

National Strategy Report on Social Protection and Inclusion in the Netherlands
2006-2008
in the context of the Lisbon Strategy

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1 Reforms in the Netherlands

1.1 Introduction

At the European Council meeting in Lisbon in 2000 the member states adopted ambitious targets for making their economies more dynamic and more competitive. The priorities are to create more and better jobs and achieve closer social cohesion. During the review of this strategy at the Spring Council in 2005 responsibility for introducing and implementing the necessary reforms was more clearly assigned to the member states themselves and the reporting obligations were streamlined. In their progress reports on the National Reform Programme (NRP) 2005-2008 the member states focus mainly on the reforms relating to the economy and employment. In the National Strategy Report on Social Protection and Inclusion (NSR) the member states describe reforms in the areas of social inclusion, pensions and health care and long-term care. This report embodies the former biennial National Action Plan on Social Inclusion and the National Strategy Report on Pensions, which was published every three years. The subject of health care and long-term care is included for the first time this year. In accordance with the agreements made with the Labour Foundation (STAR), the social partners were given the opportunity to give their reactions to draft versions of this report. The cabinet adopted the final version of the NSR. The report will be discussed in the Lower House of Parliament on 11 October 2006.

The three governments of Prime Minister Balkenende have carried out a major programme of reforms in the areas of the economy, employment, social policy, pensions and health care. The aim of these reforms was to structurally strengthen the economy, increase employment and safeguard adequate systems of social protection and health care. These elements are closely related and cannot be seen in isolation from each other. Healthy government finances, sufficient economic growth and higher labour participation and productivity are essential if the systems of social protection are to be sustained. Equally, social protection is a crucial factor in achieving stronger growth and higher employment. Given the extent of the reform agenda in the Netherlands and the stated relationship between the various policy areas, the NRP progress report and the NSR together provide a comprehensive picture of the reforms in the Netherlands.

The European Spring Council of 2006 adopted 12 objectives¹ for social protection and social inclusion. Those objectives serve as the guidelines for this report. The rest of this chapter outlines the socio-economic situation in the Netherlands, the structural reforms that the government has implemented and how it has involved other parties, including local and regional governments and the social partners, in their implementation. The succeeding chapters then cover measures to increase labour participation, efforts to combat poverty, pensions and healthcare and long-term care.

¹ These objectives are presented in appendix I.

1.2 Structural reforms

Following a period of strong economic growth at the end of the 1990s (when the Gross Domestic Product (GDP) grew by an average of 3.7% a year between 1996-2000), the growth rate slowed to an average of ½% a year in the period 2001-2005. This slowdown was accompanied by a slight decline in the net labour participation rate of one percentage-point in the period 2003-2005 and an almost equal rise in the level of unemployment. During the same period, the net labour participation rate among the elderly actually increased by 1.7 percentage-points to 39.7%.

The outlook has improved considerably, however. The economy is forecast to grow by 3¼% in 2006 and 3% in 2007.² This represents the fastest growth rate since 2000. Meanwhile, unemployment fell to 5.5% in the first half of 2006 compared with 6.4% in 2005.

In addition to the cyclical recovery, however, structural improvements are also needed, which the reforms that have been carried out are designed to achieve. The focus of the reforms is more work, greater participation / more scope for personal responsibility and fewer rules. More *work* is important for social reasons since work is seen as the best way of getting people off benefits and because work is important for personal development, integration and emancipation. For economic reasons it is important that more people work and that they work longer in order to ensure that existing provisions remain affordable, to pay the costs of ageing, including expenditure on health care, and to preserve a social safety net for those who are unable to perform paid work. This latter group is at the same time encouraged to *participate* and to accept *personal responsibility* either by acquiring the competences that will allow them to perform paid work in the future or by performing some other useful service for society, for instance by providing informal care. The new Health Insurance Act encourages patients, care providers and health insurers to increase efficiency and so guarantee the long-term future of the health care system in the face of growing demand and rising costs. *Fewer rules*, finally, refers to the changing role of the national government. Local and regional governments will be given greater powers and responsibilities, thus allowing them to tailor their services more closely to local needs.

The structural reforms carried out by successive governments since 2003 correspond with the overarching objectives agreed for social protection:

Objective a: promote social cohesion, equality between men and women and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies.

Objective b: promote effective and mutual interaction between the Lisbon objectives of greater economic growth, more and better jobs and greater social cohesion, and with the EU's sustainable development strategy.

² Netherlands Bureau for Economic Policy Analysis (CPB) (2006), Macro Economic Outlook 2007 MEV , The Hague.

As regards the *gender perspective*, for which attention is called in both these overarching objectives and in the objectives for the three underlying policy areas, there is mainstreaming. The government-wide emancipation policy is centrally coordinated but the individual ministers have ultimate responsibility for incorporating the gender aspect when formulating policy in their own areas. The gender perspective is one of the many aspects taken into account in the development of policy.

Social inclusion

Concerns about poverty in the Netherlands increased during the economic recession. The government takes these signals seriously. With the help of studies and consultations with civil society organisations the government has identified structural reasons for these signals. The government's aim is to find structural solutions by carrying out reforms designed to provide people with the opportunities and skills needed to perform paid work or, if that is impossible, to play some other active role in society as a first step towards returning to paid employment. An important aspect of efforts to prevent poverty and exclusion is the need to prevent poverty in future generations. This calls, among other things, for timely intervention in problem families, good initial education and the prevention of early school leaving. Some people have difficulty making ends meet because they fail to make use of facilities or because of debts. Over-indebtedness is also a serious obstacle to finding work. The government and its partners will therefore address the issues of the non-use of support and over-indebtedness.

Relationship to the NRP progress report

There is a broad consensus that work is the best route out of benefit dependency. Policy to increase participation and tackle poverty is also closely linked to employment policy. The NRP progress report describes a wide range of reforms aimed at reducing educational arrears, increasing the number of young people entering the labour market with a basic qualification and removing barriers to the participation by women in particular in the labour process. The introduction in 2006 of the Work and Income according to Ability to Work Act (WIA) is also intended to activate people who can work in order to safeguard the incomes of those who are no longer able to work.

At the same time, social inclusion reinforces employment policy. The measures to address over-indebtedness will remove an obstacle preventing many debtors on benefits from entering the labour market. Measures to combat poverty among children will also improve the quality of the future labour potential in the Netherlands.

Pensions

The ratio of the number of persons over the age of 65 to the number of persons aged between 20 and 64 will rise from 22.8 in 2005 to 43.8 in 2040.³ Pension costs therefore will rise. The expenditure on state old-age pensions (AOW) will rise from 4.7% of GDP in 2006 to 6.6% in 2020 and 8.8% in 2040.⁴ On the other hand, tax revenues from pension income will rise from 1.8% of GDP in 2006 to 2.5% in 2020 and 3.6% in 2040.⁵

The ageing of the population means that fewer people will be working and earning the money for a growing number of older people. This situation will put a strain on inter-generational solidarity.

With its three-pillar structure, the financial robustness of the Dutch pension system in the longer term is already largely guaranteed. At the present time, 82% of all persons over the age of 65 have a supplementary pension in addition to the state old-age pension. That percentage is expected to rise further. The elderly will be considerably wealthier in future due to the growing number of people that own their own homes. On the other hand, there is a small group of future over-65s whose incomes will suffer from the abolition of the AOW partner allowance or because they have not accrued a full state pension.⁶

Labour participation must increase to further bolster the financial basis of old-age provisions. The scope is there to increase labour participation since for every person over the age of 65 there are at the moment only 3.2 working persons out of a potential working population of 4.5 persons. The reforms carried out by successive governments since 2003 are intended to bring about the necessary increase in labour participation. Important aspects of these reforms are the changes in the tax facilities for early-retirement and pre-pension schemes as well as the changes in disability benefits (WAO) and unemployment benefits (WW).⁷ The use of these schemes is expected to decline and older people will be encouraged to continue working longer. If people work longer, the financial base for the state old-age pension will be strengthened.

Relationship with the NRP progress report

One of the aims of promoting “participation” is to increase the labour market participation. One aspect of that is getting people to stay at work longer. The government is stimulating this through the pension system by modifying the tax facilities for early-retirement and pre-pension schemes. It has also introduced the life-course savings scheme⁸, the purpose of which is to allow people to achieve a better balance between work and other activities such as care and education. The scheme will give employees greater possibilities to learn new skills or otherwise acquire competences which will enable them to continue working longer.

³ Statistics Netherlands (CBS).

⁴ CPB, Ageing in the Netherlands, 2006.

⁵ CPB, Ageing in the Netherlands, 2006.

⁶ Where an AOW benefit is below subsistence level it can be supplemented to the social minimum from social assistance.

The AOW partner allowance (an allowance for a pensioner who is married to or cohabiting with a partner who is younger than 65) will disappear in 2015 for new claimants. From 2015 younger partners will be expected to provide for their own incomes until they reach the age of entitlement to the AOW.

Immigration and mobility on the one hand, and the method by which entitlement to the AOW accrues (everyone between the ages of 15 and 64 who resides or carries on professional activities in the Netherlands accumulates entitlement to AOW) on the other, will in future lead to a greater number of people without full entitlement to AOW.

⁷ See chapter 4 of the NRP Progress Report 2006 for details of the reforms of the WAO and WW.

⁸ See the NRP Progress Report, section 4.2.1.

Health care and long-term care

The Netherlands enjoys a high standard of health care.⁹ Nevertheless, there are major challenges. Between 2001 and 2006, the total costs of care increased on average by 4.4% a year. This figure includes the private payments made by patients themselves.¹⁰

The government has initiated reforms to address these challenges. The introduction of the new Health Insurance Act in 2006 created new incentives for the efficient use of care and the acceptance of personal responsibility. Patients are encouraged to make prudent choices through the introduction of a relationship between the amount of care requested and the cost (the no-claim refund) and by increasing the transparency of the care system. The fact that it is easier for a patient to switch to a different health insurer gives insurers an incentive to compete on price, service and quality. The liberalisation of the health care purchasing market also gives providers a direct incentive to provide good and effective care. The government naturally still has the important responsibility of guaranteeing the quality, accessibility and affordability of care. To this end, health care insurers have a legal obligation to accept policyholders and the government has introduced a health care allowance for lower-income groups.¹¹

The aims of the reforms in long-term care are to improve the match between supply and demand and develop a system of customised care. The Social Support Act (Wmo) will enter into force in 2007, when several responsibilities will be transferred to municipalities thereby enabling them to formulate a coherent policy encompassing health, housing and welfare.

A debate on the future of the Exceptional Medical Expenses Act (AWBZ) has also started. Until 2003, the care providers were paid for each client regardless of how much care they needed. In 2003, a system of function-driven financing was introduced in the AWBZ for ambulatory care. This means that care providers receive a budget and are paid for the specific AWBZ services (such as nursing and supportive guidance) that they provide. A similar system will be introduced in 2008 for intramural care.

⁹ OECD, "Economic Survey The Netherlands, special chapter Health Care" (May 2000); Health Consumer Powerhouse "EuroHealth Consumer Index" (June 2005).

¹⁰ Source: Budgets of Ministry of Health, Welfare and Sport.

¹¹ It is also possible to take out supplementary insurance in addition to the basic package. There is no acceptance obligation for the supplementary insurance.

Relationship to the NRP progress report

Good-quality and accessible health care is an important condition for high labour participation in the entire working population and among older people in particular. Many of the reforms carried out through the Health Insurance Act are therefore intended to increase the quality and effectiveness of care. Equally, high labour participation and strong economic growth are important for ensuring that the health care system remains affordable.

There is also an obvious interaction between health and an active life. With a view to the ageing of the population, which will make it even more important that people continue to work longer, growing attention will be given to the interaction with health, since various health risks and types of unhealthy behaviour can occur both at and after work, for example working with hazardous substances, stress, smoking and alcohol abuse, unhealthy eating habits and lack of exercise. This leads to excessive illness and absence from work. A properly functioning health care system can limit the consequences of this. What is needed, therefore, is an integrated approach encompassing not only working conditions but also a healthy working environment. Investments will pay for themselves and may even generate a profit. The costs of absenteeism and reintegration will decline, production will increase, the quality of products and services will improve, staff turnover will decline and employee satisfaction will increase.

1.3 Governance

Objective c: promote good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy.

Given the importance of creating broad-based support, various actors are involved in the formulation of policy through the existing bodies. These organisations were also involved in the drafting of this NSR. The stakeholders with a direct interest in the subject were consulted on the individual policy areas of social inclusion, pensions and health care and long-term care. The main objectives relating to *social inclusion* were selected after extensive consultation with local and regional governments and non-governmental organisations (NGOs). The government also gathered information through other channels, including working visits by members of the cabinet. Finally, on 26 June a conference was organised with parties concerned with the debt problem, one of the main objectives covered in chapter 2. These consultations must not be seen in isolation but in the context of the wider debate and growing concerns about poverty.

The chapter on *pensions* was submitted to the social partners (employers' organisations and trade unions) who are primarily responsible for the second pillar of the pensions system and to the Dutch Association of Industry-wide Pension Funds, the Dutch Association of Company Pension Funds, the Association of Dutch Insurers and the Dutch central bank De Nederlandsche Bank (DNB) (the supervisor of pension fund managers).

Regular consultations are held on *health care* and *long-term care* at both ministerial and official level with the independent administrative bodies, umbrella organisations and trade associations and patients' organisations. Consultation can also take place on an ad hoc basis in response to current developments. This report was submitted to the International Centre of the Netherlands Institute for Care and Welfare, including its operational bodies and research institutes.

Since the NRP and NSR are inseparably linked for the Netherlands, both draft reports were

submitted for consultation to the social partners and local and regional authorities. The ultimate responsibility for both of these reports rests with the government. The cabinet adopted the final version of both reports on 15 September and later discussed them with parliament.

1.4 Concluding remarks

Globalisation and demographic and technological developments are presenting serious challenges to member states. These challenges call for an integrated approach in which economic and social policy reinforce one another. This approach is already apparent in the integration of government policy as reflected in the link between the NRP and the NSR, both of which have been written in the context of the Lisbon Strategy. It was agreed at the Spring Council in 2006 that the joint report on the three processes of the NSR (social inclusion, pensions and health care and long-term care) would be submitted each year to the European Spring Council.

Given the focus of the government's reform agenda for growth and employment, it is essential to preserve a clear relationship between the two reports and so avoid overlap. An additional advantage is that it affords the possibility of addressing the member states on the consistency of their policy in terms of the Lisbon Strategy. A streamlined approach also makes the Lisbon process more visible to the citizen.

2 National Action Plan to combat poverty and promote participation

2.1 Introduction

This chapter explains how the Netherlands intends to achieve the common European objectives, in which the member states are asked to make a decisive impact on the eradication of poverty and social exclusion by ensuring:

Objective d: access for all to the resources, rights and services needed for participation in society, preventing and addressing exclusion, and fighting all forms of discrimination leading to exclusion.

Objective e: the active social inclusion of all, both by promoting participation in the labour market and by fighting poverty and exclusion.

Objective f: that social inclusion policies are well-coordinated and involve all levels of government and relevant actors, including people experiencing poverty, that they are efficient and effective and 'mainstreamed' into all relevant public policies, including economic, budgetary, education and training policies and structural fund (notably ESF) programmes.

Given the broad nature of the European objectives, the member states agreed to select clear priorities in meeting them. The Dutch government has chosen the following objectives, which are based on promoting participation (objective d) and the accessibility of resources (objective e):

promoting participation through the acceptance of work, training and/or socially meaningful unpaid activities;
tackling poverty and promoting participation among children and young people;
preventing the non-use of income support; and
addressing over-indebtedness.

These objectives represent a slight shift in emphasis from the objectives set out by the government in the National Action Plan for combating poverty and social exclusion in 2003. The reason for this lies in the increased sense of urgency felt by both the national government and local and regional governments about the need to tackle poverty in the Netherlands.¹² Despite the evident cyclical and structural improvements, there are more people experiencing economic difficulties as a result of the recession. Some people are finding it more difficult to make ends meet and there are some who, for one reason or another, rely on private assistance, such as food banks.

¹² The European Union defines poverty as 'individuals or families whose resources (material, cultural and social) are so small as to exclude them from a minimum acceptable way of life in the country in which they live'.

There is broad political consensus that the best medicine for poverty is work; paid work that is founded on good education and training. Paid work can provide an income above the social minimum as well as constituting a form of social participation. For many people, the prospects on the labour market are improving with the economic upturn. The government's aim is to work with various parties to improve the skills and social situation of people at risk of poverty and so enable them to assume their own responsibility and grasp the new opportunities on the labour market in the years to come.

The government has chosen these priorities in light of the facts and impressions concerning poverty presented in section 2.2. In section 2.3, the choice of priorities is explained in more detail. Sections 2.4 to 2.7 discuss the policy measures adopted for these priorities. The administrative context is described in section 2.8. Appendices II, III and IV provide more detailed background information.¹³

2.2 Facts and impressions concerning poverty

Impressions concerning poverty

As already mentioned in the introduction, concern about the problem of poverty has been growing since 2005. People feel that they or others close to them are finding it more difficult to make ends meet. This is evidently the case if the person concerned was dismissed or divorced. The fact that wages increased only marginally in 2005 also contributed to the sense that household finances were suffering. Undoubtedly, the media attention to the faltering economy and its consequences for individuals also played a part in the public perception that poverty was a growing problem. A growing number of people living on a minimum income said themselves that they had problems getting by. Finally, major changes have taken place in a number of systems in the last few years, such as the transition to a new health insurance system on 1 January 2006. These have led to transmissions between income reported in the wage slip and income provided via the tax system. Households are accustomed to assessing their financial position mainly according to their wage slip. Although the government has tried to distribute the economic pain across the various income groups according to the ability to bear it, obviously it has a greater impact on lower-income groups than on the better-off in the day-to-day choices that have to be made.

¹³ These appendices contain facts and figures, the results of efforts to meet the targets in NAP 2003, background to the consultation process and examples of good policies.

Facts and impressions

It is useful to contrast these logical impressions concerning the level of poverty with the trends that emerge from facts and figures derived from research. Any attempt to do so is complicated, however, by the fact that poverty is more than just living on less than a certain financial minimum.¹⁴ The roots of poverty lie in various factors arising from income, behaviour, society and above all future prospects, such as the possibility of finding work as a route out of poverty. Table 1 gives a non-exhaustive list of such risks derived from a survey of the findings of studies, signals from society and consultations. A point to be noted is that people to whom a combination of the factors listed applies face the greatest risk of poverty.¹⁵ It is precisely in those cases that close cooperation is required between support agencies, although research, working visits and consultations have shown that this cooperation does not always occur in practice.

Table 1 Risks of poverty

Personal characteristics:

Future prospects on the labour market **Income**

Behaviour:

Ability to live independently

Society **Education**

Knowledge of Dutch language

Benefit dependency

Health

Composition of households, including number of children

Age

Sex

Ethnicity

Social background **Size of income**

Period on social minimum

Unavoidable fixed costs

Loss of income

Fluctuating incomes

Non-use of income support

Debts

Spending behaviour

Destructive behaviour (addiction, crime, etc.) Segregation

Social and cultural attitudes

Recession

Complexity of society

Globalisation

Changing labour market

Individualisation

Discrimination

Risk selection ***The risk factors targeted by government policy and described below are shown in bold.***

¹⁴ On 29 August the Social and Cultural Planning Bureau (SCP) released an inventory study for a new poverty line. The SCP proposes four poverty lines linked to the expenses of the middle class for housing, food and clothes. As poverty depends on many factors (debts, spending patterns, persistence of minimum income), the NSR takes a different approach which does not define poverty solely according to one poverty line but also takes account of other indicators in order to get a clear view of the extent of the poverty problem.

¹⁵ This group appears for example in the client base of the food banks. 84% of the clients make use of some form of help (mainly social work and mental health care), while a third avail of three different forms of assistance (RegioPlan, *Klantenanalyse voedselbanken* (2006)).

Personal characteristics and future prospects on the labour market

The government and the parties it consulted agree that work is the best route out of benefit dependency but that the value of unpaid work should also be recognised. The distance to the labour market must be reduced. A person's chances of emerging from poverty through work are largely determined by the personal traits that dictate his or her future prospects on the labour market. The government feels that education, command of the Dutch language, benefit dependency and health are the major factors in this respect.¹⁶

Education is the prevention of poverty in the future. The participation rate differs widely according to **level of education** (from 32.6% of those with only primary education to 81.8% among those with the highest level of education). The government and the organisations it consulted recognise the importance of preventing poverty being inherited (for example through education and early intervention in problem families) and that more adults possess a basic qualification.

