

**LEGISLATURE: Bicameral**

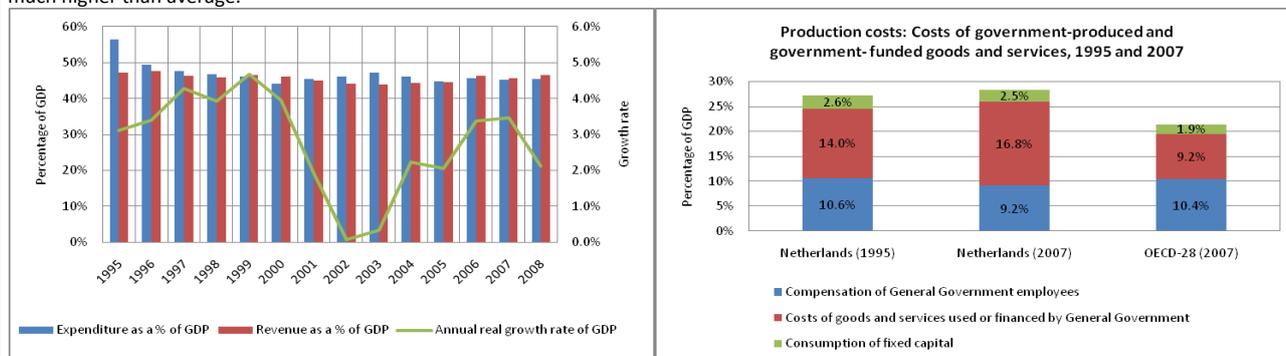
- Upper house: elected
- Lower house: elected using Proportional Representation

**SYSTEM OF GOVERNMENT: Parliamentary**

- No. of ministries: 13 (2008)
- No. of ministers: 16 (2008)

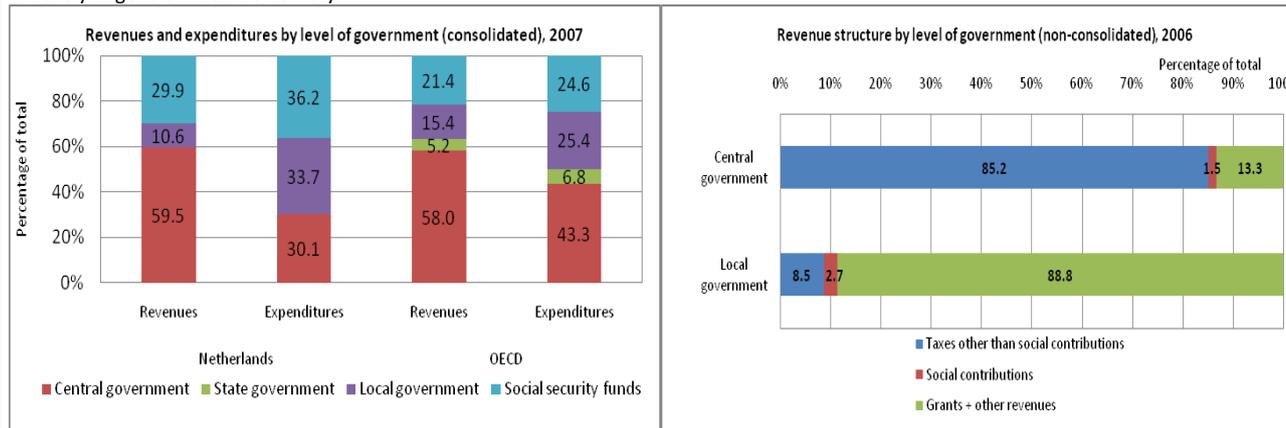
**STATE STRUCTURE: Unitary**

Since 1995, when expenditures were over 55% of GDP, revenues and expenditures have hovered around 45% of GDP. After a long stagnation during the first half of the 2000s, the Dutch economy made a successful comeback. Despite an overall decrease in expenditures as a share of GDP between 1995 and 2007, government spending on producing goods and services increased. This, in part, is driven by an increase in social transfers for health services. As a result, the costs of goods and services financed by government but produced by the private sector rose between 1995 and 2007 and are much higher than average.



Source: OECD National Accounts and Economic Outlook. [\[Revenues\]](#) [\[Expenditures\]](#) [\[Production costs\]](#)

While the central government collects over 50% of revenues, it represents about 20% of all expenditures. Much of the taxes collected by the central level are transferred to local governments, which have limited powers to raise their own revenues via taxes. Local government and social security funds represent a much larger share of expenditures in Netherlands than in other OECD member countries, indicating that local governments play a relatively large role in service delivery.



