
	2001	2005	2011	2001	2005	2011
Employment						
-- Employment rate, 50-64 (% of the age group)	51.2	56.0	64.6	55.6	58.4	61.2
<i>of which</i> 50-54	71.1	75.8	80.0	71.8	73.7	76.1
55-59	53.3	59.8	72.0	55.9	59.9	64.8
60-64	17.5	24.3	40.0	32.5	35.6	40.0
-- Employment rate, 55-64 (% of the age group)	37.3	44.8	56.1	44.9	49.0	52.9
-- Employment rate, 65-69 (% of the age group)	5.6	7.9	11.4	15.2	16.5	18.5
Job quality						
-- Incidence of part-time work, 55-64 (% of total employment)	35.6	37.4	37.5	17.2	17.2	18.7
-- Incidence of temporary work, 55-64 (% employees)	6.0	5.9	6.5	9.0	9.1	9.1
-- Full-time ^a earnings, 55-59 relative to 25-29 (ratio)	1.60	1.59	1.60	1.32	1.33	1.34
Dynamics						
-- Retention rate ^b , after 60 (% of employees <i>t</i> -5)	22.3	27.3	44.0	37.8	40.4	42.2
-- Hiring rate ^c , 55-64 (% of employees <i>t</i> -1)	6.6	1.7	2.6	7.8	9.2	8.5
-- Effective labour force exit age ^d (years) Men	61.0	61.2	63.6	63.1	63.3	63.9
Women	58.6	60.2	62.0	61.1	62.0	62.8
Unemployment						
-- Unemployment rate, 55-64 (% of the labour force)	1.6	4.5	4.1	4.6	4.8	5.8
-- Incidence of long-term ^e unemployment, 55+ (% of total unemployment)	63.0	62.4	59.7	46.8	47.7	45.9
Employability						
-- Share of 55-64 with tertiary education ^f (% of the age group)	17.7	24.4	26.0	15.9	19.9	22.9
-- Participation in training ^g , 55-64						
Absolute (% of all employed in the age group)	8.8	9.0	10.9	6.6	8.2	9.4
Relative to employed persons aged 25-54 (ratio)	0.45	0.48	0.53	0.44	0.52	0.57

-- unavailable.

a) Mean gross hourly earnings, 2000, 2005, 2010.

b) All employees currently aged 60-64 with tenure of five years or more as a percentage of all employees aged 55-59 5-years previously, 2000, 2005 and 2010.

c) Percentage of employees aged 55-64 with a job tenure of less than one year, 2000, 2005 and 2010.

d) 2001, 2005 and 2011. Effective exit age over the five-year periods 1996-2001, 2000-2005 and 2006-2011. The effective exit age (also called the effective age of retirement) is calculated as a weighted average of the exit ages of each five-year age cohort, starting with the cohort aged 40-44 at the first date, using absolute changes in the labour force participation rate of each cohort as weights.

e) Unemployed for more than one year, 2002 instead of 2001.

f) 2000, 2005, 2010.

g) Job-related training during the last month.

h) Unweighted averages for 34 OECD countries.

Source: OECD estimations from national labour force surveys and OECD Education database.

www.oecd.org/els/employment/olderworkers

Table 2. Ageing and employment policies: Netherlands (situation mid-2012)

OECD's recommendations to the Netherlands in 2005	Action taken
A. Strengthening financial incentives to carry on working	
<i>Adjust the age of retirement in accordance with demographic trends</i>	+
<i>Monitor the use of the new individual Life-Course Savings scheme and prevent it from becoming an alternative route to early retirement</i>	++
<i>Extend reassessment of disability status to people aged 50-55, and monitor the impact of the new disability scheme in order to ensure that it is closed off as a pathway to early retirement</i>	+
<i>Avoid measures based solely on age, such as the income tax deduction for older people in employment</i>	+
<i>Improve transparency with regard to future pensions</i>	+
B. Tackling employment barriers on the side of employers	
<i>Closely monitor the effects of the new legislation banning age discrimination</i>	+
<i>Promote and monitor age diversity programmes</i>	++
<i>Remove barriers to work after 65</i>	+
<i>Continue to promote an age-neutral approach to collective dismissals</i>	+
<i>Disseminate good practices more widely</i>	+
<i>Implement good practices in the public sector</i>	/
C. Improving the employability of older workers	
<i>Promote lifelong learning at all ages</i>	+
<i>Consider reintroducing corporate training deductions for low-skilled older workers</i>	/
<i>Develop instruments to validate skills acquired on the job</i>	+
<i>Improve working conditions for all</i>	+
<i>Introduce a separate scheme for work injuries</i>	/
<i>Step up and evaluate initiatives to help older jobseekers back into work</i>	+
<p><i>Notes/ = no (relevant) action taken; + = some action taken, but more could be done; ? = some action taken, but could have negative impact and requires further assessment; ++ = substantial action has been taken.</i></p> <p><i>Source: OECD (2005), Ageing and Employment Policies: Netherlands and answers to the follow-up questionnaire from the Netherlands.</i></p>	

