

SYSTEM OF GOVERNMENT: Parliamentary

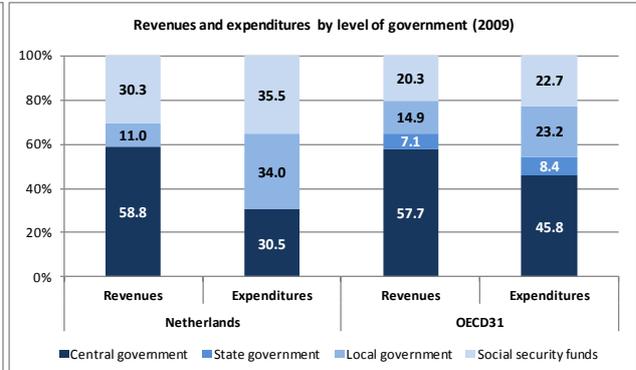
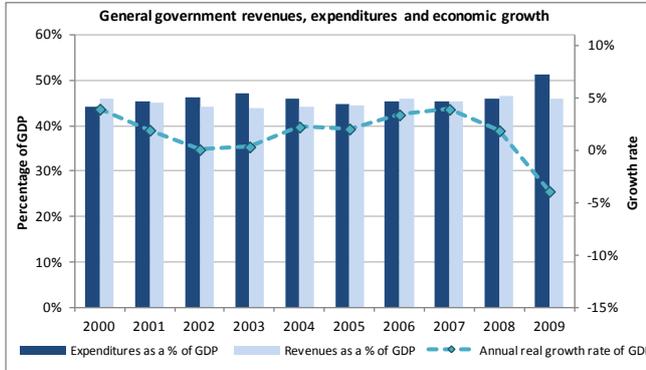
- No. of ministries: 11 (2010)
- No. of governments over last 20 years: 8
- No. of coalitions over last 20 years: 8

STATE STRUCTURE: Unitary

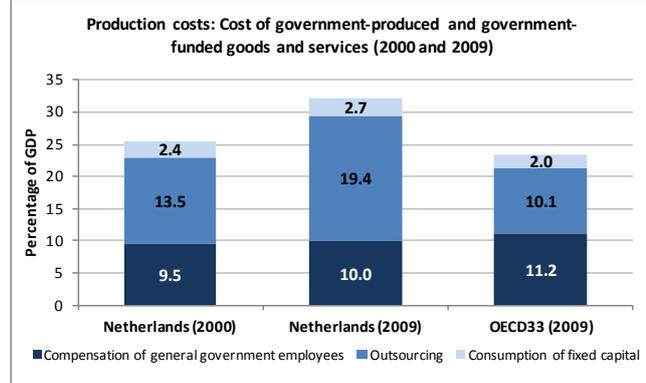
LEGISLATURE: Bicameral

- Upper house: elected
- Lower house: elected using Proportional Representation

The Netherlands was relatively hard hit by the economic crisis in 2008 and 2009, as GDP growth dropped more than the OECD average. In the run-up to the crisis, the Dutch government operated at a fiscal surplus from 2006-08. Service delivery in the Netherlands is relatively decentralised, with local governments accounting for over one-third of all expenditures. However, about 90% of local government revenue comes from central government transfers. The relatively large share of social security funds in total expenditures (35.5%) includes funding for health services.



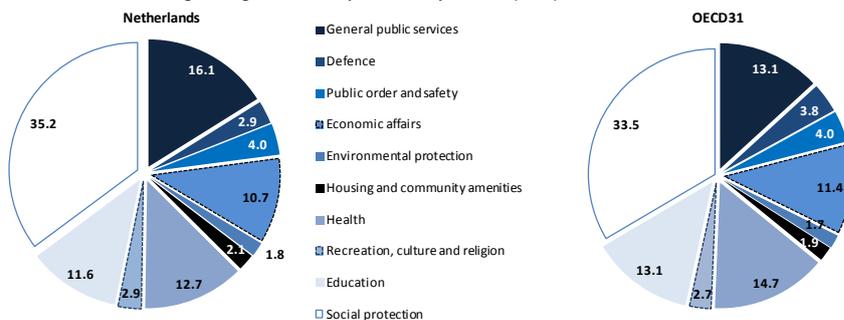
Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] [Revenues by level of government] [Expenditures by level of government]