Minimum incomes, low labour participation rates and high unemployment are relatively common among non-Western ethnic minorities. However, there are significant differences from one non-Western ethnic group to another, primarily according to country of origin, between the first and the second generation and between men and women. The distinction can be explained by the differences in levels of education and command of the **Dutch language**.¹⁷ Research shows that the ability to speak Dutch is an important condition for participating fully in society and the labour market.¹⁸ Citizens who speak little or no Dutch have only a 3% chance of finding a job.¹⁹ Although they are very important factors, language arrears and education levels do not entirely explain the disadvantaged position of ethnic minorities. As was mentioned during the consultations, discrimination and social and cultural attitudes (for example, the preservation of 'a culture of poverty' which discourages upward mobility) also play a role.

The literature shows that the length of time that a person is out of work and receiving benefits is a good indicator of how difficult it will be for that person to find a job.²⁰ The majority of benefit recipients find a job quickly. Those that continue to receive benefits for longer periods face various other obstacles to entering the labour market. These obstacles differ from one person to another. For example, 10% of social assistance claimants are current or former psychiatric patients, 9% are addicts or homeless, 18% are established immigrants and 9% are young people without basic qualifications. These groups were also identified as being particularly at risk during the consultations. Besides **benefit dependency** people who have considerable difficulty finding employment are generally limited in their **ability to live independently** and face a **combination** of problems. The challenge is to reactivate this group as a first step to entering the labour market and not simply to accept their benefit dependency.

¹⁶ On the basis of data collected from a variety of sources, in 2004 the SCP identified the following personal traits as major determinants of poverty and social exclusion: a person's health, and in particular their physical well-being; benefit dependency, command of the Dutch language, education and household composition.

SCP, *Sociale Uitsluiting in Nederland* [Social Exclusion in the Netherlands] (2004).

¹⁷ See appendix III.

¹⁸ SCP, *Sociale Uitsluiting in Nederland* (2004).

¹⁹ M. de Graaf-Zijl et al., *De onderkant van de arbeidsmarkt vanuit werkgeversperspectief* [The bottom end of the labour market from the employer's perspective] (2006).

²⁰ SEOR, *Effectiviteit van Re-integratie* [Effectiveness of Reintegration] (2005); TNO, *Verraderlijk effectief* [Deceptively effective] (2005).

A person's **health** can be a serious obstacle to finding work. People receiving a disability benefit, for example, are judged to be less fit for work because of their health. Health is also a factor among the population receiving social assistance. Of the 124,000 individuals (38% of all persons receiving a benefit under the Work and Social Assistance Act (WWB)) that are exempted from the requirement to look for work, 41% are exempted due to physical ailments and 18% because of psychological problems.²¹ During the consultations, special attention was requested for people with chronic diseases, the disabled and mental health patients because of their high specific costs and limited prospects of entering the labour market.

Income and behaviour

Income levels naturally play an important role in determining whether people live in poverty. The Netherlands therefore has an extensive system of social facilities which guarantees a minimum income that provides for the essential cost of living.²² Whether a minimum income is enough depends on factors such as the period for which a person lives on a minimum income, the take-up of income-dependent schemes, the pattern of spending and the avoidance of over-indebtedness.

Against the background of the economic recession, the number of households with a **minimum income** rose slightly from 7.1% of all households in 2000 to 7.9% in 2004.²³ This percentage is lower than in the mid-1990s when the Netherlands was also in a recession. In the period 2000-2006, the **purchasing power** of households with a minimum income generally increased. The purchasing power of senior citizens and households with children rose faster than that of other minimum income groups, but minors still face a greater chance (9.2%, or 1 in 11) than the rest of the population of living in a household with a minimum income. Single-parent families are particularly likely to have a minimum income (23.8%). Furthermore, the poverty trap, whereby accepting work is financially less attractive, is relatively high for single-parent families. During the consultation process, it was stressed that strenuous efforts were needed to handle poverty in families with young children in order to prevent poverty being passed down to future generations. The organisations that were consulted also referred to the position of self-employed persons with small businesses (including farmers) and workers with a low income. The chance that a self-employed person earns a minimum income is relatively high (14.8%), but working people (including the self-employed) usually only remain on a minimum income temporarily.

Concern was also expressed during the consultations that regardless of economic developments there is always a certain group that live on a minimum income for a **longer period** (4 years or longer). In 2004 this was true for 2.1% of all households, which is a slightly lower figure than in the mid 1990s.²⁴ The people with a long-term minimum income are mainly single people without children (63.9%). Most people under the age of 65 with a long-term minimum income receive a benefit from social assistance. The composition of the group of people with a long-term minimum income and their problems correspond closely with those previously described in relation to benefit dependency.

²¹ Divosa, *WWB Monitor 2006*.

²² Compared with neighbouring countries, the safety net in the Netherlands is relatively high and the gap between medium and low incomes is relatively small (see appendix II). In the Netherlands, the current monthly payments for social assistance (excluding additional facilities such as child benefit, etc.) are €846 for a single person, €1087 for a single-parent family and €1208 for a couple.

²³ See appendix II.

²⁴ 2.9 % in 1995, although it should be noted that figures for 2004 and 1995 are not entirely comparable in view of the different method of calculation used since 2000.

Some people miss out on part of their potential income due to the **non-use** of income support that they are entitled to. The main problems are that clients are not aware of the schemes and believe that they are not eligible for them.²⁵ One of the points made by the organisations that were consulted was that pro-active service provision and closer cooperation between agencies is needed since vulnerable groups are not always being reached.

During the consultations it was also stressed that **over-indebtedness** deprives people of perspective for the future and form an obstacle to finding work. Various studies have shown a growing demand for support in the settlement of debts. Over-indebtedness seems most prevalent among young people and people in the age group 30-45.²⁶ A substantial number of the clients of food banks (83%) said they have debts, and in two-thirds of those cases the debt exceeds 5,000 euro.

Social factors

There are a number of factors that have a direct or indirect impact on poverty but cannot be directly influenced by policy. Examples are changes in the labour market (for example the competences required), individualisation (one effect of which can be social isolation) and social and cultural attitudes (for example about whether women should perform paid work). Perceptions of poverty are heavily influenced by the reaction of the rest of society to poverty. For example, people can feel poor if others are patronising about the amount they have to spend. These factors are important but are difficult to influence through policy.

2.3 Choice of priorities in NAP 2006

Strategic aims

Effective policy to tackle poverty and promote participation has to address both future prospects (education, benefit dependency, health, etc.) and the income-related and behavioural factors (debts, non-use of income support).²⁷ Some of the measures required are preventive, others are curative. The Dutch government has taken the objectives for combating poverty and promoting participation as the guiding principles for this mix of preventive and curative measures and so is implementing the overarching European objectives.

²⁵ SCP, *De onbereikte minima* [The people on minimum income who are out of reach] (April 2006).

²⁶ IVA, *Schulden: een (on)dragelijke last* [Debt: an (in)supportable burden] (2004).

²⁷ See table 1.

Table 2 Government policy aimed at meeting European objectives

Objective	Preventive	Curative
I. Promoting participation through acceptance of work, training and/or socially meaningful unpaid activities	Education, Life-long learning	
Addressing the poverty trap		
Assimilation		
Reducing illiteracy	Reintegration	
Social activation		
Addressing the problem of the homeless		
II. Combating poverty and promoting participation among children and young people		
Intervention in problem families		
Possibilities for participation for children and young people		
Reducing learning arrears		
Reducing number of early school leavers		
Combating youth unemployment	Income support for people on a minimum income with children	
III. Preventing the non-use of income support		
Information		
Linking of databases		
Simple application procedures	Assistance with application procedures	
IV. Addressing over-indebtedness	Debt prevention	
Integrated debt settlement support		

The objectives in this chapter are expressed in terms of results rather than in terms of target groups. However, target groups mentioned during the consultations will be reached with the target objectives set out in the following section. They include non-Western ethnic minorities (assimilation, learning arrears, early school leavers), the chronically ill and the disabled (reintegration, social activation), self-employed persons with small businesses (prevention of poverty among working people and self-employed persons, debt settlement support) and the elderly (non-use of income support). Chapter 4 (on health care and long-term care) will also discuss the accessibility of care facilities and the spin-off effects of the Equal Treatment Act in the area of care, which is particularly important for the position of people with a chronic illness or a disability.

Besides the efforts of national and local government and non-governmental organisations, individuals must also take personal responsibility to redress poverty and promote participation. If measures help people to meet their own responsibilities, a permanent solution to the problems of poverty can be found.

The objectives were defined in light of the policy challenges facing the Netherlands as set out in the joint European report on social inclusion and social protection. For the purposes of this chapter these challenges are to monitor the effects of the Work and Social Assistance Act (WWB), the Work and Income According to Ability to Work Act (WIA) and the integration of ethnic minorities while taking account of cultural differences. These challenges are embodied in the text and objectives of the NSR.²⁸

The section on facts and impressions concerning poverty incorporates the conclusions from the consultations. One general point to emerge from the consultations, but which the government largely fails to see the need for, was a call for the relaxation of the criteria for income support and a general increase in social security benefits. The government feels that poverty can be tackled more effectively with measures specifically designed to address personal circumstances than with general income measures.

²⁸ See also chapter 4 for the Wmo.

2.4 Objective I: Increasing participation through the acceptance of work, training and/or socially useful unpaid activities

Paid work and education are important for preventing poverty, while activation (in combination with other facilities) can enable people to get their lives back on track. The measures under this objective are both preventive, such as ensuring that working people do not experience poverty (for example through education, life-long learning etc.), the integration of ethnic minorities and the reduction of illiteracy, and curative, such as the reintegration of people with a great distance to the labour market, social activation and addressing the problem of homelessness.

2.4.1. Prevention of poverty among employees and the self-employed

Target objective Indicator Maintaining and improving the financial incentives to accept work (limiting the poverty trap) The average change in disposable income for people receiving social assistance by accepting a job at minimum wage level The number of working persons and unemployed with basic qualifications will increase The percentage of working persons and unemployed in the working population (aged 25–65) with a basic qualification

Finding paid work is seen as the most important route out of poverty. An important factor is that people benefit sufficiently from accepting work and that they acquire competences that will improve their position in the labour market and avoid the potential threat of losing their job. Since 2003, the government's aim has therefore been to reduce the poverty trap²⁹, promote life-long learning (together with the social partners), facilitate the combination of work and care, for example by making child care more widely available, and stimulate independent entrepreneurship, for example by drawing up the New Entrepreneurship Action Plan targeted at entrepreneurs from ethnic minorities.³⁰ The poverty trap has also been addressed by raising the working person's tax credit.

The proportion of working persons without a basic qualification is 24.5%.³¹ The government and the social partners have therefore intensified their efforts to promote training and career counselling following the agreements they made at the Work summit in the autumn of 2005. Primary responsibility for the training of employees rests with the social partners, although workers naturally bear some personal responsibility. The government's role is to stimulate this process. At the Work summit it was agreed that employers that promote the Recognition of Acquired Competences (EVC) or help young employees to acquire a basic qualification would be given a reduction in social security contributions. An interdepartmental directorate has been set up for a Learning and Work project and in 2006 it launched a Learning & Work incentive scheme. The government intends to make the training of low-skilled employees a priority in the ESF programme for 2007-2013.

²⁹ See appendix III.

³⁰ See chapter 4 of the NRP progress report for a more detailed description of these measures.

³¹ See appendix II.

2.4.2. Participation of ethnic minorities in Dutch society

Target objective Indicator Increasing labour participation of ethnic minorities Net labour participation rate among ethnic minorities Equipping persons from ethnic minorities with the skills and information needed to participate in society and to lead an independent existence in economic, social and cultural terms The number of established immigrants that have completed an integration programme Percentage of newcomers reached Drop-out rate among newcomers Number of new immigrants required to follow an integration course that pass Members of ethnic minorities are more likely to be living on a minimum income and their labour participation rate is lower.³² As explained in section 2.2, the government feels that the relatively low level of education and the poor knowledge of the Dutch language are the major obstacles to their access to paid work. The government has therefore taken measures to increase labour participation among ethnic minorities, to reduce their learning arrears and the number of early school leavers, to improve the quality of integration courses and reduce the drop-out rate from the courses.³³ The government also attaches great importance to strengthening social cohesion in society and consequently launched the Broad Initiative on Social Cohesion [*Breed Initiatief Maatschappelijke Binding*] (BIMB) in 2005. The government has made specific agreements with various civil society organisations and adopted action points designed to achieve the aim of this initiative, which is to prevent people from different ethnic or cultural backgrounds from ignoring or even becoming alienated from each other.

Given the challenges that still lie ahead, the government has taken or announced measures designed to increase labour participation among ethnic minorities. As part of the BIMB, for example, projects have been launched to improve the position of minorities in the labour market, including a “jobs offensive” for refugees, the appointment of coaches for young people with only a lower secondary vocational education (VMBO) and a campaign to counter negative attitudes and discrimination in the labour market. In January 2006, the Ethnic Women and Work steering group was installed, in which municipalities, the implementing agencies for social insurance and employers will work together to help more women from ethnic minorities to find work. The agreements made at the Work summit in 2005 are also being fleshed out. At the Work summit, the employers and trade unions gave a commitment to support the national labour market discrimination monitor which the government intends to set up. Agreements were also made to remove obstacles that ethnic youths encounter when searching for a place in a work experience programme.

Besides increasing labour participation by ethnic minorities, the government also wishes to promote their wider participation in society, especially by women. In the Multi-Year Emancipation Policy Plan 2006-2010, the government set out its policies for strengthening the position of ethnic women in society. The large cities aim to reach 200,000 women and actually start new activities with 20,000 women in a campaign to promote the emancipation of ethnic women, set to run until 2007. The government will also support male and female role models from ethnic minorities who can stimulate consciousness raising and a positive image at local level. The government also plans to conclude a social contract with voluntary organisations on the deployment of 50,000 socially deprived women before 2010. Finally, the government will support at least 75 projects aimed at encouraging social participation by socially deprived women in the period up to 2010.

³² See appendix II.

³³ See appendix III.

In addition to direct measures to promote social and labour participation, the government intends to encourage immigrants to learn the Dutch language and generally integrate more fully into Dutch society. The government has earmarked additional funds for 2006 and 2007 to enable municipalities to step up their efforts to foster integration, and hence participation, by ethnic women. In 2006, five municipalities will take part in a pilot project on the integration of women (*'Taal Totaal'*). Extra funds have also been made available through the Integration Programme for ethnic women in the non-G31 municipalities [*Regeling inburgering allochtone vrouwen niet-G31*]. For the G31, or the 31 largest municipalities, funds will be provided through the Decree on payments for broad social, integration and safety objectives [*Besluit brede doeluitkering, sociaal, integratie en veiligheid*] with the aim of encouraging more ethnic women to successfully complete the integration exam. The municipalities should use the funds intended for integration for courses where immigrants can learn the Dutch language and about Dutch society.

The Civic Integration Abroad Act came into effect on 16 March 2006. Under this act, immigrants who voluntarily choose to settle for an extended period in the Netherlands must prepare for their arrival here abroad. Since integration into Dutch society is a lengthy process, it is important that newcomers are able to speak Dutch at a basic level and know something about the society they will be living in before they arrive. Their abilities are tested with the basic integration exam, which they sit in their home country. The expectation is that if they pass this exam immigrants will be able to integrate more easily when they arrive in the Netherlands. In the Netherlands, a compulsory integration exam is expected to be introduced from 1 January 2007 for all newcomers and established immigrants. Integration is the first step on the way to full participation in the society and the integration exam will test the immigrants' ability to write and speak Dutch and his or her knowledge of Dutch society.

2.4.3. Reduction of illiteracy

Target Indicator Action plan against illiteracy: package of 6 target objectives (see text) A set of quantitative and qualitative indicators associated with the package of 6 target objectives

One and a half million Dutch people have difficulty reading and writing. This means they are not properly equipped to meet the demands of the modern knowledge-based economy. Illiteracy is also a cause of social exclusion. At the end of 2005, therefore, the government presented an Action Plan against Illiteracy 2006-2010. A novel feature of the plan is that employers will also be involved in tackling illiteracy, for example by providing courses for employees who cannot read or write well. Local authorities have also been assigned a prominent role in the campaign.

The ambition of the action plan is to achieve six milestones between now and 2010. These are:

reduction of the percentage of students in secondary education with a reading level below PISA 1 to 10% (currently 11%), taking into account the expected increase in the size of this problem group in 2010;

increase in the number of employers that actively contribute to combating illiteracy by 50 to 100%;

production of nine provincial action plans and a significant number of municipal action plans; implementation of local and regional plans to increase literacy in a majority of the municipalities;

increase in the number of participants in literacy courses to around 12,500;

improvement in the effectiveness of efforts to tackle illiteracy through research, monitoring and international cooperation.

2.4.4. Reintegration to work of people at a great distance from the labour market

Target objective Indicator Reduction of long-term unemployment Number of long-term unemployed (persons unemployed for longer than one year, according to CBS and EU definition) Balanced attention to different groups in municipal reintegration policy Degree to which balanced attention is being given according to qualitative research conducted as part of the evaluation of the WWB Contribution to society by everyone Percentage of the working population that performs paid or unpaid work or is active

The obstacles to finding work differ greatly among the group of people at a great distance from the labour market. The customised approach to reintegration that is required can best be provided at a decentralised level. The Work and Social Assistance Act (WWB) is one of the main instruments for helping people to find work and so emerge from poverty. The WWB gives local authorities the freedom to use funds for reintegration as they see fit, together with a financial incentive to help recipients of social assistance to find paid work. At the same time, the standards for benefit payments are guaranteed at national level. Despite the economic conditions, the number of people receiving social assistance has declined since the introduction of the WWB in 2004.³⁴ More people stopped claiming social assistance in 2004 than in the preceding years, even among the group of long-term social assistance claimants, and more of the people who no longer claim social assistance have found paid work.

The WWB provides a guarantee that every client will be treated equally in the support they receive in finding work and social activation. Even clients who are not required to work are therefore eligible for advice in finding active occupation or more generally improving their future prospects. In the first year of the WWB, the tendency was for local authorities to focus mainly on the groups with the best prospects, but since 2005 they have also targeted people at a greater distance from the labour market. According to the Divosa monitor, which is published by the association of managers of municipal services in the fields of work, income and social welfare, the majority of municipalities said that they had devoted equal attention to all target groups in 2005 (52% compared with 35% in 2004). In their joint vision of municipal labour market policy (2006), the Association of Netherlands Municipalities (VNG) and the Ministry of Social Affairs and Employment (SZW) formulated the common goals of ‘enabling everyone to participate socially and economically’ and ‘doing everything possible to promote reintegration into regular work’.

³⁴ See appendix II.

The Work and Income according to Ability to Work Act (WIA) entered into force in 2006. The goal of the WIA is to encourage people to do what they are still able to do rather than emphasising what they can no longer do. The WIA will be evaluated in 2010. In 2004, the Individual Reintegration Agreement (IRO) was introduced to reinforce the freedom of choice of clients with respect to reintegration programmes. According to the first progress reports, the placement rates under IROs are higher than in the regular reintegration procedures.

With the economic recovery the opportunities on the labour market are increasing, even for people who have not had paid work for a lengthy period. The government has taken a number of policy initiatives to bolster this development. For example, the government plans to introduce “return-to-work jobs” from 2007. Local authorities will be given the possibility to offer return-to-work jobs to social assistance recipients with little chance of finding work, who will be allowed to retain their benefit for two years as they find their way back into the labour market. The return-to-work jobs are intended for social assistance recipients who have the greatest difficulty in finding work due to personal circumstances. The return-to-work job will give them two years to develop and to move on to a learning-working programme, a work placement scheme or take some other step towards regular work. The local authorities will decide who qualifies for a particular return-to-work job. The intention is that the jobs will be temporary and above all useful for the individual’s personal development. The job may be with a municipal body or with another employer. The return-to-work jobs are an addition to the existing range of instruments. Local authorities can ultimately decide for themselves how they want to help their clients climb the first rung on the reintegration ladder.

The Implementing Organisation for Employee Insurances (UWV) has introduced reintegration coaches in an effort to provide a more customised service for recipients of unemployment benefit (WW) and persons who are partially incapacitated for work. Since the first reintegration coaches were appointed in 2005, the practice has spread throughout the country. The UWV also wants to improve the match between education and the labour market for young people with a disability by using experts in the field of work for young disabled people to facilitate networking between the education sector and the labour market. The government and the social partners also made agreements at the Work summit in 2005 on measures to improve the reintegration process for people whose capacity for work has been reassessed and people who are less than 35% unfit for work.

In 2005 the Centres for Work and Income (CWIs) conducted an experiment with the use of an indication system (“AB routing”) which allows them to identify clients who need support in returning to work sooner and more accurately.

Finally, the government supports policy innovation through the WWB Innovation Programme (IPW). Since 2004, it has subsidised various innovative projects designed to promote the reintegration of people with little chance on the labour market. One of the priorities in 2006 will be to increase the synergy between local policy on poverty and reintegration.