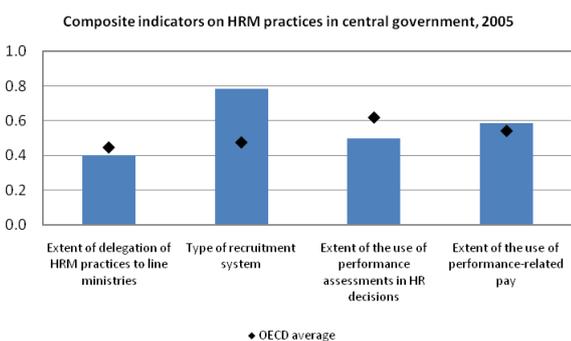
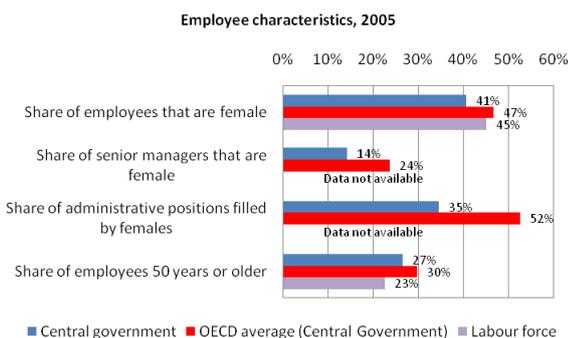
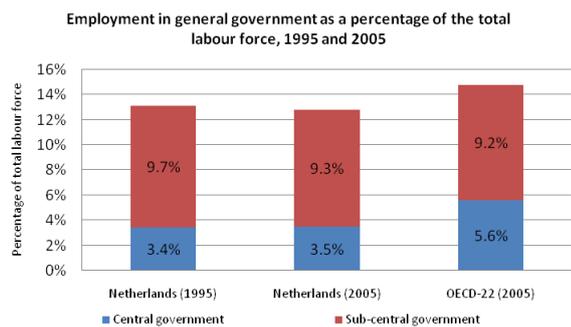
Source: OECD National Accounts [\[Revenues\]](#) [\[Expenditures\]](#)

General government expenditures in the Netherlands are very similar to the OECD and EU average, with a slightly larger focus on general public services balanced by a slightly smaller portion of expenditures devoted to education. Compared to the central government, local governments are heavily responsible for economic affairs; environmental protection; housing and community amenities; and recreation, culture and religion. Most central government resources go to general public services (including interest payments on debt), education and social protection. Health services are organised privately and paid through social security funds (not depicted separately in table).

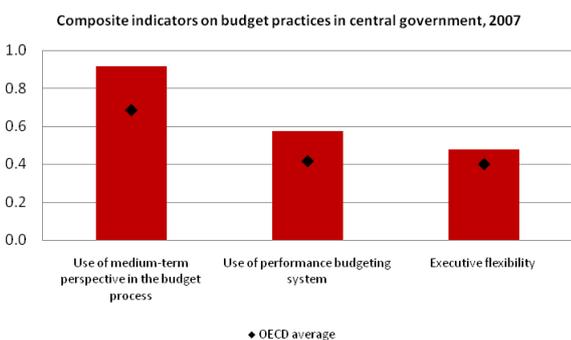
Expenditure structure by function of government (non-consolidated), 2006	Netherlands			OECD-26	EU-19
	Central government	Local government	General government	General government	General government
Share of total					
General public services	31.0%	14.6%	15.9%	13.8%	13.9%
Defence	5.5%	0.0%	3.2%	3.4%	3%
Public order and safety	6.3%	6.1%	3.8%	3.8%	3.7%
Economic affairs	9.0%	17.2%	10.3%	10.6%	10.1%
Environment protection	0.7%	4.6%	1.8%	1.7%	1.5%
Housing and community amenities	0.8%	6.0%	2.2%	2%	1.9%
Health	0.8%	1.7%	12.8%	15.1%	14.1%
Recreation, culture and religion	1.3%	7.5%	3.8%	2.6%	2.5%
Education	16.7%	27.6%	11.1%	12.9%	11.6%
Social protection	27.9%	14.6%	35.9%	34.2%	37.7%

Source: OECD National Accounts [\[General government\]](#) [\[Central, state and local\]](#)

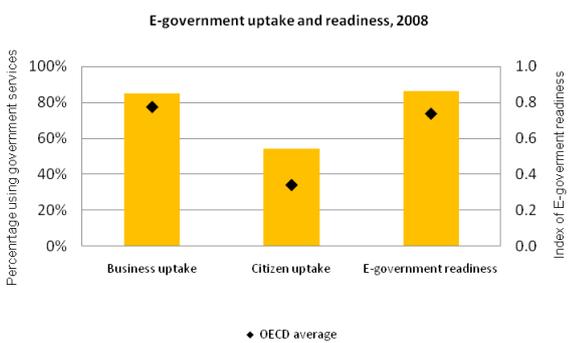
GOVERNMENT EMPLOYMENT: SIZE, CHARACTERISTICS AND HRM



BUDGET



E-GOVERNMENT



Government employment in Netherlands is decentralised, with the bulk of staff employed by the local government. Although the share of the labour force employed by government decreased somewhat between 1995 and 2005, the overall number of staff in government actually increased during this period. The ratio of government employment to the total labour force is somewhat lower than OECD average of 14%.