Source: OECD National Accounts. [Production costs]

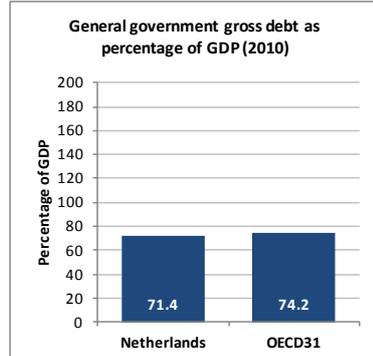
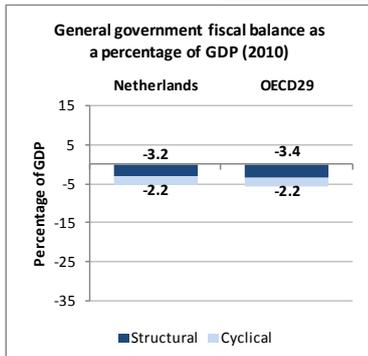
About 32.1% of the economy was devoted to producing public goods and services in 2009, one of the highest proportions in the OECD. Production costs as a share of GDP increased from 2000 to 2009, with the largest increase in costs associated with outsourcing. The relatively high share of outsourcing relates to social transfers for health services: in 2006, the country reformed its system to require mandatory health insurance and the government subsidises individuals' purchase of coverage from private providers.

Structure of general government expenditures by function (2008)



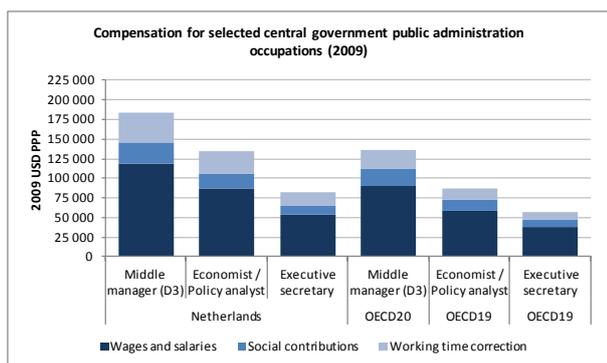
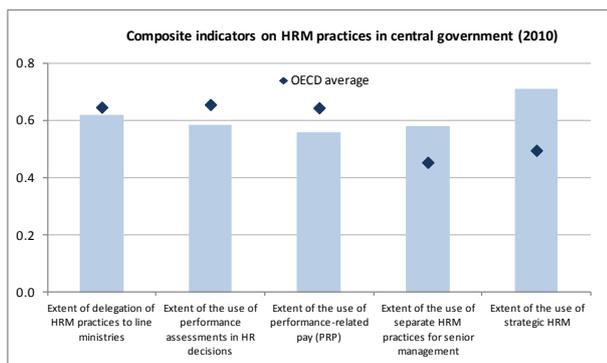
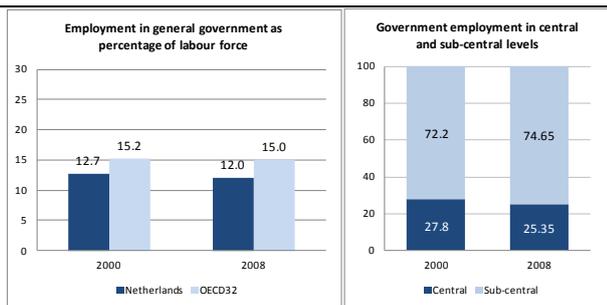
Source: OECD National Accounts. [Expenditures by function]

The structure of general government expenditures in the Netherlands is similar to the OECD average, although the government devotes a larger proportion of resources to general public services (16.1% compared with 13.1%) balanced by smaller shares allocated to economic affairs, health and education.



Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [Fiscal balance] [Debt]

After gross debt had fallen below 60% of GDP in 2006 and 2007 due to a sound fiscal framework, it rose again in 2008-10 due to the crisis, reaching 71.4% of GDP in 2010 (OECD definitions differ from Maastricht criteria). The government operated at a deficit of 5.4% of GDP in 2010, slightly better than the OECD average. The current Dutch government is aiming to reach fiscal balance by 2015 and has adopted a consolidation plan that cuts all operational expenditures (employment, compensation, procurement) within government administration, excluding service delivery. The plan is incorporated in the medium-term expenditure framework for budgeting.



Working time correction brings countries to the same basis of comparison in terms of annual working hours (accounting for weekly working hours and holidays).

Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	No	Yes	Yes	Yes	97%
Selection & evaluation criteria	No	Yes	Yes	No	97%
Tender documents	No	Yes	Yes	No	82%
Contract award	No	Yes	Yes	No	100%
Justification for award	No	Yes	Yes	No	59%
Tracking procurement spending	No	No	No	No	32%

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

Public employment remained fairly stable from 2000-08, dipping from 12.7% to 12.0% of the labour force. This is below the OECD average of 15% but well within the OECD range of 6.7-29.3%. The Netherlands plans to continue to reduce this share by not replacing all staff leaving on retirement. Overall, the government will reduce expenditures on its workforce by 200 million Euros in 2011. Public employment is relatively decentralised with 74.6% percentage of staff working at the sub-central level. Employment at the central level includes the "Rijk", police and defence sectors, while most staff in the education sector are employed by sub-central governments. *Source: International Labour Organisation. [General government employment] [Distribution by level]*

The Dutch central government operates a mixed HRM system in terms of delegation: while job classification and most parts the pay system are centralised, hiring and decisions on the number and types of jobs are delegated to line ministries. Performance appraisal systems and working conditions are a shared responsibility between the centre and line ministries. There is a moderate performance focus for employees and only some organisations use performance-related pay. The Dutch central government operates a separate, formal senior executive service. There is a relatively strong strategic focus in HRM, with emphasis on workplace planning and linking HRM targets to performance assessment of senior and middle managers. As the Government aims to become more compact, ways and means are being found to stimulate more mobility within government but also outward bound to the private sector. Further reducing differences in the labour law between public and private sectors is being pursued. *Source: OECD 2010 Strategic HRM Survey. [Delegation] [Performance assessment] [PRP] [Senior management] [Strategic HRM]*

Middle managers, economists/policy analysts and executive secretaries in the Dutch public service receive total compensation packages somewhat higher than the OECD average. The relatively high pay levels are due to labour market frictions within the Netherlands as well as higher levels of social contributions due to the use of capitalised pension systems as opposed to pay-as-you-go programmes. The share made up by wages and salaries is 65%, and social contributions, 15%. This is similar to the OECD average. Middle managers earn 1.4 times more than economists/policy analysts, and 2.3 times more than executive secretaries. Most public employees are required to work 36 hours per week, and on average work 230 days per year. Total working time is towards the lower end of the OECD range. The new Dutch government imposed a general freeze on salaries for 2011 and 2012. *Source: OECD 2010 Compensation Survey. [Middle managers] [Economist/Policy Analyst] [Executive Secretary]*

Achieving greater transparency in public procurement is important, especially given that the Netherlands spent an estimated 21% of GDP on procurement in 2008. Like 12% of OECD countries, the Netherlands does not have a central procurement website. Instead, most public procurement information is published on the contracting entity website as it is done in nearly half of OECD member countries. Information for potential bidders, specific guidance on application procedures such as templates and forms, procurement plans, tender documents, selection and evaluation criteria, contract awards, and justifications for awarding contracts to selected contractors are all published on the contracting entity website. Among these, information for potential bidders, selection and evaluation criteria, and contract awards (name and amount of selected contractor) are also published on the EU DG market website (not shown in table). Since February 2010, contracting authorities are obliged by law to give a full explanation of the choice of the winning contract to rejected bidders. Currently, the Netherlands does not allow tracking procurement spending on line unlike 32% of OECD member countries. Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public. *Source: OECD 2010 Survey on Public Procurement. [Transparency in public procurement]*