The most important policy initiatives for helping recipients of social assistance and persons not entitled to benefits who have little chance on the labour market to return to work or another form of activity are taking place at local level. There have been some interesting proposals in recent municipal policy programmes and agreements concluded by the 31 largest municipalities (representing approximately 60% of the people on a minimum income). They include plans relating to the provision of an integrated package of support (language, education, participation, work and if necessary support in debt settlement) and targets for

reducing unemployment or for job creation.

Many large and medium-sized cities choose to call on everyone to participate, preferably through paid work but, if that is impossible, by taking up voluntary work or through activities in the area of social support. The Social Support Act (Wmo), which has already been passed by the Upper House of Parliament, assigns responsibility for social support to the municipalities. In other words, local authorities must make it possible for all residents to participate in society. Special attention is given to vulnerable groups. The Wmo encompasses nine aspects designed to improve the possibilities for participation and strengthen social cohesion. They include improving the social cohesion and the quality of life in villages, districts and neighbourhoods, support for informal carers and people engaged in voluntary work, the promotion of participation in social life and the ability of people with a debilitating or chronic psychological problem or with psycho-social problems to live independently, the provision of social support including women's shelters and the promotion of addiction policy.

Local authorities are exploring the synergy between the WWB and the Wmo. In addition to the possibilities afforded by the WWB and the Wmo, local authorities have also shown interest in encouraging social participation by issuing city passes and offering free public transport for specific target groups. Other aspects of the Wmo are discussed in the chapter on health care and long-term care.

Synergy between WWB and Wmo in the neighbourhood home care service (Tilburg)

For some years, Tilburg has anticipated the Wmo by providing a neighbourhood home care service. The home care service offers elderly and disabled people practical day-to-day help. The assistance can consist of performing household chores, helping with the household accounts or accompanying the client to the hospital. Not everyone can rely on family or friends. In Tilburg people on benefits have proved eager to help. With this project, Tilburg has killed two birds with one stone: the job seeker is gaining work experience and the elderly and the disabled receive the help they need.

Source: Tilburg City Council

2.4.5. Addressing the problems of the homeless

Target objectives Indicator More than 10,000 individual plans for the homeless in G4 municipalities by 2013 Number of individual plans Homelessness as a result of eviction from home to be practically eliminated. By 2008, the number of evictions to be reduced to less than 30% of the total in 2005 Annual number of evictions and number of evictions leading to homelessness Homelessness as a result of detention has been practically eliminated Number of cases of homelessness after detention Homelessness following discharge from care institutions has been practically eliminated Number of cases of homelessness after discharge from care institutions Reduction in nuisance caused by a large portion of the target group according to the Safety Monitor (maximum 75% of the current level in seven years) Number of criminal offences and number of reports of nuisance

Due to a combination of problems, homeless people face a serious risk of poverty and are generally difficult to place in the labour market. It is important to help people in this group to get their lives back on track. In association with the local authorities, the government aims to expand and improve the capacity in social relief and women's shelters.³⁵ In 2006, the government and the four large cities (G4) also drew up an Action Plan for Social Relief. The objective of the plan is to improve the situation of the homeless or people who are at risk of homelessness and in doing so significantly reduce the nuisance and crime that is often associated with their behaviour. The chance that a person's situation will deteriorate further due to homelessness must be kept to a minimum. The action plan marks an intensification of the existing joint approach to the issue of the homeless and provides new instruments to address the problem. There are 10,000 homeless people and 11,800 people at risk of becoming homeless in the four major cities. Because most of these people have serious and complex problems, they often fall through the cracks in the system of social services. In association with the VNG, the action plan will be rolled out to other municipalities. Providing social relief, including women's shelters, is also one of the constituents of social support as defined in the Wmo.

2.5 Objective II: Tackling poverty and promoting participation among children and young people

It is vital to prevent poverty being passed on to future generations. Early policy interventions in the life cycle are therefore vital, starting with intervention in problem family situations and proceeding with measures to increase the opportunities for children in deprived circumstances to participate in society, to reduce learning arrears, to reduce the number of children leaving school early and to tackle youth unemployment. The income position of families with children is another important factor. With these priorities, the Netherlands will also be achieving the objectives of the European Youth Pact.

2.5.1. Intervention in problem families

Target objective Indicator Improving the cooperation between support agencies The number of families at risk that are reached

It is important for agencies in fields such as youth care and child protection, schools and welfare services to work closely together so that children, young people and parents can

³⁵ See appendix III.

receive adequate help in time. Operation Young was launched in 2004 with precisely this in mind. This joint operation by the Ministries of Health, Welfare and Sport, Education, Culture and Science, Justice, Social Affairs and Employment, Foreign Affairs and Housing, Spatial Planning and the Environment is designed to alleviate the major bottlenecks in the youth development chain at local level, increase the cohesion of youth policy and streamline and improve the integrated management of services.¹²²

The government is also devoting additional funds to child rearing and family support (rising from $\text{€} 3.4$ million in 2004 to $\text{€} 15$ million in 2007) in municipalities facing the most serious problems with young people and their families. The resources will be used to provide minor pedagogical help and to coordinate care provision (such as family coaching). The target group is families with multiple problems which need support from various agencies and social workers, for example for debt settlement, housing, home care and youth care. The local authority must ensure that one of the social workers dealing with such a family acts as coordinator and helps the family to regain control of the situation. If children in the family have serious problems, the family coaching will be provided on the basis of the Youth Care Act.

From next year, the government will also earmark $\text{€} 13$ million to provide a fillip for preventive youth care. An initial sum of $\text{€} 6.5$ million is already being provided this year. With these funds, children and families will receive help sooner and the need to issue a care indication order later will be averted.

³⁶ Recent publications include the report Targeting the child [*Koersen op het kind*] from the Commissioner for Youth Policy, the final report of the Young agreement Municipal direction in the youth chain [*Gemeentelijke regie in de jeugdketen*], the government's response to the two reports and the progress report on Operation Young. These documents present a cohesive picture of the progress with and direction of the government's youth policy.

2.5.2. Participation of children and young people

Target objective Indicator Children and young people from deprived families will be given the possibility to spend their free time in a manner that contributes to their personal development. The arrears in the participation by ethnic youths in sport has been eliminated by 2010.

During the consultations, it was stressed that children from deprived families must have equal opportunities to take part in meaningful leisure activities such as sport and activities that promote personal growth. The national and local and regional governments have taken various initiatives to help achieve this. In association with eleven local authorities and nine sports associations, the government has launched Participation through sport for ethnic youth 2006-2010 [*Meedoen allochtone jeugd door sport 2006-2010*], a programme mainly designed to encourage ethnic youths to join sports clubs, both as a means of fostering integration and as a response to their low participation in sport. The partners will run the programme at local level on the basis of performance agreements. A sum of ₪ 65 million has been earmarked for the programme.

The aim of the Temporary neighbourhood, education and sport incentive scheme [*Tijdelijk stimuleringsregeling buurt, onderwijs en sport*] (BOS incentive) is to encourage local authorities to address the problems of young people (aged 4 to 19) who have fallen behind in terms of health, welfare, education, upbringing and sport and exercise and to tackle nuisance caused by young people in local neighbourhoods and districts. For a period of up to four years, local authorities will be reimbursed half

of the costs of the BOS project up to a maximum of ₪ 50,000 a year. A BOS arrangement consists of an integrated package of sport and educational activities that reflects the environment and social situation in which these young people live.

³⁷ For measures designed to reduce the number of students leaving school early, see chapter 4 of the NRP Progress Report.

Neighbourhood organisations must be involved in providing the arrangement. It is up to the local authorities to decide which arrears of the young people to address and the most appropriate activities for doing so. These young people are sometimes lagging behind because of poverty, in which case the BOS activities will also address the social consequences of poverty.

Local authorities and individuals are also taking other initiatives to help children in minimum-income families. Although children and young people from deprived areas are not explicitly named as a target group in the Wmo, local authorities are likely to target them with measures under the act.

2.5.3. Reducing learning arrears and the number of early school-leavers

Target objective Indicator Reduction of language arrears of ‘weighted students’ (ethnic and native Dutch students) compared with ‘non-weighted students’ by 5% in 2008 (1) The reference figures are the scores on language tests in the PRIMA cohort survey 2006

Reduction of percentage of students in secondary education at or below reading level PISA-1 to 10% (currently 11%) Reduction in number of students leaving school early by 50% between 2000 and 2010

Percentage of 18-24 year olds that are not in education and have no higher secondary education diploma. (EU definition) (1) Students are given a weighting on the basis of certain criteria (for example belonging to an ethnic minority or having parents with a low

level of education or in a low-skilled job). Under this weighting scheme, schools receive additional staff and materials (totalling ~ 305 million in 2006).

Reducing learning arrears and preventing students from dropping out of school¹²⁴ will make a significant contribution to improving their future position in the labour market, and hence to preventing poverty passing from generation to generation.

Through the efforts of the various governments, the learning arrears of students of parents with a low level

of education has already been greatly reduced. Nevertheless, the government has invested an additional ~ 19 million in 2006 to improve the quality and reach of pre-school and early-school education (VVE) so that learning difficulties can be addressed early on. Special classes have also been created in primary schools for pupils with serious arrears in the Dutch language. The national target is that by the end of 2010, 70% of the target group (the ‘weighted students’) will be attending pre-school education and 36,000 students will have attended a special language class.

³⁸ An MBO-2 [Secondary Vocational Education – level 2] diploma.

Secondary schools can qualify for additional funds if at least 30% of their students (ethnic minorities and native Dutch) come from particular areas with an accumulation of poverty-related problems. The scheme covers the poorest 8% of deprived areas, which together account for 20% of the households in the Netherlands. Schools with a lot of pupils from these areas are often confronted with a combination of problems: a high drop-out rate, a high percentage of students that fail exams and have to repeat a year, a relatively large number of students with language and learning difficulties and students requiring help from the youth care service. The extra funds are intended to enable the schools to provide tailored help for the students and help them to secure the best possible results, for example by promoting explicit policy to improve language skills and to prevent students from leaving school early. Schools also receive additional funding to accept newly arrived immigrants and teach them Dutch so that they can move on to regular education as quickly as possible.

2.5.4. Tackling youth unemployment

Target objective Indicator Reduction of youth unemployment Percentage of unemployed youth (aged 15–22) Creation of 40,000 extra jobs suitable for young people by 2007 Number of ‘youth jobs’

A Youth Unemployment Task Force has been appointed for the period 2003-2007. The government set up the task force to help regional education centres (ROCs), the Centres for Work and Income (CWIs) and local authorities to develop an effective approach for tackling youth unemployment. The task force will promote efforts to meet the target of creating 40,000 extra jobs for young people in the period 2003-2007. More than 32,000 jobs for young people had already been created by the beginning of July 2006, so the target of 40,000 jobs by 2007 is in sight.

One obstacle preventing the number of jobs rising to over 40,000 sooner is that far too many young people enter the labour market without a basic qualification.¹ The Youth Unemployment Task Force and its partners (local authorities, CWI, ROCs and employers) therefore feel that an even greater effort is needed to provide these young people with an education and to help them find work. The task force has therefore launched the Second-Chance Vocational Education [*2e Kans Beroepsonderwijs*] project in 36 municipalities. The project gives unemployed youths under the age of 23 with no basic qualifications another chance to secure them. The young people follow a secondary vocational education course (*Beroepsbegeleidende Leerweg - BBL*) during which they work four days a week under a contract of employment with an employer and attend school for one day a week. The partners in the project ensure that there are sufficient jobs, quickly ‘match’ the young people with suitable employers and provide additional coaching before and during the course for any young people who need it. During a national conference to announce the roll-out of the Second-Chance Vocational Education project, local authorities and the task force said their target was to place more than 12,500 young people in jobs that combine study and work.

At the Work summit in 2005, the social partners and the government reached agreement on a tripartite effort to improve the match between education and the labour market. The measures proposed include the creation of combined study/work jobs and work experience places for young people. It was also agreed that employers will strive to prevent discrimination in the allocation of work experience places.

2.5.5. Income support for minimum-income households with children

Target objective Indicator Balanced income development with attention for the position

of minimum-income families with children Purchasing power of minimum-income families with children compared with other groups

The government's general policy on purchasing power is designed to achieve a balanced development of incomes. During the recession, therefore, the burden was divided equally among the various income groups. Vulnerable groups, such as minimum-income families with children, were spared as far as possible during this period and their purchasing power rose faster than that of other groups between 2000 and 2006.

The government has also announced policy proposals to further bolster the purchasing power of (working) minimum-income families with children. These include an increase in child benefit in 2007 and the introduction of the children's tax allowance in 2008, which is designed to address the problem that some families with children do not earn enough to avail of tax credits.

In addition to general policy, municipalities are able to pursue a customised approach to tackling poverty in local policy. A customised approach is particularly important because it encourages direct contact with the client. Local measures for vulnerable families with children include payments to defray school expenses and campaigns to promote health.

'Poverty and health' intervention by municipal health service in West Brabant

The youth department of the municipal health service (GGD) in West Brabant regularly examines all children in groups 2 and 7 of primary school. Whenever it finds that a child has health problems connected with a shortage of money, it makes a new appointment. Parents are then given advice on ways to improve their child's health. Recommendations might include participation in a sport because the child lacks coordination or is overweight, buying sturdy shoes because of the risk that the child will develop deformed feet or participation in a club for a socially isolated child. The parents take the advice to the municipal social affairs department, which then follows the usual procedures to investigate whether the parents qualify for supplementary benefit or some other provision that they are not yet using.

Source: *Stimulansz*, Municipal Poverty Policy (2006), Municipal Health Department, West Brabant

2.6 Objective III: Prevention of non-use of income support

Target objective Indicator Reduction of non-use of income support Rate of non-use of support

The government has found that many people fail to take full advantage of the available instruments of income support and that their purchasing power is consequently lower than it ought to be according to the 'official' figures. Furthermore, during the consultations there were calls for the government to adopt a pro-active approach to ensure that more people (particularly those in social isolation) are reached with the policy. Various parties are currently engaged in efforts to counter the non-use of income support through publicity, by linking databases and by simplifying and providing help with the application procedures. The government also intends to consult various partners (VNG, Divosa and non-governmental organisations) on further measures that can be taken to prevent the non-use of income support. Personal responsibility is an important factor in reducing the non-take-up of income support, since people who are entitled to support ultimately have to decide for themselves whether or not to actually claim it.

Publicity

The government tries to keep the public informed about income support schemes at both national and local level. Various agencies publicise the different schemes, partly by referring clients to each other and by encouraging clients to make use of their informal networks. Further initiatives were taken in 2006, including the launch of the website . This website targets young people whose parents may be entitled to income support. It is a particularly useful tool for reaching parents who do not speak Dutch well through their children, who are generally better informed of what is happening in Dutch society.

Linking of databases

Since 1 January 2006, the Information Bureau [*Inlichtingenbureau*] has provided a platform for the structural exchange of data between the Social Insurance Bank (Svb) and local authorities relating to people without a full state old-age pension (AOW). Accordingly, local authorities are then able to actively target people without a full pension and inform them of their possible entitlement to social assistance. The Svb is also implementing the WWB for over-65s in a number of pilot projects in The Hague, Eindhoven, Noordoostpolder and Cuijk.

Linking of databases for the Reimbursement of Exceptional Expenses Scheme [Tegemoetkomingsregeling Buitengewone Uitgaven] (TBU)

Under the TBU scheme, single people and families with high health care costs and low incomes receive a financial allowance for exceptional expenses that are not fully reimbursed by the tax authorities. The TBU is only awarded to people who submit tax returns. However, many people in the target group were not used to submitting tax returns or were put off by the red tape. Until 2005, only 10% of the target group took advantage of the TBU, which caused the government to reconsider its approach.

The new approach was designed in consultation with representatives of the target group. Their recommendations were:

- specify how much money can be refunded to make it clear that submitting tax returns pays;
- address the target group directly, since general information is less effective;
- fill in the tax return as fully as possible so that the citizen is not asked for details that are already available;

- simplify the form by asking no more questions than necessary and presenting them in a logical order;
- where possible, specify the actual maximum amount deductible for each type of expense.

By linking databases, it was possible to determine which residents of the Netherlands might be eligible for the TBU scheme on the basis of their income and the health insurance premium they paid and their personal contribution to the AWBZ. At the end of 2005, 400,000 simplified tax return forms were sent out with an accompanying letter. The tax authorities hoped for a response rate of 25%, which in fact proved to be 62.5%.

A customer satisfaction survey revealed that the most pleasing feature for the target group was the fact that the form was already largely completed and that it was clear what other costs could be deducted.

Source: The Tax and Customs Administration

Simple application procedures

To supplement general national income policy, local authorities provide a customised service, which includes individual supplementary benefits. The statutory framework of the WWB allows local authorities to simplify the application procedures for local schemes such as individual supplementary benefits. For example, local authorities can carry out post facto spot checks to ascertain the validity of special expenses for which they have made a payment from the funds for supplementary benefits. Since the existing statutory framework offers local authorities sufficient opportunities to provide easy-access services, there is no need to expand the range of payments that local authorities can make to specific categories of applicants. That could undermine national income policy and obscure the importance of providing customised solutions.

‘De-bureaucratising’ in Houten

Anyone who is entitled to supplementary benefits should receive them quickly and without fuss. This was the idea behind the Municipality of Houten’s decision to introduce an express application procedure for the most common categories of this form of income support. Applicants who have paid to have their dentures repaired, the costs of a play group or for school equipment for their children can get their money within ten minutes. All they do is tick the item that was purchased on a form and say what it cost, enclose the receipt, sign the form and they’re done. Within ten minutes the applicant has a decision and the money is transferred. The sole restriction is that the procedure only applies for people already known to the local authority, in other words individuals who are receiving social assistance or who applied for supplementary benefits within the last year. For each category of expense on the form the municipal executive and local council have already decided that it is essential and the applicant no longer has to prove it. Since the applicants are known to the social services, there is also no need to carry out an income assessment.

Source: *Stimulansz*, Municipal Poverty Policy (2006), Municipal Health Service West Brabant

The government also wants to streamline income-related schemes, particularly for care, children and housing, through the General Income-Dependent Allowances Act (*Awir*). This

streamlining should lead to greater transparency for the public, lower implementation costs and a more effective approach to the poverty trap. The allowances will in future be implemented by a single agency (the Tax and Customs Administration). Consequently, more people entitled under the schemes are expected to actually use them. Child care allowances, rent rebate and care allowances have fallen under the Awir since 2006. From 2009 the educational costs allowances (Wtos) will be integrated in the children's tax allowance. Housing associations, health insurers, local authorities and child care institutions were among those consulted during the drafting of the Awir.

In July 2006, the Upper House of Parliament approved a bill giving local authorities greater power to grant a special allowance to people who receive benefits at a minimum level. The allowance is intended for people aged between 23 and 65 who have been living on benefits for longer than five years and have no chance of securing a job. The amendment allows the local authorities to grant an allowance even if the beneficiary has very briefly earned a small amount. It is up to the local authorities to decide whether a person is entitled to the allowance in such a situation. The allowance amounts to between €300 and €500 a year depending on the family situation.

Support with application procedures

Various local authorities provide help for claimants in applying for benefits. One method is the use of 'form brigades'.

The Amsterdam Form Brigade

Many people don't know precisely what they are entitled to or believe they are not eligible for a rent rebate or exemption from the municipal water charges.

Almost every district in Amsterdam has a 'form brigade' to help them. The teams, comprising 100 people in all, inform residents in their district of their rights and help them to complete all sorts of forms, whether it's an application for a wheelchair, a tax return, a registration form for group health insurance or a request for dispensation from a municipal charge or for reimbursement of study costs. The teams completed more than 27,400 forms for 24,000 residents of Amsterdam in 2005.

Most of the participants in the form brigades have themselves been unemployed and living on benefits for a long time. After receiving training and under the supervision of a coach, they learn on the job how to work together and to deal with unusual situations. Every year more than 20% of them move on to a paid job.

Consequently, the members of the 'form brigade' are not only helping other residents of Amsterdam to complete forms but are improving their own prospects in the labour market. The help provided by the form brigade also benefits the organisations that issue the forms, since they are completed accurately and completely and can then be processed quickly, and that pleases everyone.

Source: Municipality of Amsterdam

2.7 Objective IV: Addressing over-indebtedness

Research and signals from society reveal a growing demand for assistance in settling debts. Over-indebtedness can have various negative consequences for both debtors and for society as a whole. For the debtor, over-indebtedness can form an obstacle to participation in the labour market, while local authorities can incur high costs in providing support or evicting a debtor. An additional boost is therefore needed for efforts to address over-indebtedness.