Source: *OECD Comparison of Employment in the Public Domain Survey and Labour Force Survey*  
[\[General government employment\]](#) [\[Distribution by level\]](#)

Females are represented less in the central government workforce than in the general labour force and the share of women in central government is five percentage points below the OECD average. Within central government, females are better represented in administrative positions than as senior managers. However, in both occupations, females are under-represented compared to the OECD average. An ageing workforce remains a challenge, particularly in regard to maintaining capacity and continuity. However, it also provides an opportunity to reform positions and recruit staff with different skill sets for the central government.

Source: *OECD Strategic HRM Survey and Labour Force Survey*  
[\[Female participation\]](#) [\[Ageing\]](#)

There are ongoing reforms of HRM in the Dutch central government with the aim of improving overall quality. There is a mixed system in terms of delegation: while job classification and most parts the pay system are centralized, hiring, working conditions and performance management are delegated to line ministries. The civil service is a position-based system open to external applicants. However, there is not a strong performance focus and only some government organizations use performance-related pay. Along with the U.S. and the U.K., the Netherlands' central government stands out as having highly institutionalized the management of senior civil servants, including the establishment of a separate formal senior executive service.

Source: *OECD Strategic HRM Survey*  
[\[Delegation\]](#) [\[Recruitment\]](#) [\[Performance management\]](#)

The Netherlands first introduced a medium-term budget perspective in 1994, as deficit/surplus targets had proven to not be enough to achieve a fiscal balance. Today, multi-year expenditure estimates (presented at the line-item level) and targets/ceilings form the basis for concrete policy negotiations and coalition agreements. The Dutch government started its performance budgeting reform in 1999, and currently considers performance against targets when determining budget allocations. The executive has more flexibility to reallocate budgeted resources during the fiscal year than in many other countries, although such actions are often subject to restrictions.

Source: *OECD International Budget Practices and Procedures Database*.  
[\[Medium-term\]](#) [\[Performance budgeting\]](#) [\[Executive flexibility\]](#)  
 OECD Journal on Budgeting: [www.oecd.org/gov/budget/journal](http://www.oecd.org/gov/budget/journal)

Overall, the Netherlands exhibits a high-degree of e-government readiness. Rather than pursuing e-government as an end in itself, the Netherlands is seeking to use e-government tools to reduce administrative burdens, integrate back-office functions and improve service delivery. Citizen and business uptake of e-government services is high compared to other countries and may be due to specific programmes and activities developed by the Dutch government to increase use. High levels of broadband penetration also make it easier for citizens to access services on line.

Source: *United Nations E-Government Readiness Knowledge Base, Eurostat*.  
[\[Readiness\]](#) [\[Uptake\]](#)  
[\[OECD E-Government Publications\]](#)

**INTEGRITY**

Types of information central government decision makers are required to disclose and level of transparency, 2009

Requirements for disclosure	Prime Minister	Minister	Lower House Legislators	Upper House Legislators
Assets and liabilities	D	D	ND	ND
Loans	ND	ND	ND	ND
Sources and level of income	*	*	D	D
Outside positions	NA	NA	DP	DP
Gifts	D	D	DP	DP
Previous employment	DP	DP	DP	DP

D= Disclosed; DP= Disclosed and publicly available; ND= Not disclosed; NA= Not applicable; \* see text in right-hand column.

In general, the Netherlands requires decision makers to publicly disclose fewer private interests than many other OECD countries. However, in line with many OECD countries, decision makers are required to disclose gifts. Unlike many other countries, public disclosure of previous employment and outside positions is a common practice in both the executive and legislature. Members of the executive branch are generally not allowed to occupy outside positions. In rare cases where exceptions are granted by the Prime Minister, the positions are publicly disclosed. In terms of income, the salaries of the Prime Minister and Ministers are publicly available in the budget documents but they are not required to report other sources.

Source: OECD Survey on Integrity  
[\[Disclosures\]](#)

**REGULATORY MANAGEMENT**

Requirements for Regulatory Impact Analysis (RIA) processes used by central governments

	2005	2008
Quality reviewed by body external to Ministry preparing rules	No	No
Required for draft primary laws	For major regulation	For major regulation
Required for draft subordinate regulations	No	For major regulation
Required to identify costs of new regulation	In selected cases	Always
Required to quantify costs	In selected cases	Always
Required to quantify benefits	In selected cases	Always
Required to publicly release results	No	No

The 2005 and 2008 surveys of Indicators of Systems of Regulatory Management examined the extent of governance practices designed to improve the quality of regulation in OECD countries. Among the most important practices are: the use of regulatory impact analysis (RIA) to assess the cost and benefits of new regulation and the institutional oversight of the quality of regulations, and; the design of programs to reduce the costs of administrative activities on business and citizens.