REGULATORY GOVERNANCE
Regulatory governance mechanisms, 2008

Functions of oversight bodies	Percentage of OECD countries responding "yes"	NETHERLANDS
Consulted as part of process of developing new regulation	2005 	Yes
	2008 	Yes
Reports on progress made on reform by individual ministries	2005 	Yes
	2008 	Yes
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005 	Yes
	2008 	Yes
Conducts its own regulatory analysis	2005 	Yes
	2008 	Yes
Anticipating compliance and enforcement		
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005 	Yes
	2008 	Yes
Guidance for regulators on compliance and enforcement	2005 	Yes
	2008 	Yes
Existence of policy on risk-based enforcement	2005 N.A.	N.A.
	2008 	Yes

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

The government of the Netherlands has developed an institutional structure for regulatory management. There is no single central oversight body responsible for all aspects of regulatory management as in some other OECD countries. Responsibility for regulatory management policy in the Netherlands is shared by several ministries. The newly created Ministry of Economic Affairs, Agriculture and Innovation coordinates the regulatory policy for business through the Regulatory Reform Group (RRG). The Ministry of Justice is responsible for legal quality. Along with the RRG it prepares the meetings of the Impact Assessment Committee, which checks the quality of impact assessments. The Impact Assessment Committee is chaired by the Deputy-Secretary General of the Ministry of Economic Affairs, Agriculture and Innovation. The Ministry of Interior is responsible for a number of cross-cutting issues such as e-government. The ministerial Steering Group for Better Regulation, which comprises key Secretary Generals, and the independent watchdog ACTAL, which advises the government on the administrative burden reduction programme, help to hold together the different aspects of regulatory management.

With regard to compliance and enforcement, the Netherlands was a pioneer in seeking to address these issues at the start of the rule-making process. The Netherlands is among the few OECD member countries with a risk-based policy on enforcement according to the 2008 OECD Survey on Regulatory Management. Inspection agencies now commonly use a risk-based approach to enforcement, and each Ministry has set up a programme for inspection simplification.

Source: OECD 2008 Survey on Regulatory Management; OECD (2010), *Better Regulation in Europe – Netherlands*, OECD Publishing, Paris.
[\[Oversight bodies\]](#) [\[Compliance and enforcement\]](#)

OPEN GOVERNMENT
Disclosure of public sector information, 2010

Types of information disclosed	Proactive disclosure		
	Netherlands	OECD32	Publication channels
Budget documents	⊙	94%	CP
Audit reports	⊙	72%	CP
List of public servants and their salaries	⊙	28%	Not published
Sharing of administrative data			
Administrative data sets	⊙	66%	MA
Requirements on publishing in open data formats	Yes	53%	–
<ul style="list-style-type: none"> ● Required to be proactively published by FOI laws ⊙ Not required by FOI laws, but routinely proactively published ○ Neither required nor routinely published CP= central portal; MA= ministry or agency website; OW=other website OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.			

Similarly to most OECD countries, the Netherlands publishes budget documents, audit reports and administrative data sets through central portals and ministry or agency websites, although not required to by law. Although not required to by law, the government also publishes a list of public servants and their salaries for certain positions, a practice which is not very common in the OECD area. Requirements are in place to promote the publishing of information in open data formats, facilitating the re-use of data by other parties.