The point of departure of government policy is that the debtor himself is primarily responsible for dealing with over-indebtedness. The government is keen to make citizens aware of this responsibility. In 2005, the government published its policy on the debt problem in the document *The State of Debt [Het Rijk rond schulden]*. Various of the initiatives contained in this document have already been launched or completed. On 26 June 2006, an administrative conference was organised to consider ways of dealing with the issue of over-indebtedness with interest groups, local authorities and the national government. The parties at this conference agreed to identify problems and possible solutions and then reach agreements on how to achieve them. The government has also earmarked

an additional 25 million in 2006 to address over-indebtedness.

2.7.1. Prevention of over-indebtedness

Target

Objective Indicator Increasing the financial awareness of consumers. A survey of the current financial awareness of consumers will start at the end of 2006/beginning of 2007. Preventing the excessive supply of credit. The number of people with problem of debts as a result of being given more credit than the consumer's financial position warrants

The Financial Services Act, which took effect on 1 January 2006, contains measures to prevent the provision of excess credit. The act contains a code of conduct to be observed by suppliers and facilitators of credit, which covers aspects such as the information they must provide (including rules concerning advertising) and the requirement to carry out a creditworthiness assessment. The Financial Services Act also contains provisions to strengthen the supervision of the financial sector. In a letter to parliament on 7 November 2005, the government announced that it would take further measures to prevent financial institutions providing excess credit. Two of these measures have already been incorporated in regulations, i.e. the reduction of the maximum fee for providing credit (with effect from 1 July 2006) and the lowering of the minimum amount at which the Existing Credit Register (*Bestaande Kredietregister* (BKR)) must be consulted from 1,000 to

2 5 0 . T h e i m p a c t o f t h e m e a s u r e s c o n c e r n i n g t h e p r e v e n t i o n o f e x c e s s i v e s u p p l y o f c r e d i t w i l l b e e v a l u a t e d i n 2 0 0 7 . T h e s t a t e d t a r g e t s a n d i n d i c a t o r s w i l l b e u s e d f o r t h i s e v a l u a t i o n .

Additional measures to prevent over-indebtedness, and for which part of the extra 25 million euro will be used, encompass public information and the creation of a platform designed to increase consumer understanding of financial affairs. The members of the platform will be parties concerned with financial decisions made by consumers. One of the aims of this initiative is to increase consumer awareness of the need to devote sufficient attention to household finances. It will also support the market's plans to set up a national register of debts. From August 2006, financial budgeting will be a compulsory subject in the initial years of secondary education. Finally, the cabinet proposes amending the WWB to halve the period within which a benefit or an advance on it is paid from eight weeks to four weeks from the time of the application.

2.7.2. Improving debt settlement support

Target objective Indicator Improvement in the quality and success rate of debt settlement support programmes Number of schemes and success rate of agreed programmes (Netherlands Association of Municipal Banks (NVVK) Number and success rate of procedures under the Arrangement with Creditors (Natural Persons) Act (Wsnp)

Better coordination in local and regional chains

A proposal for an amendment of the Arrangement with Creditors (Natural Persons) Act (Wsnp) has been sent to the Lower House of Parliament and will be debated in the autumn of 2006. The main points of the bill are:

to strengthen the amicable settlement process, a mandatory settlement scheme will be introduced which will allow the courts to force creditors to agree to an extra-legal settlement if their refusal to do so is unreasonable;

to limit the numbers of debtors pursuing the legal process to those debtors for whom the process is intended and is effective;

some aspects of the statutory scheme will be simplified, such as the arrangement with creditors plan, the provisional application and the verification meeting;

the grounds for terminating the debt – without a clean slate – will be expanded for those to whom, with hindsight, they do not apply.

T h e g o v e r n m e n t l a u n c h e d a s u b s i d y s c h e m e t o p r o m o t e t h e i n t r o d u c t i o n o r f u r t h e r a p p l i c a t i o n o f s u p p o r t f o r d e b t s e t t l e m e n t b y l o c a l a u t h o r i t i e s (2 1 . 5 m i l l i o n i n 2 0 0 6) . T h e g o v e r n m e n t w i l l a l s o s t r i v e t o

³⁹ See appendix IV on the consultation process.

improve the cooperation between the parties involved in helping debtors by organising regional conferences. It will also explore the possibilities for voluntary certification of debt settlement support agencies. Finally, the government will initiate a nation-wide Regional Debt Forum [*Arrondissementaal Schuldenberaad*] with a view to improving the match between the amicable and legal processes. This Debt Forum is expected to create a more integrated debt settlement support service throughout the chain, and secure efficiency and quality gains for the entire process by improving the sharing of information.

2.8 Administrative context

2.8.1. Consultations

The government-wide policy to tackle poverty and promote social participation calls for the support and efforts of many actors, including municipalities, provinces, non-governmental organisations, client councils, social partners and organisations that are in close contact with people at risk of poverty through their work (such as municipal credit banks, housing associations and energy companies). All these organisations were therefore involved in one way or another in the preparation of the section on poverty and participation in the NSR.¹

2.8.2. Mainstreaming poverty: cooperation between the various parties

The government is working with local and regional governments and partners in civil society to ensure that everyone assumes their own responsibility in the effort to tackle poverty and promote participation. Among the agreements reached between relevant partners are those made at the tripartite Work summit (in the autumn of 2005), the joint vision of the municipal labour market policy (in which the VNG and the Ministry of Social Affairs and Employment endorsed targets for reintegration and training in the spring of 2006), agreements reached with the 31 largest cities for the period 2005-2009, one aspect of which is an integrated and area-specific approach to social inclusion (with an additional impulse in 2006-2007 for social regeneration in selected districts), the action plan to tackle illiteracy and the sharing of data to counter the non-use of income support. The government also regularly consults partners in civil society (social partners, Social Alliance, National Minorities Platform). In addition to these agreements, there will be consultation with the relevant partners about their responsibilities for achieving the objectives in this NSR. For example, there will be a follow-up to the administrative conference held on 26 June to discuss ways of addressing the problem of over-indebtedness and regional meetings on collaboration in debt settlement support and poverty policy in the autumn of 2006.

2.8.3. Monitoring the effects of policy

Target objectives and indicators have been included in this report to ensure that progress with the policy set out here can be monitored. The most important measures relating to preventing poverty and promoting participation, such as the WWB, will be evaluated. The evaluation will include the effects of the measures on vulnerable groups. The fact that some of these policy areas have been decentralised means that the parties responsible for implementing them are principally accountable to municipal councils, which means the national government has a new role. Rather than demanding information from local authorities, the central government will facilitate access to management data for members of local authorities and other interested parties. The Work and Social Assistance Score Card [*Kernkaart WWB*] is one example of this.

⁴⁰ Policy to increase labour participation, including participation of older workers, is discussed in the NRP Progress Report.

⁴¹ For more information about early retirement /pre-pension and life-course savings schemes, see the NRP 2005-2008 p. 41 and the NSR-P 2005 pp. 4-5.

The national government will also distribute examples of best practice, for example in the guidelines on Municipal Poverty Policy (2006) and via .

Work and Social Assistance Score Card [WBB Kernkaart]

<http://gemeenteloket.szw.nl/kernkaart/>

The Score Card gives an overview of the performance of *all* Dutch municipalities on seven themes and thirteen indicators which, individually and in combination, give an impression of the implementation of the Work and Social Assistance Act (WWB). The Score Card is a tool that municipal councils can use to manage the implementation of the Work and Social Assistance Act on the basis of results, although it can also help the municipal executive and the local client council to provide advice about potential improvements in the quality of implementation. For comparative purposes, the municipalities are divided into eight groups with similar populations. The results of each individual municipality are compared with the average results for municipalities of the same size. The local authority can, however, also choose its own reference municipalities for a comparison, such as municipalities in the same region or with a similar labour market.

The Score Card is based on the data that the local authorities supply to Statistics Netherlands (CBS) for the compilation of WWB-related statistics (on benefits, reintegration, debtors and fraud). Since the Score Card contains information about the results of implementation in 2004 and 2005, local authorities can also monitor whether their performances have improved or not. The Score Card presents only the facts and does not give an explanation for or a judgment on the results achieved.

Source: Ministry of Social Affairs and Employment

3 National strategic report on pensions

3.1 Introduction

The National Strategic Report on Pensions 2005 (NSR-P 2005) contained a detailed report on measures relating to pensions. This chapter is therefore limited to an update of the pension report in 2005.

The format of the NSR-P 2005 was based on the 11 objectives adopted by the European Council in Laeken in December 2001. In streamlining the processes of the open method of coordination for social inclusion, pensions and health care and long-term care, the 11 objectives for pensions have been consolidated into three: objective g. on adequacy, objective h. on financial sustainability and objective i. on modernisation. The structure of this chapter follows this format and discusses early-retirement and pre-pension schemes, the Financial Assessment Framework and the introduction of collective defined-contribution schemes.

3.2 Most important developments since the publication of the NSR-P 2005

3.2.1 Adequacy

Objective g: ensure adequate retirement incomes for all and access to pensions which allow people to maintain, to a reasonable degree, their living standard after retirement, in the spirit of solidarity and fairness between and within generations.

The adequacy of the pension systems is determined in part by the support it enjoys. The support for a pension system depends in part on the support for the principle of solidarity embraced in the system. The ageing population calls for higher labour participation among older people.¹ By taking action now, young people can legitimately be called on to continue to support the pension system.

As stated in the National Strategic Report on Pensions 2005, the Dutch government feels it is irresponsible to continue giving the impression that early retirement is the norm by continuing to support such schemes with tax facilities.

The fiscal treatment of early retirement and pre-pension schemes has therefore changed since 1 January 2006. At the same time, the life-course savings scheme was introduced. This scheme is open to everyone, young and old.¹

The labour market participation rate in the age group 55-64 rose by 2.3 percentage-points in the period 2002-2005. This increase came about during a period of weak economic growth and is in sharp contrast to the decline of 1.7 percentage-points in participation in the age group 15-54 in the same period. Table 3 shows that the difference in the development of labour market participation between people younger and older than 55 applies to both men and women. In both cases, the relative difference is approximately 4 percentage-points.

Table 3 Employment rate by age and gender (jobs of at least 12 hours per week)

	men	women	men	Women	15-54	55-64	15-54	55-64	15-54	55-64	15-54	55-64	15-54	55-64	Change 2002-2005
2002	70.0	37.4	80.1	52.3	59.7	22.4	2003	69.5	38.0	78.8	52.3	60.1	23.7	2004	68.4
2005	39.2	77.0	52.8	59.5	25.5	2005	68.3	39.7	76.4	52.4	60.1	26.9			

Source: CBS Working Population Survey

The remarkable increase in the participation of older people suggests that earlier policy aimed at facilitating and making it more attractive for people to work longer is producing results. The expectation therefore is that the national target of a labour participation rate among the elderly of 40% in 2007 will be met. The measures concerning early retirement and pre-pension schemes that took effect on 1 January 2006 are an important element of this policy.

3.2.2 Financial sustainability

Objective h: ensure the financial sustainability of public and private pension schemes, bearing in mind pressures on public finances and the ageing of populations, and in the context of the three-pronged strategy for tackling the budgetary implications of ageing, notably by supporting longer working lives and active ageing, by balancing contributions and benefits in an appropriate and socially fair manner and by promoting the affordability and the security of funded and private schemes.

The financial sustainability of the pension system is partly determined by the level of confidence in the system. Confidence in the pension system depends in part on the security of the pension schemes.

It was partly to maintain this confidence that the government decided to introduce a new Financial Assessment Framework (FTK).

An important element of the FTK is that the liabilities of pension funds must be valued at market value. The new FTK also imposes requirements concerning the size of the reserves and the break-even contribution rate and for consistency between the commitment regarding indexation, the financing and the relevant communication.

The FTK is incorporated in the new Pensions Act, which was submitted to the Lower House of Parliament on 20 December 2005. The FTK is due to enter into force on 1 January 2007.

⁴² OECD, "Economic Survey The Netherlands, special chapter Health Care" (May 2000); Health Consumer Powerhouse "EuroHealth Consumer Index" (June 2005).

3.2.3 Flexibility of pension systems

Objective i: ensure that pension systems are transparent, well adapted to the needs and aspirations of men and women and the requirements of modern societies, demographic ageing and structural change; that people receive the information they need to plan their retirement and that reforms are conducted on the basis of the broadest possible consensus.

In 2006 a number of large companies in the Netherlands introduced a new type of pension scheme, the “collective defined-contribution scheme”, mainly with a view to limiting the company’s financial risks and in response to the introduction of the International Financial Reporting Standards (IFRS) from 1 January 2005.

A collective defined-contribution scheme consists of a mix of elements from “traditional” defined-contribution and defined-benefit schemes. The collective defined-contribution scheme is similar to a ‘traditional’ defined-contribution scheme in the sense that the scheme is financed by an agreed fixed employer’s contribution (consisting of an employer’s premium and possibly an employee’s premium). This might be a fixed percentage of the wage bill or the pensionable salary. Stability and a break-even contribution are the main criteria in fixing the premium. The contribution may include a premium for indexation corresponding with the level of ambition of the pension scheme.

The collective defined-contribution scheme also contains elements typical of the ‘traditional’ defined-benefits schemes: collective implementation and the sharing of risks by the participants. Participants still accumulate wage-related pension entitlements and the investment, inflation and longevity risks are borne by all the participants in the fund. The element of solidarity in an average premium is also retained in collective defined-contribution schemes.

If the worst comes to the worst, if the premium agreed for the longer term (5 years) in a collective defined-contribution scheme proves inadequate the nominal pension entitlements of the participants will in principle have to be reduced since the employer pays no more than the agreed premium. In this respect, compared with the defined-benefit scheme the risk shifts from the employer to the employee.

4 National plan for health care and long-term care

4.1 Introduction

The Netherlands enjoys a high standard of health care.¹ Nevertheless, there are major challenges. The government's intense intervention in the past led to a lot of bureaucracy and left few responsibilities to the main actors in the care sector. Consequently, there were not enough incentives to increase efficiency and effectiveness. At the same time, changes are occurring in the demand for care (an increase in the number of people with chronic conditions, ageing, consumer-driven care), the provision of care (medical and technological developments, further professionalisation, multidisciplinary and transmural cooperation) and a reorientation of policy to different areas of care (decentralisation, accessibility, availability and scale). These changes call for a new outlook on the Dutch health care system.

To ensure that health care remains of a high quality, affordable and accessible to all in the future and to guarantee the long-term future of the health care and long-term care system, the government has introduced a new Health Insurance Act and the Social Support Act (Wmo) and launched a discussion about the AWBZ. The Health Insurance Act transfers more responsibility to the relevant actors: health insurers, care providers and patients. The government has taken a step back but remains responsible for safeguarding public interests: quality, accessibility and affordability. The Wmo transfers some powers to local authorities with a view to bringing coherence to policy on health, domestic arrangements and welfare.

This chapter is built around the three European objectives for health care and long-term care, i.e. accessibility, quality and sustainability. Health care is discussed in section 4.2 and long-term care in section 4.3. This chapter discusses the most recent changes in the care sector. Public health in the Netherlands extends further, however, and also encompasses subjects such as prevention and youth care.

4.2 Health care

4.2.1 Health care system

The Netherlands formerly had a dual system, in which two-thirds of the population had mandatory social health insurance, executed by public health insurance funds, and one-third had to take out private insurance. Under the old system, different rules applied for the different groups. On 1 January 2006, a new health care insurance system for the curative sector took effect in the Netherlands, which drastically changed the relationship between the patient, the care provider and the insurer. The underlying idea is that the Health Insurance Act will create a system that continues to guarantee access to health care in the future while increasing the efficiency of the service and maintaining or even improving the quality of the service provided. The Health Insurance Act gives patients, care providers and insurers greater freedom of choice and responsibility, while making them more conscious of the costs and confronting them with the consequences in health care and in health insurance.

The *health insurers* compete with each other on the nominal premium and on the quality of service they provide to their clients. Health insurers are expected to focus on efficiency in the

⁴³ It is possible to take out supplementary insurance in addition to the basic package. The health insurer is free to set the premiums for this insurance. Insurers are not obliged to accept applications for supplementary insurance. For example, dental care for adults and physiotherapy are not included in the basic package, but can be covered in an additional policy.

contracts they conclude with care providers so that they are able to offer competitive premiums.

The *providers of care* have been given the task of organising the care processes as efficiently as possible without making concessions on quality. Health insurers and providers can negotiate freely on some tariffs. At the moment, they can do so for 10% of hospital treatments. This percentage will possibly rise gradually in the coming years. Besides price, they can also negotiate on quality and the volume of care to be provided. General hospitals are, like the insurers, private companies. The university hospitals are public institutions. *Patients* are challenged to critically compare the offers of different health insurers and care providers and carefully consider what care they actually need. Patients have the choice of buying care through their health insurer or choosing their own supplier. The first option involves a 'policy with benefits in kind', which means that the policyholder receives care from the health care provider that has a contract with his insurer and the provider submits the bill directly to the insurer. The alternative is a reimbursement policy, which means that the policyholder can choose which provider he will use even if it has no contract with the insurer. Under this policy, the policyholder is reimbursed a maximum amount for the relevant treatment. In 2006, 23% of policyholders had opted for a reimbursement policy. In theory, it is the policyholder who purchases the care in this case, although he does not actually conduct the negotiations. This structure gives the three parties an incentive to take a prudent and financially sound approach to care. The national government remains responsible for the system and for safeguarding the accessibility, quality and affordability of care.

The aim of the Health Insurance Act is to create a transparent market with competition between health insurers and providers of care. A transparent market with competing insurers and providers requires adequate supervision and appropriate regulation. The Health Care Market Regulation Act assigns a major role in this regulation to the Netherlands Care Authority (NZA), which will ensure that market forces operate properly in health care from 2007. The NZA will perform its supervisory role by monitoring costs, prices, quality, contractual terms and market developments. The NZA will be able to challenge unreasonable payment conditions and unreasonable contractual periods imposed by health insurers. The NZA will also be able to impose additional obligations on care providers or health insurers with a dominant market position in order to promote fair competition. Another important task of the NZA will be to ensure that patients receive sufficient information to be able to choose a care supplier or health insurer.

⁴⁴ This does not apply for persons insured under a group policy, either via an employer or a legal entity representing the interests of a group of insured persons. Insurers can give a discount of up to 10% to members of a group policy compared with individual policyholders.

4.2.2 Access

Objective j: ensure access for all to adequate health and long-term care and that the need for care does not lead to poverty and financial dependency; and that inequities in access to care and in health outcomes are addressed.

Since the introduction of the Health Insurance Act on 1 January 2006, everyone living or paying tax in the Netherlands is obliged to take out insurance against medical expenses. The government has imposed a duty on health insurers to accept any applicant for the standard insurance. This is a social guarantee embedded in law, prohibiting risk selection. To compensate any health insurers who have a relatively large number of high-risk policyholders, the risk equalisation system that was introduced in the former system has been maintained under the Health Insurance Act. The risk equalisation system gives health insurers a second source of funding based on objective criteria and so makes policyholders with a higher health risk more attractive for insurers.

Coverage of the basic insurance package is fixed by law and encompasses essential curative care.¹ The policyholder pays a nominal premium for the basic insurance directly to the insurer and an income-related contribution through payroll tax. Employers are obliged to reimburse the income-related contribution to their employees. Families whose nominal premium is high in relation to their income are entitled to financial assistance from the state (Health Care Allowance Act). The government pays the nominal premium for children up to the age of 18, although young people who have a job do pay an income-related premium which is reimbursed by their employer.

The health insurer may not differentiate according to risks between policyholders in the premiums charged for the basic insurance.¹ The ban on premium differentiation does not apply for supplementary insurance. Policyholders who opt for a deductible, which can vary from 0 to 500 euro, receive a discount on the nominal premium. The new system also includes a no-claim refund. Individuals who make little or no use of care facilities can receive

255 a refund of up to 255 of the nominal premium. For the policyholder, this system establishes a relationship between the amount of care required and the cost of the care. The costs of visits to GPs, the services of midwives and maternity care are exempt when calculating the no-claim refund.

Initial impact of the Health Insurance Act

People in the Netherlands had until 1 May 2006 to decide whether to stay with their existing health insurer or change to a different insurer. By the spring of 2006, approximately 18% had switched in response to a better offer from a different health insurer. Between 5% and 10% of policyholders are estimated to have changed to a different policy from the same health insurer. The figures from the health insurers show that the main reason why policyholders switched was that they had received a better offer for a group policy. The percentage of

insured persons covered by group policies rose from just over 30% to 46%.

The health insurers' duty to accept applications for insurance is intended to ensure that everyone has access to the standard insurance. There may be a group of insured persons who fail to pay the premiums and 'hop' from one insurance company to another or fail to pay at all. Agreement has been reached with the health insurers that defaulters will continue to be insured by the company with whom they are registered for the policy that they took out. For the first six months of non-payment the insurer will follow the normal procedure for collecting the premiums. After this six-month period, the defaulter will be placed under a tighter collection regime by his insurer. The defaulter can change insurer when he has paid the debt.