Administrative burden reduction has been a key focus of the Dutch government. The Netherlands pioneered the “standard cost-model” to quantify administrative burdens in euros. The Dutch approach to burden measurement has had considerable impact on many countries across the OECD area. The Netherlands reports having reduced administrative burdens by 25% and has set a further 25% reduction target. It recently broadened its burden reduction programme to citizens. The adjusted standard cost model for citizens measures the administrative burdens on citizens in time (hours) and out of pocket costs (in euros).

Source: OECD Survey on Regulatory Management.

[\[RIA\] \[Administrative simplification\]](#)

Regulatory Management Indicators: [www.oecd.org/regreform/indicators](http://www.oecd.org/regreform/indicators)

EU 15 reviews on Regulatory Reform: [www.oecd.org/gov/regref/eu15](http://www.oecd.org/gov/regref/eu15)

Background reports on Regulatory Reform: [www.oecd.org/regreform/backgroundreports](http://www.oecd.org/regreform/backgroundreports)

Extent of programs for reducing administrative burdens at the central level of government

	1998	2005	2008
Explicit programme exists	Yes	Yes	Yes
Includes quantitative targets	Yes	Yes	Yes

**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, the costs of goods and services produced by private entities funded by government (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 2009*.

**Employment characteristics:** The OECD averages refer to the following number of countries:

- Share of employees that are female: OECD-23
- Share of senior managers that are female: OECD-22
- Share of administrative positions filled by females: OECD-17
- Share of employees 50 years or older: OECD-25

**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 at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- **Delegation index** gathers data on the delegation of determining the number and types of posts needed in an organization, 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.
- **Type of recruitment system index** includes policies for becoming a civil servant in general (*e.g.* competitive examination or direct application) and for recruiting senior civil servants, and systems for appointing entry-level positions and for allocating posts across departments. This index describes a spectrum of recruitment systems in place in OECD member countries. Countries scoring closer to 0 have career-based systems whereas countries scoring closer to 1 have more position-based systems. The index does not evaluate the performance of difference systems.
- The **performance assessment index** indicates the extent to which it is 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 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.

**Budget 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 at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- The **medium term budget perspective index** contains information on whether countries develop and present multi-year expenditure estimates in the annual budget, the number of years the estimate covers, how often estimates are updated; and whether there are multi-year targets or ceilings and how often these are revised. This index measures the extent to which countries have developed a medium-term perspective in their budget process. However, it does not evaluate whether this perspective has been effective at achieving budget outcomes such as fiscal discipline and allocative efficiency.
- The **performance budgeting index** contains information on what type of performance information is developed; the processes for setting goals and targets; the process for monitoring and reporting on results; and if and how performance information is used in budget negotiations and decision making processes by key actors including the central budget authority, the line ministries and politicians. This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.
- The **executive flexibility index** contains the following variables: the extent to which lump sum appropriations are used; the number of line items in the budget; agencies' ability to carry-over unused budget allocations between years, borrow against future appropriations, reallocate between line items and keep efficiency gains; and constraints on the executive's ability to increase spending during budget execution. This index looks at the different levels of flexibility provided to the executive during budget execution. However, it does not measure whether this flexibility is used effectively or appropriately.

**E-Government:**

- The **UN e-government readiness index** ranges between 0 (low level) and 1 (high level). It measures the capacity of governments to implement and develop e-government services. Developed within the framework of the UN global e-government survey, the indicator consists of three sub-indices: (1) the web measure index, (2) the telecommunication infrastructure index and (3) the human capital index. The web measure index ranks countries based on the coverage, sophistication and availability of e-services and e-products. The index categorizes countries as having either an emerging, enhanced, interactive, transactional, or networked e-government presence. The telecommunication infrastructure index is a weighted average of 5 measures of ICT infrastructure capacity: PCs/100 persons, Internet users/100 persons, Telephone lines/100 persons, Broad-banding/100 persons and Mobile phones/100 persons. The human capital index is a weighted average of the adult literacy rate (two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (one-thirds weight).
- The e-government take-up by citizens indicator measures the percentage of individuals (aged 16-74) who used the Internet to interact with public authorities in the 3 months preceding the survey. Data are collected through Eurostat's annual Community Survey on ICT Usage in Households and by Individuals, and are only available for European countries.
- The e-government take-up by businesses indicator measures the percentage of enterprises using the Internet to interact with public authorities. Only businesses with 10 or more employees are included. Data are collected by national statistical offices based on Eurostat's annual Model Survey on ICT Usage and E-commerce in Businesses.