Source: OECD 2010 Survey on Access to Information. [\[Disclosure of information\]](#) [\[Publication channels\]](#)

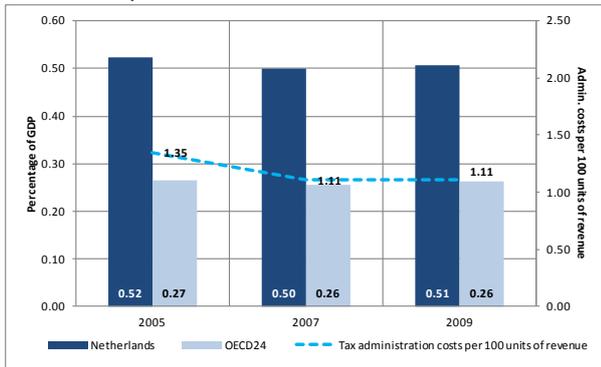
E-GOVERNMENT
E-Government building blocks and e-procurement, 2010

e-enabling laws and policies	Netherlands	OECD25
Recognition & use of digital signature	●	100%
Electronic filing within the public sector	●	88%
Administering PPPs for e-government projects	○	64%
Services offered on single-entry procurement website		
Tender searches	No single-entry site	62%
Tracking of outcomes of contracts	No single-entry site	32%
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable		

Similar to most OECD countries, the Netherlands has put laws and/or policies in place to promote the use of digital signatures and electronic filing in the public sector. It does not, however, have a specific law or policy to administer public private partnerships for e-government projects, unlike 64% of responding OECD countries. PPPs can help increase innovation in public administrations through greater knowledge-transfers and exchange of best practices between the public and private sectors. The Netherlands is currently piloting a single-entry procurement website, called "TenderNed". Currently The full introduction of the system is foreseen in the second half of 2011.

Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [\[E-enabling laws\]](#) [\[E-procurement\]](#)

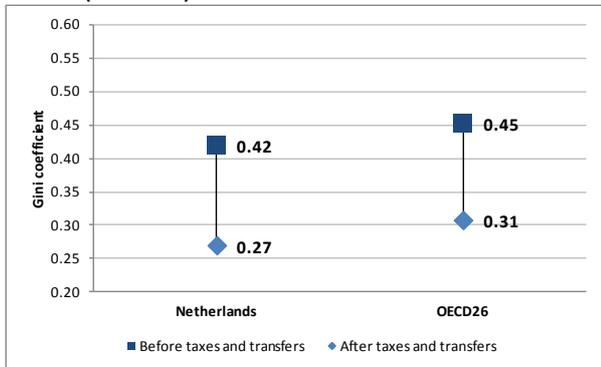
Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The “cost of collection ratio,” for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In the Netherlands, the administration costs of collecting 100 units of revenue decreased considerably from 2005 to 2007, but then remained stable. Total revenue body expenditure as a percentage of GDP has remained relatively stable during this period but is nearly double that of the OECD average.

Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [\[Total revenue body expenditures\]](#) [\[Tax administration costs per 100 units of revenue\]](#)

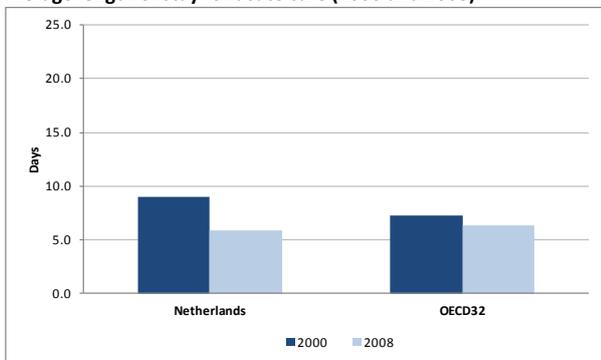
Differences in income inequality pre- and post-tax and government transfers (mid-2000s)



One method of evaluating the effect of government tax and transfer policies on income inequality is by assessing a country’s Gini coefficient before and after taxes and transfers. The effect of government redistributive policies on income inequality is roughly the same in the Netherlands compared to the OECD average. The Netherlands achieved a 0.15 point reduction in the Gini coefficient following its tax and transfer policies, compared to an average 0.14 point reduction in the OECD area. Overall, the Netherlands’ Gini coefficient is slightly below that of the OECD.

Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, OECD Publishing, Paris. [\[Differences in inequality\]](#)

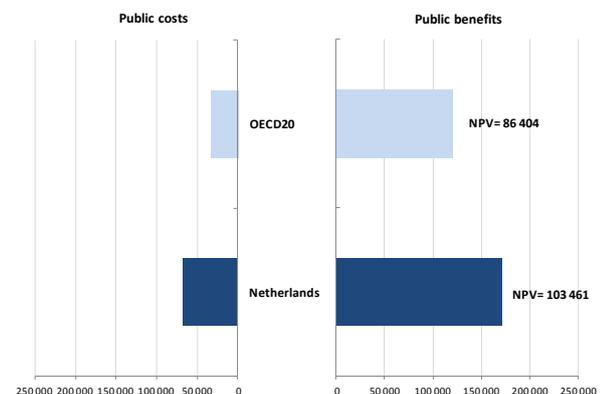
Average length of stay for acute care (2000 and 2008)



The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in hospital for curative care. The ALOS decreased from 9.0 days in 2000 to 5.9 days in 2008 in the Netherlands, a much larger reduction than on average across the OECD area where ALOS decreased of about one day between 2000 and 2008. Over time, reductions in the ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilising less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Too short a length of stay however could cause an adverse effect on health outcomes.

Source: OECD Health Data 2010. [\[ALOS for acute care\]](#)

Public net present value for male obtaining tertiary education as part of initial education (2006), USD PPP



Both government and society gain economic benefits from increased schooling. Obtaining a tertiary education helps people enter the labour market and earn more, thereby increasing government tax revenues. A more educated and employed population can also reduce the government obligations for benefits and social assistance. At around USD 103 000, the Netherlands’s public net present value (NPV) for a man obtaining tertiary education is higher than the OECD average. This measure represents the public economic returns to education after having accounted for the costs of this education. In the case of the Netherlands, the NPV is over one and a half times the net public investment in tertiary education.

Source: OECD (2010), Education at a Glance 2010: OECD Indicators, OECD Publishing, Paris. [\[Public NPV of education\]](#)

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

“Gross general government debt” refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: www.oecd.org/gov/indicators/govata glance.

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

Compensation data: Total compensation includes wages and salaries and employers’ social contributions (those to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems)). In most cases data are for six central government ministries/departments only (interior, finance, justice, education, health and environment or their equivalents). Working time adjustment compensates for differences in time worked (both weekly working time and holidays). Compensation was converted to US dollars using purchasing power parities (PPPs) for GDP from the OECD National Accounts database. Differences in compensation policies can be the result of different bargaining powers; the state of the labour market (such as compensation in the private sector for similar positions); specific labour shortages; and the attractiveness of the government as an employer. While the survey uses the International Standard Classification of Occupations (ISCO) to standardise job categories, full comparability of responsibilities behind the occupational titles across countries presents difficulties in some cases. Annex D in *Government at a Glance 2011* fully details all limitations to data comparability, including those related to the measurement of employer’s social contributions (which were based on sources outside the survey for a number of countries, leading to potential inconsistencies).

Regulatory governance: The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

Tax efficiency: Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

Differences in income inequality pre- and post-tax and government transfers: The values of the Gini coefficient range between 0 in the case of “perfect equality” (*i.e.* each share of the population gets the same share of income) and 1 in the case of “perfect inequality” (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

Public net present value for male obtaining tertiary education: Tertiary education refers to levels 5 and 6 in the International Standard Classification of Education (ISCED 97). Public costs include lost income tax receipts during the schooling years and public expenditures related to tertiary education. Public benefits include additional tax and social contribution receipts associated with higher earnings, and savings from transfers (housing benefits and social assistance) that the public sector does not have to pay above a certain level of earnings. The discount rate is set at 3%, which largely reflects the typical interest on an investment in long-term government bonds in an OECD country.