4.2.3 Quality

Objective k: ensure quality in health and long-term care and adapt care, including developing preventive care, to the changing needs and preferences of society and individuals, notably by developing quality standards reflecting best international practice and by strengthening the responsibility of health professionals and of patients and care recipients.

One of the objectives in developing the Health Insurance Act was to improve the quality of service. The competition between the health insurers will force them to buy the best possible health care as economically as possible from care providers. The health insurer must make sure that people are able to obtain insured care. The recipient of care is expected to make a choice on the basis of this price-quality ratio. This creates an indirect incentive for care providers to redesign their processes to deliver the best possible quality. The Health Insurance Act no longer requires a health insurer to contract with all providers of care, which means that a health insurer can selectively contract and not make agreements with a poorly performing provider. The health insurer can be creative in meeting the demand for care by concluding contracts with innovative care providers or promoting this type of care through the reimbursement policy.

ICT in the health care sector

ICT has a role to play in the health care sector, for example in the sharing of medical data. This benefits the entire care process around the patient since all care providers have the same information, and medical errors such as prescribing the wrong medicine or treatment, can be prevented. The Ministry of Health, Welfare and Sport is working with other parties to develop a nationwide system for the electronic exchange of medical data via the electronic health record (In Dutch: elektronisch patiëntendossier (EPD)). The aim is to create a national transmural EPD, which will allow the relevant client/patient data in the systems of different organisations to be downloaded and exchanged in a secure environment and to be viewed in their entirety by authorised care providers. ICT can also improve the quality of care, for example through the use of broadband technology for the exchange of digital x-rays.

New and current initiatives to improve quality

From 1 January 2007, all health care institutions will have to publish an annual public accountability report [*Jaardocument Maatschappelijke Verantwoording*]. With this report, the institutions will be able to supply all the information they are legally required to provide by entering them once in a web-based input module. While this document was being compiled, many questions were consolidated and others were scrapped and uniform definitions were adopted, thus reducing the administrative burden for institutions. Most of the data are stored

in a database which is publicly accessible. The intention is to make the health care system more transparent, even for the patient, and hence encourage patients to adopt a more critical attitude towards the care being provided.

At the end of 2003, the Ministry of Health, Welfare and Sport and the hospitals launched a programme entitled *Better Quicker [Sneller Beter]* to increase efficiency, improve quality and encourage innovation. The programme provides a focus for the parties in the modern world of care to achieve results by learning from good examples and from the private sector in areas such as logistics, security, accountability and transparency. The activities of the programme are arranged in three categories: raising awareness and benchmarking, performance indicators and transparency and projects to make improvements in hospitals. In 2006, *Better Quicker* will focus more specifically on the various groups of employees in hospitals, ICT and the use of the Diagnosis Treatment Combination (DBC) information system as a source of data. Also in 2006, a final group of eight hospitals will commence a programme to improve logistics and security for patients.

One element of the second category of activities in Quicker Better is a *report of the Health Care Inspectorate (IGZ)*. Performance indicators will give an indication of the quality, safety and accessibility of care provided in hospitals. The information is publicly available for both health insurers and patients. The hospitals will also be able to see what the competitors are doing and where they can make improvements themselves. There is growing recognition of the importance of performance indicators and this has sparked a discussion among the professional groups about the urgency of producing guidelines and standards. The indicators have received a lot of media attention and are published on an internet site. From 2006, the IGZ's performance indicators will be included in the public accountability report.

The first *Zorgbalans (Care Balance)* was published in 2006. The report reviewed the performance of the Dutch health care sector in 2004 in terms of quality, accessibility and costs. The Care Balance gives an overall impression of the sector on the basis of approximately 125 indicators. The Care Balance was developed in association with the National Institute for Public Health and the Environment (RIVM) and is due to appear every two years. The main conclusions from the Care Balance 2006 are that in 2004 the Netherlands had an accessible care system and that although costs had risen between 2000 and 2004 they do not differ much from the European trend. The quality of care is above-average in various respects, but there is room for improvement on aspects such as effectiveness, preventive care, safety and chain care.

In late 2005, a special internet site was launched where consumers can compare providers and institutions, medicines and health insurers. The government hopes the site will encourage patients and insured persons to become 'consumers' of health care.

4.2.4 Affordability/Sustainability

Objective 1: ensure that adequate and high quality health and long-term care remains affordable and financially sustainable by promoting a rational use of resources, notably through appropriate incentives for users and providers, good governance and coordination between care systems and public and private institutions. Long-term sustainability and quality require the promotion of healthy and active life styles and good human resources for the care

sector.

The Netherlands Bureau for Economic Policy Analysis (CPB) has produced a scenario for spending on health care in the medium term if policy remains the same. This scenario projects annual average growth of nominal expenditure on care during the period 2008-2011 of 5.5% a year; 2.8 %-points of this growth will be attributable to growth in the volume of care, due to factors such as population growth and ageing (0.9% points) and technological progress, improvements in the quality of care and greater demand for care due to increased prosperity (1.9 %-points). The other 2.7 %-point increase in spending on care will be the result of rising prices in the care sector. Prices in the sector will rise 1.2 %-points more than the forecast general inflation. Since labour productivity in the care sector will lag behind of the rest of the economy, the prices in the care sector will rise 0.8 %-points faster than general inflation (the Baumol effect). The remaining 0.4 %-points will be due to the fact that prices for new medicines and new equipment often rise faster than the general rate of inflation.

The Netherlands will take various measures in the coming years to address these developments. One of the objectives of the Health Insurance Act is to keep the cost of health care affordable in the future. As already mentioned, the act embodies various incentives to encourage the three main actors to act responsibly in relation to care.

Labour market

There is a danger that within 10-20 years there will not be sufficient health care staff to meet the demand for care. If the demand for care continues to rise and technology stands still, 22% of the working population would have to be working in the care sector in 2020 compared with 13% in 2006. The government is disturbed by this prospect and has responded with projects such as Better Quicker and Making it Better [*Zorg voor Beter*]. The government is addressing this problem along four related routes: limiting the growth in demand for care, increasing labour productivity, increasing the supply of personnel (labour participation) and improving the attractiveness of working in the care sector. Prevention, the ability to live independently, labour productivity, the organisation of work, labour market policy and legislation are all factors that will influence the number of employees that are needed. Various activities will be started in these six areas in the coming year.

Prevention

In the autumn of 2006, the minister will send a letter to the Lower House of Parliament with the four-yearly policy document on prevention. This letter will precede and provide a blueprint for the municipal health policy documents. The letter will focus on the relationship between national and local health policy. In the letter, the government will select priority areas, leaving the municipalities to shape local prevention policy. The priority areas were dictated by the current state of the nation's health and knowledge of effective intervention techniques and were selected in consultation with the sector.

The government is currently preparing a project proposal for a new broader strategy for prevention, which is due to be presented in mid-2007. It will embrace subjects such as the relationship between prevention and cure and the role of health insurance in that relationship, how to sustain solidarity (and prevention in that context) and intersectoral policy.

4.3 Long-term care

⁴⁵ Government vision of long-term care, June 2006, Ministry of Health, Welfare and Sport.

⁴⁶ See section 4.3.4.

4.3.1 Systems and laws

Exceptional Medical Expenses Act (AWBZ)

Roughly 10%-20% of the people in the Netherlands have a chronic illness and a great many people suffer from long-term disabilities, ranging from slight to very serious. Many of these people make use of medical aids or require long-term home care, nursing or assistance from services for the disabled. By contrast with curative care, which is designed to help the patient recover, this type of care is devoted to providing support for patients. The emphasis is on ensuring that the patient continues to enjoy the best possible quality of life and the greatest possible independence and is able to continue living at home or in modified housing for as long as possible.

The government is constantly looking for ways to improve the organisation of long-term care and support in the Netherlands. With the introduction of the Health Insurance Act (2006) and the Social Support Act (2007), the focus of the AWBZ will be tightened. It will be a social insurance for long-term intensive care.¹ The main objective in the long term is to restore the insurance to its original purpose: a provision for non-curative long-term care.

The Ministry of Health, Welfare and Sport (VWS) recently commissioned an Interdepartmental Policy Study (IBO) into the future of the AWBZ. The study takes the existing level of support in the AWBZ as a given, before going on to ask whether these facilities currently offer the best price-quality ratio in the way they are currently organised. The working group found that the agencies that implement the AWBZ have few financial incentives to work effectively and that there is no clear demarcation of roles between the AWBZ and associated areas. The IBO report found that the best structure for providing care can differ from one client group to another.

The government assumes responsibility for maintaining a system in which parties provide affordable, accessible and good care to people with long-term or chronic disabilities and towards whom there is a collective responsibility. An important step in the modernisation of the AWBZ was the introduction of function-specific entitlements (2004). Since then, the term 'functions' has been decisive in AWBZ care. With care being financed on the basis of functions (function-driven financing), care administration offices are in a better position to negotiate on the content, quality and price of care. With the care being defined in terms of functions, providers of care can focus better on the market and clients have greater freedom of choice and receive 'customised care'. For intramural care, this will be achieved in 2007 with the introduction of care service package financing [*zorgzwaartefinanciering*], a system in which budgets are dictated by the specific package of care required by the patient.¹ The AWBZ gives a right to care. In the Netherlands, people entitled to care (people with an indication that they require care) have a right to facilities or the care prescribed in the legal framework.

The government wants to create a stronger local system of social support that more closely reflects people's need for support close by and that also properly regulates responsibilities. The Social Support Act (Wmo) will achieve this. The government also wants to confine the AWBZ to care for people with a serious and long-term need for care. The government regards the Wmo and AWBZ as complementary in view of the shift that is needed in the existing division of responsibilities. The government is transferring some facilities from the AWBZ to the Wmo. The money needed for this will go to the Municipal Fund.

The Social Support Act (Wmo)

The Wmo, which will enter into force in 2007, is designed to enable everyone to participate in society and provides various facilities, both individual and collective, to help them do so. The main objective of the Wmo is to promote participation by everyone, including those for whom it is difficult due to a disability, old age or their socio-economic class. In the Wmo, social support is defined in terms of nine components. The Ministry of Health, Welfare and Sport establishes the framework within each municipality can formulate its own policy geared to the wishes and composition of its population. Local authorities can now provide a range of services which were formerly regulated by different pieces of legislation, such as the Welfare Act and the Act on facilities for the disabled and household care (as part of the AWBZ), from a single counter where people can go for information, advice and to apply for medical aids and facilities. Under the Wmo, local authorities are responsible for social support.

Mental Health Care (GGZ)

From 2007, some of the mental health care now covered by the AWBZ will be insured under the Health Insurance Act. The idea behind this is that the scope of mental health care is wide. The treatment and counselling of people with psychological complaints requires care and welfare functions as well as the services offered by the mental health care services. Measures have been taken in recent years aimed at ensuring that individual clients can receive customised care. This has led to changes in legislation and in the care itself. The emphasis has been on further developing care chains. The organisation, structure and financing of mental health care services have to change if the chains are to function optimally. Major changes affecting mental health care which are due to be introduced with effect from 2007 are: the transfer of the financing of forensic psychiatry from the AWBZ to the Ministry of Justice; changes in the method of financing of mental health care provided under the AWBZ (care service package financing).

4.3.2 Access

Objective j: ensure access for all to adequate health and long-term care and that the need for care does not lead to poverty and financial dependency; and that inequalities in access to care and in health outcomes are addressed.

AWBZ-wide

For a patient to receive care under the AWBZ, he or she must have a valid statement of need from the Care Needs Assessment Centre [*Centrum Indicatiestelling Zorg*] (CIZ). At the moment, care for young people with development problems who suffer from a mild mental disability is financed via the AWBZ. Access to this care is arranged through the CIZ, which is the gateway to the entire AWBZ care system. The Ministry of Health, Welfare and Sport will transfer the power to give indications for these young people from the CIZ to the youth care officers from 1 January 2008. Care will then no longer be provided through the AWBZ but through the youth care offices, which are financed by the provinces.

The care administration offices direct the process of long-term care at regional level. They are responsible for purchasing care for insured persons in their region from the care providers. As far as the question of clearly defined responsibilities is concerned, the position of the care administration offices in implementing the AWBZ is also under discussion. The government feels that the construction involving care administration offices with a regional monopoly hampers the development of a more market-driven approach. In principle, therefore, the government does not intend to extend the current concessions granted to care administration offices. This means that these offices will disappear in 2009. Individual insurers will then be

responsible for purchasing care for their policyholders.

Others

The Exceptional Expenses Allowance [*Tegemoetkoming buitengewone uitgaven*] (TBU) is a tax deduction to compensate people with a low income, including many people with a disability and/or chronic disease, for exceptional medical expenses. They can declare these medical expenses (premiums) as exceptional expenses for tax purposes. This scheme of the Ministry of Health, Welfare and Sport is administered by the Tax and Customs Administration. In collaboration with numerous organisations and with a targeted publicity campaign, the government wants to ensure that the money reaches the people it is intended for. The Ministry of Health, Welfare and Sport and the Tax and Customs Administration have therefore started a number of projects designed to ensure more people claim the exceptional expenses allowance in their tax returns.

Equal treatment of people with a disability/chronic disease Act

Like everyone else living in the Netherlands, people with a long-term restriction are entitled to be treated as a full-fledged citizen. That includes deciding where they want to live and work and how to spend their free time. It also means control, equal rights and a society that offers them sufficient opportunities and support to live independently and on their own. This means that facilities must also be physically and socially accessible.

As a spin-off from the Equal Opportunities Act (in effect since December 2003), the government has established the Disability and Society Task Force to raise public awareness of the barriers that prevent people with a disability from participating in society. The task force has been asked to highlight good examples of how things should be done.

In 2006, a marketing plan was drawn up to publicise inclusive policy. The notion of thinking in terms of inclusion means that policymakers automatically take account of people with a disability. This may be in legislation, but also in the services and products provided. Examples might include modified letter boxes, ballot boxes, trains and trams (public transport) and many more. The concept of thinking in terms of inclusion will be promoted through marketing campaigns.

4.3.3 Quality

Objective k: ensuring quality in health and long-term care and adapting care, including developing preventive care, to the changing needs and preferences of society and individuals, notably by developing quality standards reflecting best international practice and by strengthening the responsibility of health professionals and of patients and care recipients.

Standards for long-term care

The quality of long-term care is a major priority for the government. It has made agreements with all sectors in long-term care on methods of measuring responsible care. As part of the modernisation of the system of long-term care, organisations of professionals in the sector and clients and the government have drawn up a set of contemporary standards for long-term care. On the basis of this assessment framework, instruments will be developed in 2006 to show the standard of the care provided by nursing homes and homes for the elderly and how that care is perceived by the clients. The standard for the sector has three elements: quality of life, professionalism and accountability. Care organisations are themselves responsible for carrying out the assessments and reporting the results. The care organisations must produce an

annual report setting out its policy on quality and the results of an evaluation of that policy as well as planned improvements and targets for the following year.

Accreditation of Care Institutions Act

The Accreditation of Care Institutions Act [*Wet toelating zorginstellingen*] (WTZI) entered into force in 2006, replacing the Hospital Facilities Act [*Wet ziekenhuisvoorzieningen*] (WZV), the Temporary Payments for Social Services Act [*Tijdelijke verstrekkingenwet maatschappelijke dienstverlening*] (TVWMD) and accreditation provisions in the Public Health Insurance Act and the AWBZ. Under the WTZI, care institutions will gradually be given more freedom and greater responsibility as government intervention in the capacity and the construction of care institutions declines.

Other measures

The Making it Better [*Zorg voor Beter*] programme encourages the care sector to improve the quality of the care provided in the seven AWBZ functions, such as residential care, personal care, treatment and counselling. Care providers can optimise the quality of their care by putting their clients' demands first, being result-driven, highlighting their performance and learning from each other. Care providers can allow their own employees to take part in the programme without charge. The programme provides help in introducing best practices. Themes covered in 2005 included pressure sores, preventing falls and prevention of sexual abuse. Topics to be covered by Making it Better in 2006 include nutrition and liquids and safety of medication. Participating in a breakthrough programme teaches the organisation to work with improvement programmes that can also apply to many other themes. The information about an institution's performance will be available to clients on the website

The care sector is currently conducting an experiment entitled "Screen to screen care", in which patients receiving care via digital media (tv). The initial response from the participants is positive: approximately 70% of the participating clients expect to be able to continue living at home thanks to 'screen to screen' care.

Another programme intended for home care is the National Dementia Programme, which is concerned with the management of care for people with dementia, and more specifically young people with dementia.

4.3.4 Affordability

Objective 1: ensuring that adequate and high quality health and long-term care remains affordable and financially sustainable by promoting a rational use of resources, notably through appropriate incentives for users and providers, good governance and coordination between care systems and public and private institutions. Long-term sustainability and quality require the promotion of healthy and active life styles and good human resources for the care sector.

Financing systems in the AWBZ

Agreements have been reached with the professional organisations in the AWBZ sector on developments in the AWBZ up to and including 2007. The agreements have been laid down in a covenant and are designed to contribute to controlling the growth of AWBZ expenditures.

The principal agreement in the covenant is that AWBZ expenditures can only continue to grow within the financial limits set out in the government agreement. The care providers have agreed to help 1.25% more clients each year up to 2007 on the basis of the available funds. They believe this will meet the expected growth in demand for care.

A new financing system is being developed within the AWBZ. From 2008, there will be 44 care service packages [*zorgzwaartepakketten*] (ZZPs). A client's care needs will be assessed on the basis of a number of criteria linked to a particular care product, known as a care service package (ZZP). A ZZP consists of a description of the type of client, an indication of the total number of hours of care that are felt to be needed and a description of the care. A maximum price will then be fixed for each package. These ZZPs currently form the building blocks of the care service package financing system. In 2007, a shadow care service package financing system will operate during the transition to 2008.

Function-specific financing is already used for extramural care. Agreements on production are made at the level of functions and classes between the care provider and the care administration office, with a single agreed tariff for each function.

In 2006, attention will be devoted to preparing for a new financing system. The function-specific financing will affect the decisions on the assessed need for care, the personal budget and the registration of care. Several pilot projects will be carried out as part of these preparations, encompassing the financing but also the decisions on care service packages and the use of the care plan.

More than a hundred providers in the nursing and care sectors, care of the disabled and long-term mental health care are taking part in the pilot projects. During the projects, the institutions will learn how to follow a points system based on a scoring programme in order to identify the restrictions of each client and to rate them. This will produce a particular score and hence a client profile. In the autumn of 2006, all institutions that still offer this function will use this scoring programme to classify clients according to the different care service packages.

4.4 Financial policy in outline

Various articles in the financial policy are premium-financed expenditures. The ceiling for these expenditures is different to the budget expenditure, i.e. the Budgetary Framework for Care [*Budgettair Kader Zorg*] (BKZ). From 2006, the BKZ is an indicative framework. The government recorded agreements in the Outline Agreement on the budgetary scope available in the period up to 2007 for financing care expenditure. These agreements led to the adoption of a spending ceiling for the coming government period (up to 2007), the so-called BKZ. The expenditure ceiling was agreed in real terms and will therefore be adjusted for inflation each year.

Various definitions are adopted for care expenditure. The gross BKZ expenditures are the total expenditures financed from premium income (AWBZ, Health Insurance Act), government contributions and payments made by patients themselves. The care expenditures that will be assessed against this budgetary framework are the net BKZ expenditures, in other words the gross BKZ expenditures less the portion that is financed by payments made by patients themselves. The supplementary insurance is not included in the BKZ. The BKZ expenditures are divided into four categories (see table 4). In 2006, the Public

Health Insurance Act and the private insurance were merged in the Health Insurance Act.

Table 4 Financing of gross BKZ expenditures (amounts in

- b i l l i o n)

A W B Z	2 1	H e a l t h I n s u r a n c e	
A c t	2 2 . 8	P e r s o n a l p a y m e n t s	A W B Z
(p a t i e n t s)	1 . 8	P e r s o n a l p a y m e n t s	
H e a l t h I n s u r a n c e		A c t	
(p a t i e n t s)	2 . 1	T o t a l b u d g e t	
2 0 0 6	4 7 . 6	S o u r c e : M i n i s t r y o f	
H e a l t h , W e l f a r e a n d S p o r t		B u d g e t	
2 0 0 6			

The roughly - 47 billion (9 % of G N P) that the Netherlands spends on care is divided among various sub - sectors . Table 5 gives a summary .

Table 5 Division of expenditure on care by article (amounts in - b i l l i o n)

P r e v e n t i o n a n d h e a l t h		C u r a t i v e	
p r o t e c t i o n	6 1 . 8	M e d i c i n e s , m e d i c a l t e c h n o l o g y a n d	
c a r e	1 8 , 7 1 0 . 7	t r a n s p l a n t s	4,903.2
		M e n t a l h e a l t h c a r e , a d d i c t i o n a n d s o c i a l s h e l t e r	3,721.1
		A W B Z - w i d e	
		c a r e	1,908.1
		C a r e a n d m e d i c a l a i d s f o r t h e d i s a b l e d	6,189.2
		N u r s i n g c a r e a n d t h e	
		e l d e r l y	11,465.6
		M a n a g e m e n t o f h e a l t h i n s u r a n c e	230.1
		A d d i t i o n a l i t e m	447.9
		T o t a l g r o s s	
		e x p e n d i t u r e o n c a r e	47,637.6
		S o u r c e : M i n i s t r y o f H e a l t h , W e l f a r e a n d S p o r t , 2 0 0 6	

Appendices
**National Strategy Report on Social Protection and Inclusion in the Netherlands
2006-2008**

Appendix I European objectives

Overarching objectives for the Open Method of Coordination in the field of social protection and inclusion:

- a) promoting social cohesion, equality between men and women and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies;
- b) promoting effective and mutual interaction between the Lisbon objectives of greater economic growth, more and better jobs and greater social cohesion, and with the EU's Sustainable Development strategy;
- c) promoting good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy.

Objectives for the different policy areas

A decisive impact on the eradication of poverty and social exclusion by ensuring:

- d) access for all to the resources, rights and services needed for participation in society, preventing and addressing exclusion, and fighting all forms of discrimination leading to exclusion;
- e) the active social inclusion of all, both by promoting participation in the labour market and by fighting poverty and exclusion;
- f) that social inclusion policies are well-coordinated and involve all levels of government and relevant actors, including people experiencing poverty, that they are efficient and effective and mainstreamed into all relevant public policies, including economic, budgetary, education and training policies and structural fund (notably ESF) programmes.

Adequate and sustainable pensions by ensuring:

- g) adequate retirement income for all and access to pensions which allow people to maintain, to a reasonable degree, their living standard after retirement, in the spirit of solidarity and fairness between and within generations;
- h) the financial sustainability of public and private pension schemes, bearing in mind pressures on public finances and the ageing of populations, and in the context of the three-pronged strategy for tackling the budgetary implications of ageing, notably by supporting longer working lives and active ageing; by balancing contributions and benefits in an appropriate and socially fair manner; and by promoting the affordability and the security of funded and private schemes;
- i) that pension systems are transparent, well adapted to the needs and aspirations of women and men and the requirements of modern societies, demographic ageing and structural change; that people receive the information they need to plan their retirement and that reforms are conducted on the basis of the broadest possible consensus.

Accessible, high-quality and sustainable health care and long-term care by ensuring:

- j) access for all to adequate health and long-term care and that the need for care does not lead to poverty and financial dependency; and that inequities in access to care and in health outcomes are addressed;
- k) quality in health and long-term care and by adapting care, including developing preventive care, to the changing needs and preferences of society and individuals, notably by developing quality standards reflecting best international practices and by strengthening the responsibility of health professionals and of patients and care recipients;
- l) that adequate and high quality health and long-term care remain affordable and financially sustainable by promoting a rational use of resources, notably through appropriate incentives for users and providers, good governance and coordination between care systems and public and private institutions. Long-term sustainability and quality require the promotion of healthy and active life styles and good human resources for the care sector.

⁴⁷ Source: Regioplan: De scholing voor werkenden zonder startkwalificatie, February 2006.

⁴⁸ Source: Council for Work and Income (RWI) study: Het instroomniveau voor schoolverlaters op de arbeidsmarkt [The entry level for school-leavers on the labour market]

Appendix II Facts, background information and figures

This appendix contains factual background information about participation, incomes, non-use of income support and debts.

1. Development of labour participation 2000-2005 and unemployment 2001-2006

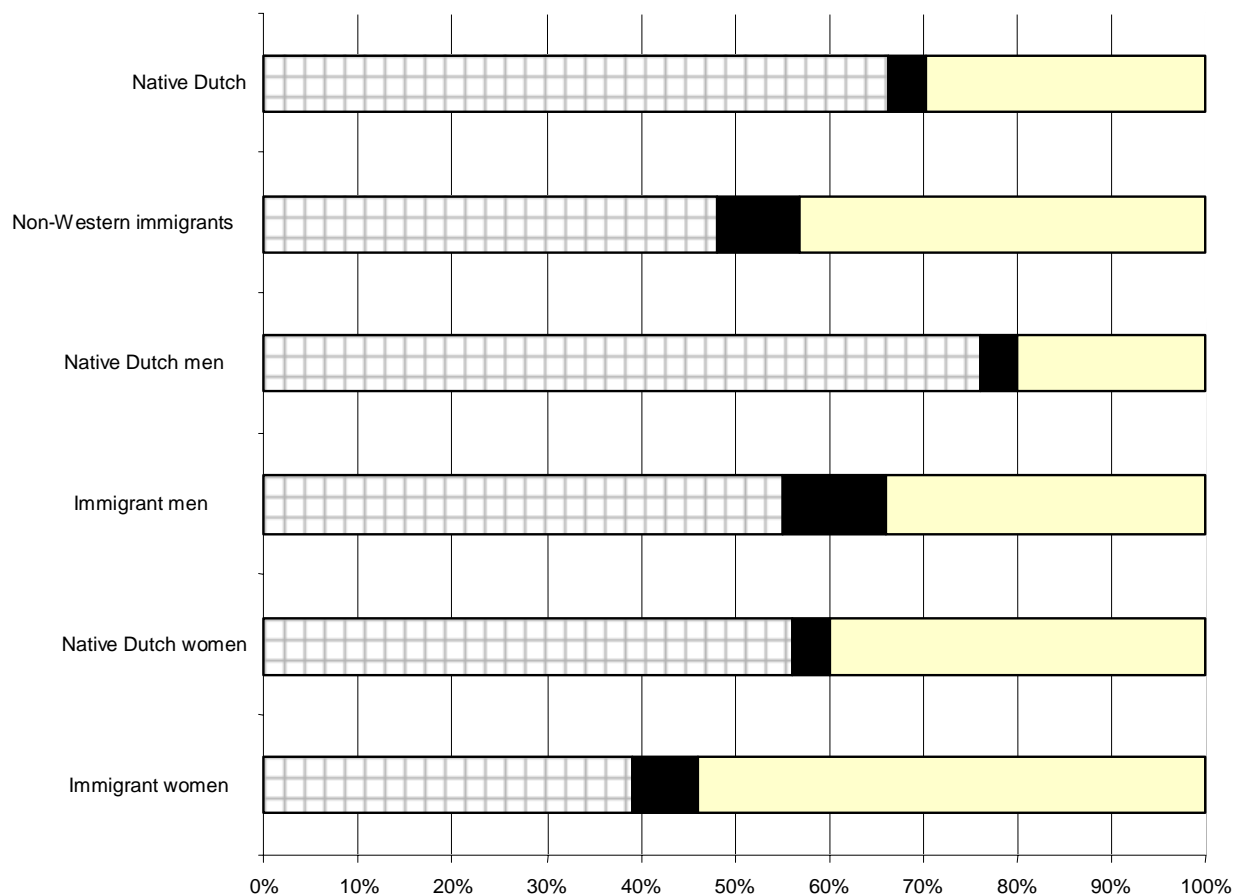
Table 1 Net labour participation

	2000	2001	2002	2003	2004	2005	2006	Net labour participation
	64.5%	65.0%	64.8%	64.2%	63.3%	63.2%		- for
men	76.6%	76.5%	75.6%	74.3%	72.9%	72.1%		- for women
	52.0%	53.2%	53.6%	53.9%	53.6%	54.1%		- aged 55 to 64
	33.6%	34.7%	37.4%	38.0%	39.2%	39.7%		- native
Dutch	66.5%	67.0%	67.0%	66.5%	65.8%	65.6%		- non-Western
immigrants	47.7%	49.7%	49.1%	47.4%	46.5%	46.9%		Source: CBS Statline, Survey of Working Population

Table 2 Unemployed working population

	2000	2001	2002	2003	2004	2005	2006	Unemployment rate
	3.5%	4.1%	5.4%	6.5%	6.5%	5.5%		- for
men	2.5%	3.4%	4.8%	5.8%	5.6%	(June)		- for women
	4.8%	5.1%	6.3%	7.4%	7.7%			- aged 15 to 22
	7.4%	8.5%	10.5%	13.3%	13.1%			By origin:
Dutch	2.9%	3.4%	4.3%	5.3%	5.2%			- native
immigrants	8.9%	10.5%	14.6%	16.1%	16.4%			- non-Western
								Source: CBS Statline, figures for 2006 are provisional

Figure 1 Labour market position by gender and origin



Key figures for non-Western immigrants (2004)

Labour participation:

Almost half of the immigrant working population had a job for more than 12 hours a week in 2004. The figure for the native-Dutch working population was 67%.

Approximately 16% of non-Western immigrants have flexible employment contracts compared with 6% of the native-Dutch working population.

Unemployment:

Of the large groups of non-Western immigrants, unemployment is highest among Moroccans (20% in 2005) and Antilleans and Arubans (18% in 2005).

Unemployment among immigrant youths rose from 24% in 2004 to 26% in 2005 while unemployment among native-Dutch youths declined by 1 percentage-point in 2005 to 11%.

Of the non-Western immigrant working population, 25% are receiving benefits (disability benefit (WAO), unemployment benefit (WW) or social assistance (*bijstand*)). The figure for the native-Dutch working population is 13%.

Source: Ministry of Social Affairs and Employment

Table 3 Trend in the volume of WW, WAO and WWB (ages 15 to 65)

	2000	2001	2002	2003	2004	2005	Current			
2006 WW		189,350	166,010	204,000	286,630	323,400	305,140	286,890	-	
men	107,500	94,060	119,950	168,420	184,590	167,530	(May)	-		
women	81,840	71,940	84,040	118,190	138,790	137,600		WAO/Wajong/WAZ	956,980	981,210
	992,800	981,750	960,570	899,310	874,530	-				
men	551,210	552,440	549,500	540,210	526,560	494,490	(May)	-		
women	405,770	428,750	443,280	441,490	433,910	404,700			Partially fit for	
work	258,540	275,140	284,350	2183,660	279,630	258,240		- men		
	174,690	179,560	180,320	178,170	173,800	160,830		- women		
	83,850	95,570	104,020	105,480	105,800	97,390		Fully capable of		
working	698,000	705,640	708,020	697,660	680,400	640,550		- men		
	376,070	372,450	368,750	361,020	352,310	333,200		- women		
	321,920	333,180	339,240	336,010	328,010	307,250			(June)	WWB
	334,990	322,080	320,100	335,700	338,580	327,930	322,200	- men		
women	194,170	187,640	185,240	190,620	191,060	186,830			Wajong: act aimed at protecting	
									disabled young people against the financial consequences of long-term incapacity for work	
									WAZ: Insurance against Incapacity for Work for the Self-Employed Act	

Source: CBS Statline

2. Education

Table 4 Net labour participation by level of education

	2000	2001	2002	2003	2004	2005	Primary						
education	36.8%	36.2%	35.7%	34.7%	33.4%	32.6%	Mavo	44.0%	45.9%	43.9%	43.6%	42.8%	
	40.8%	Vbo	57.7%	59.3%	58.2%	56.8%	56.3%	54.9%	Havo /				
vwo	57.4%	56.4%	57.1%	56.5%	54.1%	53.7%	Mbo	75.3%	76.2%	75.5%	74.5%	73.0%	73.0%
%	Hbo	80.7%	80.9%	81.8%	80.6%	79.6%	79.9%	Wo	87.4%	86.5%	85.6%	83.9%	80.9%
	81.8%												

Mavo: Secondary General Preparatory Education

Vbo: Preparatory Vocational Education

Havo: Higher General Secondary Education

Vwo: Pre-university education

Mbo: Secondary vocational education

Hbo: Higher vocational education

Wo: University education

Source: CBS Statline

**Table 5. Level of education, % distribution
Native Dutch**

⁴⁹ The Incomes Statistics were revised in 2000. Improvements were made in the conclusions from the income definitions. As a result the outcomes for the series before 2000 cannot be compared with outcomes for the series for 2000 to 2004. Since the revision of the income statistics has not been completed the figures for 2000 and 2004 are provisional. Figures for the number of households with a long-term minimum income are only available from 2003 because of the revision of the Incomes Statistics in 2000.

- (1) Western immigrants
- (2) Non-western immigrants
- (3) Total

(4) - primary education 4.6 4.0 13.9 5.3 - MAVO/VMBO 20.2 16.2 20.8 19.9 -
 HAVO/VWO/MBO 42.6 42.6 43.1 42.6 - HBO 21.3 16.9 9.8 19.9 -
 WO 11.0 18.6 9.1 11.6 - with basic qualification 74.9 78.1 61.9 74.1 Source: Survey of
 Working Population, 2004

Basic qualifications

The Survey of the Working Population 2004 shows that 74.1% of the working population had a basic qualification. Broken down by origin, the figures are 74.9% for native Dutch, 78.1% for western immigrants and 61.9% for non-western immigrants. There are therefore more than 2.1 million working people in the Netherlands without a basic qualification.¹ There are differences between sectors in terms of the level of education that companies require of people starting to work there¹. The chance of securing a permanent job increases significantly as the level of education of the person entering employment rises. Where the starting level in a sector is lower than the level of the general basic qualification it is therefore still very important to ultimately secure a basic qualification.

Table 6 Basic qualifications

2000	2001	2002	2003	2004	2004	Working population	Level of education
unknown	0.5%	0.5%	0.3%	0.4%	0.6%	43,000	Working persons with basic qualification
71.9%	71.4%	72.9%	74.0%	74.9%	5,270,000	Working persons without basic qualification	
27.6%	28.1%	26.8%	25.6%	24.5%	1,724,000	Unemployed working population	
						With basic qualification	63.4% 300,000
						Without basic qualification	36.6% 173,000

Source: CBS Statline / Regioplan: De scholing van werkenden zonder startkwalificatie, February 2006.

3. Benefit dependency (length of unemployment) and health

Table 7 Non-working job seekers

2000	2001	2002	2003	2004	2005	2006	By duration of unemployment:	(June)	up to
6 months	137	149	186	213	203	159	122	6 to 12 months	55 66 88 124 113 114 94
12 to 24 months		67	65	81	123	145	129	123	24 to 36 months
	42	40	40	58	74	89	80	Longer than 36 months	
months	170	160	149	157	156	182	194	Total:	471 481 544 676 692 672 613

Source: CWI

Table 8 Composition of WWB database and obstacles to labour participation

Share in % Psychological Physical Behavioural problems Debts Care for relatives Lone parents with young children 21% + - - + ++ Young people (without basic qualification) 9% +/- - ++ + - (former) psychiatric patients 10% ++ + + - -- Addicts or homeless 9% ++ + ++ ++ - Established immigrants 18% + + - - + Women 50+ 14% + +/- - + - Men 50+ 14% +/- + - +/- +/- Other 5% NB NB NB NB NB -- Practically none; - fewer than average; +/- average + more than average; ++ almost inevitable

4. Incomes

Trend 1995-2004

The Netherlands has a comprehensive system of social insurance and provisions that guarantees its citizens a minimum income. Being dependent on a minimum income (101% of the social minimum or less) is not the same as financial poverty. The social minimum is generally sufficient for a person to support himself as long as the available income support is used and he has the discipline to budget properly.

The longer a person has to survive on a minimum income the greater the problems they face and the greater the risk of over-indebtedness or poverty. Long-term dependence on a minimum income therefore gives a clearer picture of the scale and composition of the most vulnerable group. Long-term in this context is defined as living on a minimum income for four years or longer.

Due to the economic recession the number of households with a minimum income rose from 451,000 in 2001 (7.1% of all households) to 515,000 in 2004 (7.9%). There are no data available for the period since 2004.

Table 9 Development in the percentage of households with an income around the minimum ¹

	Total					Long-term					Up to 101% of minimum					Up to 105% of minimum					Up to 110% of minimum																																																	
minimum	Up to 110% of minimum	Up to 101% of minimum	Up to 105% of minimum	Up to 110% of minimum	Up to 110% of minimum	Up to 101% of minimum	Up to 105% of minimum	Up to 110% of minimum	Up to 110% of minimum	Up to 110% of minimum	Up to 101% of minimum	Up to 105% of minimum	Up to 110% of minimum	Up to 110% of minimum	Up to 110% of minimum	Up to 101% of minimum	Up to 105% of minimum	Up to 110% of minimum	Up to 110% of minimum	Up to 110% of minimum	Up to 110% of minimum	Up to 110% of minimum																																																
1995	8.5	10.3	12.7	2.9	4.1	5.7	1996	8.5	10.5	12.7	2.7	3.9	5.5	1997	8.4	10.2	12.4	2.7	3.9	5.4	1998	8.1	9.8	12.1	2.6	3.8	5.3	1999	7.9	9.7	12.0	2.5	3.6	5.2	2000	7.7	9.3	11.5	2.5	3.5	5.0	2000	7.1	9.1	11.4	. . .	2001	6.6	8.6	11.0	. . .	2002	6.7	8.8	11.0	. . .	2003	7.4	9.4	11.7	1.9	3.3	4.9	2004	7.9	10.0	12.2	2.1	3.6	5.1

Note: In 2004, 7.9% of all households in the Netherlands depended on a minimum income for an entire year, 2.1% had to survive on this income for a lengthy period. Source: CBS, figures for 2000 and 2004 are provisional

Table 10 shows the trend in the absolute number of households with a minimum income and the percentage of all households of a particular type that have a (long-term) minimum income.

Table 10 Percentage of households with a (long-term) income up to 101% of the minimum

Total number / % households		Long-term		2000	2004	2004	2004	2004	Below the				
age of 65	%	N * 1000	N * 1000	%	N * 1000	%	Single man	11.4	82	102	13.9	29	3.9
Single woman	15.0	83	89	15.7	33	5.8	Single-parent family	21.8	82	97	23.8	23	5.6
Couples with child	3.0	58	77	4.0	10	0.5	Couples without						
child	3.4	45	51	3.9	10	0.7	Aged 65 and older						
man	7.2	11	10	5.6	3	1.9	Single woman	9.9	55	52	9.2	21	3.6
over 65)	2.7	17	19	2.9	4	0.7	By source of income						
employment	2.1	75	89	2.5	7	0.2	<i>Self-employed</i>	10.5	70	106	14.8	15	2.1
benefit	9.5	5	16	18.3	1	0.9	<i>Sickness/incapacity for work</i>						
benefit	14.3	36	42	17.3	14	5.6	<i>Social assistance</i>						
benefit	66.4	166	161	67.5	65	27.1	<i>State old-age pension or surviving dependant's</i>						
pension	6.0	93	93	5.7	30	1.9	By ethnicity						
Dutch	5.8	312	341	6.2	91,000	1.7	Native						
immigrant	19.9	87	113	23.4	26,000	5.3	Non-Western						
immigrant	9.1	53	61	10.2	18,000	3.0	Western						
Total:	7.1	451	515	7.9	134,000	2.1							

Source: CBS, figures for 2000 and 2004 are provisional

Note: the number of self-employed with a minimum income rose in the period 2000-2004 from 70,000 to 106,000 (10.5 and 14.8% of the total respectively); the percentage that depended for a lengthy period on a minimum income is similar to the total average.

The number of non-Western immigrants with a minimum income rose in the period 2000-2004 from 87,000 to 113,000 (19.9% and 23.4% of the total respectively). 5.3% of all households of non-Western origin depend for a lengthy period on a minimum income. This percentage is well above the total average (2.1%).

Table 11 Percentage of households by origin and by generation with an income up to 101% of minimum

Total	Long-term	2000	2004	2000	2004	Native			
Dutch	5.8	6.2	1.7	Immigrant	Western	9.1	10.2	3.0	1 st
generation	11.0	12.4	3.7	2 nd generation	7.8	8.6	2.5	Non-	
Western	19.9	23.4	5.3	1 st generation	20.4	24.5	5.8	2 nd	
generation	14.3	14.8	1.4						

Source: CBS, figures for 2004 are provisional

Composition of households with (long-term) minimum income

Type of household, children and gender

Of all households with a minimum income in 2004, 50% were single people and 19% were single-parent families. The majority of people in the category single people under the age of 65 are men. The proportion of single women with a minimum income was even greater in 2000. The majority of lone parents are women. Due to the difference in life expectancy between men and women, the ratio among single people aged 65 and older is skewed, women are clearly over-represented in this group.

Table 12 Composition of households with (long-term) income up to 101% of minimum

Total	Long-term	2000	2004	2000	2004	Below the age of 65	%	%	%	Single man
18.2	19.8	21.4	Single woman	18.4	17.3	24.6	Single-parent			
family	18.2	18.8	16.8	Couples with child	12.8	15.0	7.3	Couples without		
child	10	9.9	7.1	Aged 65 and older		Single man	2.5	1.8	2.4	Single
woman	12.2	10.2	15.5	Couple (one or both over						
65)	3.8	3.8	3.4	Other	4.0	3.4	1.4	Total	100	100
									100	Source: CBS, figures for
										2000 and 2004 are provisional

Table 13 Composition of households with (long-term) income up to 101% minimum

Total	Long-term	2000	2004	2000	2004	Self-	Benefit, below the age of
employed	15.6	20.5	11.3	Employee	16.7	17.2	5.5
65	45.8	42.6	59.0	* unemployment	1.0	3.1	0.6
work	8.0	8.2	10.1	* social assistance	36.8	31.3	48.2
older	20.5	18.0	22.7	Other	1.4	1.6	1.6
							Total
							100
							100
							100

More than 80% of people with a long-term minimum income depend on benefit. Most of those below the age of 65 on a minimum income are in the category social assistance recipients (48.2%). The prospect of finding work declines the longer a person receives benefits. The over-65s among those entitled to benefits (almost 23%) have little or no prospect of improving their income by accepting paid work. Self-employed persons and especially employees depend less often on a long-term minimum income.

⁵⁰ This table follows the definitions of income and population used in the tables on the number of people on minimum income. Dutch equivalency factors were also used for the purpose of standardisation. The results therefore differ somewhat from the EU figures.

Development of purchasing power of minimum-income households

The indicator used to measure income development in table 14 is the development of real incomes of households with a minimum income (the change in purchasing power).

Table 14 Development of real incomes of households with a minimum income, in %

2000	2001	2002	2003	2004	2005	2006	2007	Benefit, below the age of 65											
Single person	1.2	2.9	0.7	-1.1	-0.1	-2.1	1½	1	Single-parent family		1.5	4.1	2.3	0.2	0.4	-			
1 2½	1¼	Cohabiting with children		1.4	4.3	2.1	-0.9	0.2	-0.9	¾	1	Benefit, aged 65 and older		0.8	2.7	1.3	-		
1.0	0.4	-0.3	2 1¼	Single		0.9	3.4	1.1	-0.7	0.6	-0.5	¾	1¼	Cohabiting		0.8	2.7	1.3	-
Employee, average wage		0.6	4.8	-0.1	-1.4	-0.4	-2.3	1½	1	Source:									
Ministry of Social Affairs and Employment																			

Poverty trap

The unemployment trap is particularly relevant for people who start working after receiving a minimum benefit. It affects mainly single parents.

Table 15 Poverty trap, in %

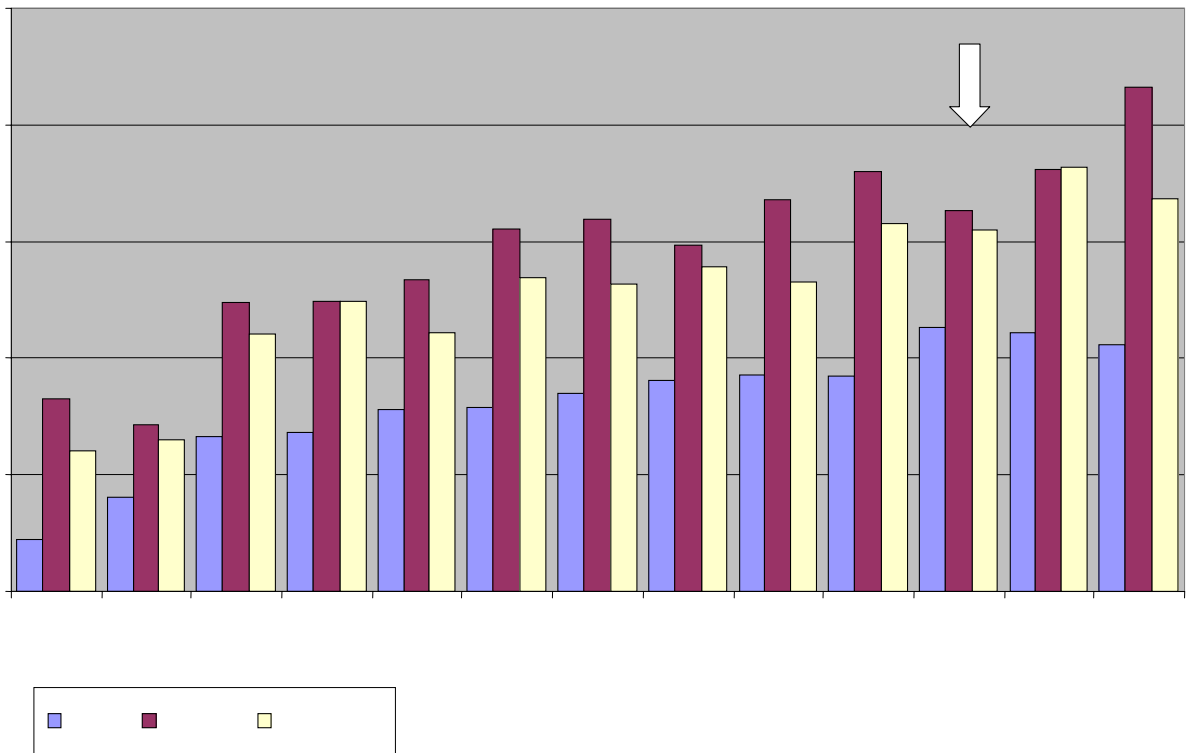
2003	2004	2005	2006	2007	Unemployment trap ¹⁾					Single earner with children									
4	-2 ½	-4	-3¾	Single person		-½	¾	4	6¾	7½	Lone parent		-4 ½	-3 ½	-6 ¼	-7¼	-7¼	-3 ½	-
Career resumption trap 2)					Partner on minimum wage					15	15	16	16½	17¾					

Unemployment trap: The figures here show the percentage change in disposable income for a person who accepts a job at the minimum wage after receiving a benefit at the level of social minimum. The figures are calculated including the effect of municipal schemes and rent rebate.

Career resumption trap: This figures show the percentage increase in the household income for a family in which one partner works for the minimum wage and the non-earning partner accepts a job with an income at half of the minimum wage.

6. Non-use of income support

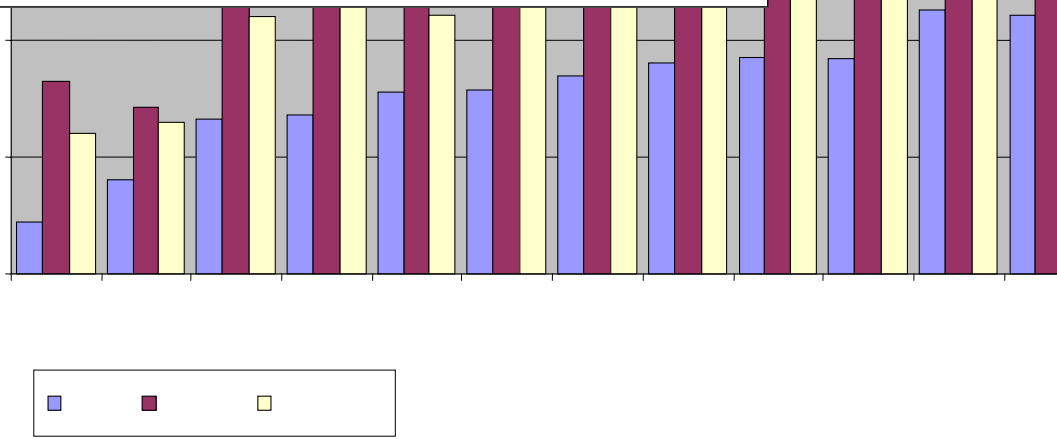
Income-dependent schemes are intended to provide financial support for households with a lower income. Various studies conducted in the Netherlands and abroad have shown, however, that many households that are eligible for these schemes do not actually avail of them. The Social and Cultural Planning Bureau (SCP) has again conducted research into the non-take-up of a number of schemes. The SCP investigated how many households do not avail of their rights and explored the background to the non-use of the provisions. The schemes that were investigated included rent rebate, the Education Costs and School Fees Allowance Act (Wtos) and dispensation from local charges as each of them applied in 2003. The initial, provisional, results suggest that approximately a quarter of those entitled to rent rebate do not claim it. The non-use of the Wtos and dispensation schemes is substantially higher. An important reason for the non-use of entitlements is ignorance; many people who do not avail of the schemes have never heard of them or have little idea of what they entail. Another important factor is people's assumption that they are not entitled to a provision. For example, more than one-third of those who do not avail of the dispensation from local charges believe they are ineligible. Social and psychological factors probably also play an important role. In so far as it applies, it is mainly those who use the schemes who feel that others are looking down on them or who associate use of the provisions with dependency on the government or with 'hand-outs'. A final factor seems to be that the non-users are more optimistic about their financial situation; they are less often worried about money, have less difficulty getting by and, according to themselves, have sufficient financial resources, for example to take a holiday or to replace worn-out furniture. The SCP study will probably be completed in December 2006.



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Table 17 Number of p
2000 2004 Minir
median 4.0 4.9 U
figures for 2000 and 20

The limit of 60% of the
important difference wi
sensitive to improve
those on median incom
gap between wage and
which is less than the ir
presented in this table c



Besides income-related figures the European set of indicators of poverty and social exclusion consists of key figures relating to labour participation, long-term unemployment and education. The indicators for education and long-term unemployment are included in the NSR as performance indicators. Table 18 presents a selection of the EU indicators.

Table 18 EU indicators of risks of poverty and social exclusion as % of the population, 2000-2004

	2000	2001	2002	2003	2004	2005	Long-term											
unemployment ¹⁾	0.8	0.7	0.7	1.0	1.6	1.9	- men	0.6	0.5	0.6	1.0	1.5	1.9	-				
women	1.0	0.8	0.8	1.1	1.6	1.9	Persons in households without work: -											
minors: 0-17	8.0	6.0	6.0	7.2	7.0	6.9	- total 18-59	7.6	6.9	6.7	8.1	8.0	7.9	- men 18-59				
59	5.8	5.4	5.3	6.9	6.7	6.9	- women 18-59	9.4	8.5	8.1	9.5	9.3	9.0	Early school-leavers ²⁾				
women	14.8	14.1	14.3	13.0	11.9	11.2	Students with poor reading skills ³⁾											
	9.5	na	na	11.5	na	na	Risk of financial poverty ⁴⁾											
(60% of median)	11	11	11	12	na	na	- men	10	11	11	12	na	na	-				
women	11	12	12	na	na	Risk of financial poverty without social security ⁵⁾												
	37	na	na	S80/S20 ratio ⁶⁾	4.1	4.0	4.0	4.0	na	na	Gini co-efficient ⁷⁾	0.285	0.280	0.276	0.27	na	na	Source: CBS, na = not available,

1) Unemployment according to EU definition. Long-term is longer than one year

2) Percentage of 18-24 year olds that are not following education and have no higher secondary education diploma. Statistic revised since 2003.

3) Percentage of 15-year-old students with a score of 1 or less on a scale of 0 to 5. The source is the international PISA study by the OECD. This study measures the reading skills needed for the learning process. The reading skills of students with a score of 1 or lower are such that they will experience serious problems with learning.

4) In the EU figures student households are also included.

5) The percentage of households that would be living on less than 60% of the median disposable income if there were no social income transactions.

6) Ratio of the income of the 20% highest-earning households divided by the income of the 20% lowest-earning households.

7) Co-efficient that shows the income differences across the entire population: the closer the result is to 0 the smaller the income inequality.

The percentage of the population with an income less than 60% of the median income in their own country is lowest in Luxembourg, followed by Sweden and Finland. The Netherlands shares 4th place with Denmark. One reason for the favourable international position is the relatively high minimum income in the Netherlands. Because of the many additional facilities, regional differences and age-related allowances, the level of the minimum income in different countries is difficult to compare. Figure 2 gives a comparison for a number of situations, in which schemes such as child benefit and rent rebate are included.

The Netherlands has the highest minimum income for single persons, measured in purchasing power, of the EU 15 member states. For single-parent families the Netherlands ranks fourth after Denmark, Luxembourg and the United Kingdom. For couples with children the Netherlands comes fifth after Denmark, Luxembourg, the United Kingdom and Ireland.

⁵¹ Source: Quarterly Labour Market Report [SZW Kwartaalbericht Arbeidsmarkt], Ministry of Social Affairs and Employment, May 2006.

⁵² Source: Quarterly Labour Market Report [SZW Kwartaalbericht Arbeidsmarkt], Ministry of Social Affairs and Employment, May 2006.

⁵³ Source: WWB in figures I, Evaluation of the Work and Social Assistance Act 2004-2007 [WWB in cijfers I, Evaluatie Wet Werk en Bijstand 2004-2007], page 17.

Figure 2 Minimum incomes of single persons, single-parent families and couples with children, 2003

Source: OECD

Appendix III Progress with meeting objectives in NAP 2003

INTRODUCTION

This report gives a summary of the results of the efforts made in the period 2003 to 2005 in the context of the objectives formulated at EU and national level.

Main objectives of the NAP 2003:

1. increasing social participation in the form of paid work or socially meaningful unpaid activities
2. guaranteeing a minimum income
3. promoting the accessibility of provisions
4. improving the position of the most vulnerable groups
5. mobilising all stakeholders in combating poverty and social exclusion

Specific target objectives were formulated for each main objective in the NAP 2003. These objectives and a brief description of the results achieved in relation to each of them are given below.

If the target objective was achieved or significant progress has been made there is a "✓" in the left-hand column. Given the progress made in achieving these objectives, no additional policy is needed under the NSRF. Examples include the comprehensive approach, the affordability of housing, legal assistance, promotion of integrated local policy on poverty and client participation.

If the target objective has (almost) been achieved but the government feels an additional effort is still needed in this area there is a "+" in the left-hand column. These include the objectives relating to youth unemployment, the poverty trap, the mapping of the scale of the debt problem, language arrears, illiteracy, integration and social relief.

Objectives that have not yet been achieved and where the government feels an additional effort is needed are marked with a "!". This refers to labour participation of ethnic minorities.

1. Increasing social participation in the form of paid work or, if this is not possible, through socially meaningful unpaid activities

As part of the effort to increase labour participation and reduce long-term unemployment target objectives were formulated on the following themes in the NAP 2003:

- a comprehensive approach
- reducing youth unemployment
- improving labour participation of ethnic minorities
- reducing the poverty trap

C o m p r e h e n s i v e a p p r o a c h



T a r g e t o b j e c t i v e i n

N A P 2 0 0 3 :

• **W W / W A O** : every recipient of unemployment benefit and disability benefit assessed as fit for work in the existing pool of persons on benefit to be offered a tailor-made reintegration process under a remodelled W A O and Disability (Reintegration) Act (R E A).

• **W W B** : all long-term unemployed entitled to social assistance to receive an offer of activities to strengthen their position in the labour market.

R e s u l t s :

• **W W** : individuals who do not yet have regular work after 6 months of support by the CWI are advised by reintegration companies or reintegration coaches of the UWV. A comprehensive approach is adopted in 93% of cases.¹⁶⁵

• **W A O** : 99% of those who were reassessed in 2005 and found to be at least partially fit for work were offered a reintegration programme by the UWV.¹⁶⁵

• **W W B** : the comprehensive approach for the new benefit recipients is 64% for adults and 63% for young people. For individuals not entitled to benefits and people receiving a surviving dependant's benefit (ANW), the percentages are 88% and 84% respectively.¹

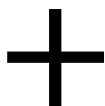
C o n c l u s i o n :

The implementing organisations are meeting their responsibility. The figures do not include the mediation activities of the CWI. Agreements made by the chain partners in 2005 will significantly improve the integration.

R e d u c t i o n o f y o u t h u n e m p l o y m e n t

Youth unemployment has declined thanks to the efforts of CWI, local authorities, reintegration companies and employers and the prompting of the Youth Unemployment Task Force. The number of unemployed young job-seekers registered with the CWI had fallen to 38,000 on 31 December 2005.

⁵⁴ Source: Debts: an (un)bearable burden [*Schulden: een (on)dragelijke last*], IVA Beleidsonderzoek en advies, Tilburg, September 2004. In this study, debts were defined as problematic if the monthly payment obligations for current loans, not including mortgages, are equal to or higher than the repayment capacity and there are arrears of six months.



T a r g e t o b j e c t i v e

N A P 2 0 0 3 :

- □ a c h i e v i n g a y o u t h u n e m p l o y m e n t r a t e t h a t i s n o m o r e t h a n d o u b l e t h e t o t a l u n e m p l o y m e n t r a t e ;
- □ e v e r y u n e m p l o y e d y o u t h s h o u l d b e w o r k i n g a g a i n a n d / o r a t s c h o o l w i t h i n s i x m o n t h s .

R e s u l t s :

- □ A c c o r d i n g t o t h e C B S , t h e u n e m p l o y m e n t r a t e f o r 1 5 - 2 5 y e a r - o l d s w a s 1 3 . 1 % i n 2 0 0 5 a n d f o r t h e t o t a l w o r k i n g p o p u l a t i o n i t w a s 6 . 5 % . T h e p r o v i s i o n a l f i g u r e s f o r t h e p e r i o d M a r c h t o M a y 2 0 0 6 a r e 1 0 . 6 % c o m p a r e d w i t h 5 . 8 % .

The objective in the NAP 2003 has been realised.

Conclusion:

This topic also needs to be addressed in the NSR 2006, since youth unemployment is still relatively high and additional efforts are needed to give these young people the prospect of a place in a work-study programme.

Improving labour participation of ethnic minorities



Target objective NAP 2003:

- □ a n n u a l i n c r e a s e o f 0 . 7 5 p e r c e n t a g e - p o i n t s i n l a b o u r p a r t i c i p a t i o n b y e t h n i c m i n o r i t i e s f r o m 2 0 0 2 t o 5 4 % i n 2 0 0 5 .

R e s u l t s :

- □ t h e l a b o u r p a r t i c i p a t i o n o f n o n - w e s t e r n e t h n i c m i n o r i t i e s d e c l i n e d f r o m 4 9 . 1 % i n 2 0 0 2 t o 4 6 . 5 % i n 2 0 0 4 . T h e r e w a s a s l i g h t i n c r e a s e t o 4 6 . 9 % i n 2 0 0 5 (s e e a p p e n d i x 1 , t a b l e s 1 . 1 . a n d 1 . 2 .) .

Conclusion:

This subject receives specific attention in the NSR 2006.

Reducing the poverty trap



Target objective NAP 2003:

Increasing the activating effect of social security by reducing the decline in disposable income when a job is accepted or increasing the improvement in income when work is accepted. **Results:**

Because of the cyclical downturn only modest progress has been made in addressing the unemployment trap (see appendix II). The emphasis on providing income support for vulnerable groups left little room to improve labour market incentives. Nevertheless, the objective has been achieved, on the one hand by limiting category-based supplementary benefit and abolishing the user's part of the property tax and on the other by increasing tax credits.

One area of concern is the deterioration in the unemployment trap for households with children due to the problem that some cannot avail of tax credits. **Conclusion:**

Reducing the poverty trap still receives attention in the NSR.

2. Guaranteeing a minimum income for people who are not able to support themselves independently

In the context of the aim of guaranteeing an adequate minimum income, the following areas were specified as requiring attention in the NAP 2003:

- guaranteeing the minimum income
- financial support for people with a long-term minimum income
- the debt problem

Guaranteeing the minimum income



T a r g e t

o b j e c t i v e N A P 2 0 0 3 :

G u a r a n t e e t h e l e v e l o f t h e g e n e r a l
m i n i m u m i n c o m e i n l i g h t o f t h e
g e n e r a l p r o s p e r i t y d e v e l o p m e n t a n d i n
l i n e w i t h t h e i n t e n t i o n s o f t h e
C o a l i t i o n A g r e e m e n t .

R e s u l t s :

T h e d e v e l o p m e n t o f p u r c h a s i n g p o w e r
i n t h e p e r i o d 2 0 0 0 - 2 0 0 6 w a s p o s i t i v e f o r a l l t y p e s o f h o u s e h o l d s
w i t h a m i n i m u m i n c o m e (s e e a p p e n d i x I I). T h e p u r c h a s i n g p o w e r o f t h e o v e r - 6 5 s a n d h o u s e h o l d s w i t h c h i l d r e n
r o s e f a s t e r t h a n t h a t o f o t h e r h o u s e h o l d s w i t h a m i n i m u m i n c o m e

Conclusion:

This objective of the NAP 2003 has been achieved.

Financial support for people with a long-term minimum income



T a r g e t

o b j e c t i v e N A P 2 0 0 3 :

In 2003, municipalities will offer financial support to people with a long-term minimum income and no prospect of work.

R e s u l t s :

The research company Regioplan conducted a study for the Ministry of Social Affairs and Employment entitled ‘Allowance for people on long-term minimum income 2003: application by municipalities’ [*Langdurigheidstoelage 2003: toepassing door gemeenten*]. The study was published in October 2003. The conclusion of the study was that 93% of municipalities offered additional financial support to the relevant target group. Since 2004, the ministry has monitored the number of allowances granted and the extent to which the target group is reached in the Work and Social Assistance Score Sheet; in 2005, more than 85,000 households received an allowance for people on long-term minimum income.

C o n c l u s i o n :

This objective of the NAP 2003 has been achieved.

⁵⁵ Key figures for integration of established immigrants for the G54 municipalities and other municipalities in 2003 and 2004 (rounded off to hundreds).

⁵⁶ Including the integration programmes registered by municipalities that do not fall under Ministry of Justice’s integration schemes.

Debt problem

Research¹ was conducted in 2004 into the number of households with an income up to 150% of the social minimum with over-indebtedness. The study found that the number was between 40,000 and 93,000 households, or 1.7% to 3.9% of all households with an income up to 150% of the minimum.

One in six of these households said they had requested professional help to settle their debts. Of those that had not sought professional help, 14% did not expect to solve the problem without professional help.



Target objective NAP 2003:

The objective is to survey the debt problem of households with an income up to 150% of the social minimum. **Results:**

Research firm IVA in Tilburg conducted a study in 2004 and since then has made active efforts to collect key data about the debt problem.

Data from the NVVK and the WSNP Monitor shows that demand for debt settlement support is increasing (see appendix I).

The first WSNP Monitor shows that between 1998 and April 2005 a total of 61,689 debt reschedulings were ordered; 83% of these cases involved individuals and 17% involved businesses. In 2004, the average debt of individual

in 2004 amounted to
-32,000 and of businesses to -100,000.
The monitor shows that 71% of the
cases that commenced in 2001 or
earlier ended with a clean slate and
16% culminated in a bankruptcy.
These results do not include WSNP
cases that were concluded prematurely and also produced a
positive outcome. **Conclusion:**

There is growing demand for help in debt settlement, which is why the problem of debt is one of the subjects addressed in the NAP 2006.

3. Promoting the accessibility of provisions in housing, education, care, legal assistance, integration programmes and social relief

The NAP 2003 included objectives relating to guaranteeing the (financial) accessibility of provisions and preventing people from dropping out in the areas of.

- Education
- Housing
- Social relief and care
- Legal assistance

Education

In the area of education, the NAP 2003 focussed on reducing language deficiencies, preventing students from leaving school early, illiteracy and integration.

Results on reduction of language deficiencies

Language deficiencies among children are addressed at primary school, and in many municipalities even in kindergarten or in pre and early-school education.



Target objective NAP 2003:

The language arrears of ‘weighted pupils’ (immigrant pupils and native Dutch pupils) compared with ‘non-weighted pupils’ to be reduced by 25% in 2006. **Results:**

In 2005, the linguistic deficit had declined by 21% compared with 1999 – 2000 for Turkish and Moroccan pupils; by 16% for pupils of other ethnic minorities and by 6% for native Dutch pupils. **Conclusion:**

Although linguistic arrears have been reduced, this remains an important subject in terms of preventing the transmission of poverty to future generations.

Linguistic arrears are measured on the basis of the scores in tests of linguistic skills as measured in the PRIMA cohort study. The linguistic arrears of the various groups of pupils with learning difficulties are declining.

Language scores of the target group pupils in group 8 (by year and socio-economic status)

1999/2000

2001/2002

2003/2004

2005/2006 Turkish and Moroccan pupils 1086 (-43) 1085 (-40) 1088 (-36) 1089 (-34) Pupils of other ethnic minorities 1098 (-31) 1098 (-27) 1098 (-26) 1097 (-26) Native Dutch pupils 1112 (-17) 1109 (-16) 1109 (-15) 1107 (-16) Non-target group pupils 1129 1125 1124 1123 Source: Progress Report on Municipal Educational Arrears policy [*Voortgangsrapportage Gemeentelijk Onderwijsachterstandenbeleid*]

Guaranteeing (financial) accessibility of secondary education

Under the terms of the Study Costs and School Fees Allowances Act (WTO S), less well-off parents can receive an allowance towards for the costs children in secondary school. In 2003, parents whose taxable income was $\leq 28,649$ or less were entitled to an annual allowance for the school fees in the first 3 years of secondary education ≤ 571.03 the second 3 years of secondary education ≤ 648.08 special secondary education ≤ 571.03 vocational education ≤ 956.70 With effect from the 2005 - 2006 school year, the fees for secondary students and for 16 and 17 year-olds in vocational education were abolished.



Target objective NAP 2003:

Guarantee the financial accessibility of secondary education and of secondary vocational education up to the age

of 18 for less well-off (parents/guardians) of students. The aim is that the allowance under the Study Costs and School Fees Allowances Act (WTOS) will, on average, be self-financing. **Results:**

The Ministry of Education, Culture and Science considers the WTOS allowance, on average, to be self-financing. In addition, many municipalities offer additional allowances for specific expenses (excursions, etc.). **Conclusion:**

The non-use of provisions is one of the topics addressed in the NSR 2006.

Early school leavers



Target objective NAP 2003:

Reduction in the number of early school leavers by 50% between 2002 and 2010, with an interim target of a 30% reduction in 2006 compared with 2002. **Results:**

The percentage of 18-24 year-olds who did not follow education and had no basic qualification fell to 13.6% in 2005 (see appendix I). This represents a decline of 12% compared with 2000 (15.5%). **Conclusion:**

This subject is, together with reducing learning arrears, a priority in NSR 2006.

Increasing the number of places on courses for native-Dutch illiterates



Target objective NAP 2003:

A substantial increase in the number of places available on courses for native-Dutch illiterates up to 2006, with an increase of 10% as the target for 2003.

Results:

The number of participants has grown from 5,000 (2001/2002) to 5,600 (2002/2003), 5,300 (2003/2004) and 5,500 (2004/2005). The Literacy Monitor also shows that the number of native-Dutch participants on courses is declining. Around 20% of the course participants were from ethnic minorities in the 2002/2003 school year, and over 30% in 2004/2005. The planned increase in 2003 was achieved.

Conclusion:

Attention to this theme is guaranteed by the *Anti-illiteracy Action Plan 2006-2010*.

Integration of established immigrants and newcomers



Target objective NAP 2003:

Offer established immigrants and newcomers the first step on the way to further integration into Dutch society, while reducing the drop-out rate among established immigrants to 33% of those who start the programme in 2003 and the drop-out rate among newcomers from 18% to 15%.

Results:

The drop-out rate has been reduced to 21% for established immigrants and 10% for newcomers.

Conclusion:

The objective in the NAP 2003 has been achieved. However, the drop-out rate has continued to receive attention in 2005 and 2006. The expected entry into force of the Integration Act on 1 January 2007 will produce a further decline in the drop-out rate.

Established immigrants

Almost 65,000 established immigrants started an integration programme in the period 2000 to 2004. Of this total, 28,000 (43%) completed the programme and 13,700 (21%) dropped out before completing it. The remaining participants are still following the programme or the result is not known.¹

Key figures on integration of established immigrants in 2003 and 2004 at national level (rounded off to hundreds)

Established immigrants	2003	2004¹	Starters	19,300	19,900	Completed	6,800	13,000	Drop-outs	3,800	4,100
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Source: The integration of established immigrants in 2004, qualitative report

Results for established immigrants

Since 2003, the linguistic level and the degree of progress made have been stable. Around half of the participants start at NT2-level 0; the other participants have a higher level. On average, half of the participants have raised their level on completion of the programme. Consequently, approximately 40% ultimately reach NT2-level 2 or higher. Most of those who complete the programme proceed to follow NT2 advanced course.

Of the cohort that started a programme for established immigrants in the G54 municipalities in the second half of 2003, 66% had completed the programme at the end of 2004, 20% had dropped out and 14% were still in the programme. The drop-out rate is well below the target for 2003 (a maximum of 33%).

⁵⁷ Source: The Federation of Shelters, Figures for 2004 are based on a revised method of data collection.

Newcomers

The objective of the Newcomers Integration Act is to ensure that newly arrived immigrants are able to function independently in Dutch society as soon as possible. By following the integration programme, they can learn the Dutch language, learn about Dutch society and prepare for the labour market, education or social participation.

Key figures on integration of newcomers in 2003 and 2004 at national level (rounded off to hundreds)

Newcomers	2003	2004	Starters	22,900	20,100	Completed	18,400	20,500	Drop-
outs	2,900	2,300							outs

Source: The integration of established immigrants in 2004, qualitative report

Results for newcomers

Approximately 45% of the participants have a secondary or higher level of education, 45% are low skilled and have reading and writing skills and 10% are illiterate. Almost 60% of the new programmes in 2004 were designed to enable independent functioning, 31% of the participants wanted to enter the Dutch education system. Two-third of the participants improved their ability to speak the language by one or more levels during the programme, so that 75% ended at level 1 or higher.

Of the cohort that started in 2003, 69% had completed the programme at the end of 2004, 10% had dropped-out and 21% were still following the programme. The drop-out rate amongst newcomers is therefore also below the target formulated in the NAP 2003 (maximum 15%).

Housing



Target objective

N A P 2 0 0 3 :

Where possible, the net income after net rent charges (NINKI) in 2003 to be kept equal to the net income after net rent charges in the period 2000/2001, and in any event not lower than that in the period 1999/2000.

Results :

The disposable income of a household receiving rent rebate, after setting off the rent and the rent rebate, has risen since 2000/2001.

Conclusion:

The Ministry of Housing, Spatial Planning and the Environment reports each year on the trend in the NINKI and the subject therefore requires no further attention in the context of NSR 2006.

NINKI by type of household

	01/02	02/03	03/04	04/05	05/06	06-07	Households up to 65 years of age	Social assistance recipient, single person
parent family	107.2	111.2	112.7	112.8	119.4	121.5	Social assistance recipient, multi-person household with children	
earner with children	106.9	110.7	112.2	112.3	118.8	120.9	Benefit recipient, multi-person household, single person	
person	107.5	111.8	113.4	113.1	122.0	124.2	Wage at market rate, single person	
children	107.0	112.1	114.4	113.1	116.4	118.3	Wage at market rate, multi-person household, single earner with children	
age pension recipient, single	105.4	108.3	109.5	109.3	121.1	123.1	Households aged 65 and older	
single	105.9	109.2	110.9	112.4	118.8	120.9	Old-age pension + supplementary pension, single household	
household	105.6	109.1	110.8	111.2	121.8	124.0	Old-age pension, multi-person household	
household							Old-age pension + supplementary pension, multi-person household	

Note: An indicator that can be used to monitor the purchasing power of households with a low income is the net income after net rent charges (NINKI). This is the net amount retained by a person after the deduction of rent and addition of rent rebate. The NINKI is an index that shows how net income after net rent charges develops over time. The benchmark year for the data in 2002 and subsequent years is 2000/2001

(2 0 0 0 / 2 0 0 1 = 1 0 0 . 0) . The figures for 2007 are provisional and show an improvement in every case. The expected increase in net income in 2007 (average of approximately + 275) is greater than the expected increase in the rent charges (averaging approximately - 135).

Source: Budget of the Ministry of Housing, Spatial Planning and the Environment, 2007

⁵⁸ Representatives of 18 organisations, stichting ATD Vierde Wereld Nederland, Chronisch Zieken en Gehandicaptenraad, stichting Cliëntenperspectief, Coördinatieorgaan Samenwerkende Ouderenorganisaties, European Anti Poverty Network Nederland, Kinderrechten Collectief, Landelijk Overleg Minderheden, Landelijke Vereniging van Arbeidsongeschikten, Landelijke Vereniging voor Dak- en Thuislozen, stichting Leergeld Nederland, stichting LPR belangenorganisaties cliënten GGZ, stichting Mensen zonder betaald werk/LNCO, Nederlandse Organisatie van Vrijwilligerswerk, de Nederlandse Vrouwen Raad, de Protestantse Kerk in the Netherlands, stichting Vluchtelingen Organisaties Nederland, stichting De Vonk en de werkgroep landbouw en armoede.

⁵⁹ Representatives of 8 organisations, the CBS, COELO, NIBUD, NIVEL, NIZW, RMO, SGB/StimulanSZ and SCP.

⁶⁰ Representatives of 9 national bodies, Divosa, Aedes, Belastingdienst, EnergieNed, de Federatie Opvang, het Landelijk Centrum Opbouwwerk, de Landelijke Vereniging Sociaal Raadslieden, MO-Groep, and NVVK.

**S o c i a l R e l i e f a n d c a r e
W a i t i n g l i s t s f o r m e n t a l h e a l t h
c a r e a n d c a r e o f t h e d i s a b l e d**



T a r g e t o b j e c t i v e

N A P 2 0 0 3 :

•□ R e d u c t i o n o f w a i t i n g l i s t s f o r m e n t a l h e a l t h c a r e b y i m p r o v i n g i n s i g h t i n t o w a i t i n g l i s t s a n d h a l v i n g t h e n u m b e r o f p a t i e n t s w a i t i n g i n 2 0 0 7 c o m p a r e d w i t h 2 0 0 3 .

•□ R e d u c t i o n o f w a i t i n g l i s t s i n c a r e o f t h e d i s a b l e d t o t h e n o r m a l (f r i c t i o n) w a i t i n g l i s t i n 2 0 0 6 , w i t h a i n t e r i m t a r g e t f r o m 1 J a n u a r y 2 0 0 3 o f p r o v i d i n g i n d i c a t e d c a r e f o r 4 0 % o f t h e p a t i e n t s o n t h e w a i t i n g l i s t i n 2 0 0 4 .

R e s u l t s :

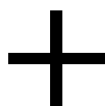
•□ T h e n u m b e r o f p a t i e n t s o n w a i t i n g l i s t s i n m e n t a l h e a l t h c a r e h a s d e c l i n e d b y 1 . 5 % , w a i t i n g t i m e s a r e s h o r t e r a n d i n s i g h t i n t o t h e w a i t i n g l i s t p r o b l e m h a s i m p r o v e d . T h e t a r g e t f o r 2 0 0 7 , a m a x i m u m o f 3 5 , 7 5 0 p a t i e n t s o n a w a i t i n g l i s t , d o e s n o t s e e m f e a s i b l e . T h e c u r r e n t g r o w t h i n c a r e p r o d u c t i o n i s m e e t i n g t h e g r o w t h i n d e m a n d f o r c a r e b u t i s i n s u f f i c i e n t t o r e d u c e t h e w a i t i n g l i s t s a t t h e s a m e t i m e .

•□ T h e n u m b e r o f p a t i e n t s o n w a i t i n g l i s t s f o r c a r e o f t h e d i s a b l e d h a s d e c l i n e d b y m o r e t h a n 1 2 % . T h e m a j o r i t y o f t h e p a t i e n t s t h a t a r e w a i t i n g m a k e u s e o f t r a n s i t i o n a l c a r e . T h e c a p a c i t y i n c a r e f o r t h e m e n t a l l y h a n d i c a p p e d h a s b e e n g r o w i n g s i n c e 1 9 9 9 , a n d i n 2 0 0 4 t h e c a p a c i t y i n c r e a s e d b y a p p r o x i m a t e l y 2 3 . 5 % . T h e r e d u c t i o n o f t h e w a i t i n g l i s t i s n o t , h o w e v e r , k e e p i n g p a c e w i t h t h e i n c r e a s e i n c a p a c i t y b e c a u s e t h e n u m b e r o f A W B Z i n d i c a t i o n s i n 2 0 0 4 w a s a s h i g h a s i t w a s i n 2 0 0 3 .

C o n c l u s i o n :

T h e s u p p l y o f c a r e h a s i n c r e a s e d a n d t h e n u m b e r o f p a t i e n t s w a i t i n g f o r c a r e h a s d e c l i n e d . I t i s n o t f e l t t o b e n e c e s s a r y t o i n c l u d e t h e t a r g e t o b j e c t i v e i n c h a p t e r 2 o f t h e N S R .

**S o c i a l r e l i e f a n d w o m e n s
s h e l t e r s**



T a r g e t o b j e c t i v e

N A P 2 0 0 3 :

⁶¹ It would not be useful to mention all the proposed measures in this document. The complete list can be found in the reports of the consultation meetings. In this appendix the proposals are presented at a slightly more abstract level and supplemented with a specific example.

- □ s t r e n g t h e n i n g t h e r a n g e o f s e r v i c e s p r o v i d e d i n a m b u l a t o r y a n d r e s i d e n t i a l s u p p o r t i n s o c i a l r e l i e f (e x p a n s i o n o f t h e n u m b e r o f p l a c e s f o r y o u n g d r i f t e r s a n d o f c a p a c i t y i n g e n e r a l s h e l t e r s) ;

- □ e x p a n s i o n o f t h e c a p a c i t y a n d e f f e c t i v e n e s s o f w o m e n ' s s h e l t e r s

R e s u l t s :

- □ T h e n u m b e r o f p l a c e s i n s h e l t e r s r o s e b y a l m o s t 3 0 % i n 2 0 0 3 c o m p a r e d w i t h 2 0 0 0 .

- □ T h e n u m b e r o f p l a c e s i n w o m e n ' s s h e l t e r s i n c r e a s e d b y 5 % . T h e S h e l t e r F e d e r a t i o n a l s o d r e w u p a p o l i c y f r a m e w o r k f o r h a n d l i n g n e w a r r i v a l s , a p r o p o s a l f o r i n t a k e , r i s k s c r e e n i n g a n d g u i d e l i n e s f o r p r o v i d i n g e m e r g e n c y b e d s . I n A u g u s t 2 0 0 5 , h a l f o f t h e e m e r g e n c y b e d s h a d b e e n c r e a t e d .

- □ H o u s i n g c o r p o r a t i o n s i n t e n d t o i m p r o v e t h e f l o w f r o m s h e l t e r s t o s u i t a b l e f o r m s o f h o u s i n g , s u c h a s h o m e c a r e s u p e r v i s i o n .

C o n c l u s i o n :

T h e c a p a c i t y o f s h e l t e r s h a s b e e n i m p r o v e d a n d e x p a n d e d . G i v e n t h e u r g e n c y o f t h e p r o b l e m , t h e g o v e r n m e n t a n d t h e f o u r l a r g e s t c i t i e s (G 4) h a v e f o r m u l a t e d a d d i t i o n a l t a r g e t o b j e c t i v e s .

E x p a n s i o n o f s h e l t e r c a p a c i t y

M o r e t h a n ₮ 7 0 m i l l i o n w a s m a d e a v a i l a b l e f r o m A W B Z f u n d s l a s t y e a r f o r i n s t i t u t i o n s t h a t p r o v i d e s o c i a l r e l i e f a n d w o m e n ' s s h e l t e r s . T h i s l e d t o a s u b s t a n t i a l i n c r e a s e i n t h e n u m b e r o f p l a c e s f o r s h e l t e r e d a c c o m m o d a t i o n a n d i n s h e l t e r s t h a t p r o v i d e a d d i t i o n a l c a r e . A s a r e s u l t , i t w a s p o s s i b l e t o i m p r o v e c a r e p a r t i c u l a r l y f o r c l i e n t s w i t h s e r i o u s p s y c h o l o g i c a l a n d a d d i c t i o n p r o b l e m s .

Care places ¹	2000	2001	2002	2003	2004	Increase			
2000-2004 Increase									
2000-2004 (%)	Shelters	9,113	9,821	10,225	10,960	11,808	2,694	29.6%	Women's
	shelters	2,462	2,474	2,464	2,540	2,584	122	5.0%	

Legal assistance

Anyone with a problem in the Netherlands can be assisted by a lawyer or legal adviser for payment. To guarantee that lower income groups can also receive this legal assistance, the Netherlands has a system of subsidised legal aid. The government pays a part

of the costs of legal assistance depending on a person's income. Since 1 April 2006, the income limit has been based on the taxable annual income and is fixed at € 31,100 for couples or single-parent families and at € 22,000 for single people. The income limits are adjusted annually for inflation.



Target objective

NAP 2003:

An effective system of legal aid for financially weak seeking justice, with a view to ensuring that that the less well-off have similar access to the legal system and mediation as the well-off.

Results:

The Subsidised Legal Aid Monitor 2005 shows that only 4% of people entitled to subsidised legal aid failed to make use of it because of the cost. Among those who are not entitled to subsidised legal aid, the figure was 17%. This discrepancy exists despite the fact that both groups are confronted with legal problems more or less equally often.

Conclusion:

The target objective in the NAP 2003 has been achieved. No extra measures are required in the NSR 2006.

4. Improving the position of the most vuln