

## Annual Report 2009

### Foreword

2009 was a crisis year by any standard, a year in which the Netherlands managed to avert the initial tidal wave of the financial crisis only to be confronted by the second, a classic recession, but with a broader and more profound impact than had been felt here for many years. It was also a year in which the Social and Economic Council found itself at the centre of attention owing to disappointing advisory consultations on the general old-age pension. And it was a year in which all of the country's economic indicators started flashing "red", with each one meriting further study and offering an excellent theme for an annual report that aims to look forward as well as backward in time.

We have decided to base the Social and Economic Council's annual report this year on the theme of "productivity". It is a theme that runs through the various advisory reports that the Council has issued in the past year. The Council considered the efforts needed to help young people with developmental disorders become loyal and productive employees; it observed the salutary effects of an effective employee diversity policy on productivity and other workplace matters; and it attempted to safeguard the health and long-term productivity of employees under difficult working conditions. Above all, however, productivity was the main theme of an advisory report in which the Council reappraised the Lisbon objectives set by the EU in 2000 and looked ahead to a new strategy that must inspire Europe for the next decade.

Whereas the first Lisbon Strategy focused on employment participation, the Council now believes that labour productivity per hour worked should be Europe's main tool for increasing prosperity, particularly in these troubled times. The next move is up to both the EU and the Member States. The main policy ingredients range from completing the internal market to increasing R&D expenditure in the Member States to meet global standards. All such efforts should have sustainability as an underlying aim, for example by reducing energy and raw materials consumption in production and by promoting closed-loop recycling.

It will be quite tricky to aim for productivity growth at this point in time, in the midst of a serious recession. Twenty official working parties are preparing a series of retrenchment options in advance of political decision-making. It will certainly do no harm to keep a sharp eye on productivity during this discussion. In the 1980s, the Netherlands surmounted an economic crisis while increasing labour productivity at the same time – an achievement that placed it among the top economies in Europe. Now, thirty years later, we have the chance to repeat that success.

A.H.G. Rinnooy Kan  
President

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## **Mission and tasks**

As an advisory and consultative body made up of entrepreneurs, employees and independent experts, the Social and Economic Council of the Netherlands (SER) aims to contribute to public prosperity by helping to generate social consensus on national and international socio-economic issues. The Council seeks quality and support by combining a high level of expertise with broad agreement and public support.

The Council has a number of tasks within the framework of the Industrial Organisation Act [*Wet op de bedrijfsorganisatie*]. In the first place, it advises the Dutch Government and Parliament on the outlines of social and economic policy, being the main advisory body in this field. The Council's advisory reports ideally serve two purposes: to help shape Government policy so as to ensure that it enjoys broad public support, and to assist the business sector in operating in a socially responsible manner. The Council's advice is guided by the objective of social prosperity in its widest sense. This encompasses not only material progress (i.e. increased affluence and production), but also social progress (i.e. improved welfare and social cohesion) and a high-quality environment in which to live (i.e. environmental and spatial factors).

In its work, the Council is committed to detecting and interpreting signals from society. It offers various civil-society organisations the opportunity to contribute specific expertise. The Council also shares information with research and expertise centres and policymakers in the Netherlands and abroad, and has regular contact with Parliament and the various government departments.

The Industrial Organisation Act also designates the Council as the body responsible for implementing this piece of legislation and, in particular, for supervising the administrative and financial affairs of the commodity and industrial boards. As the supreme body within the statutory industrial organisation (PBO), the Council encourages the boards to contribute effectively and transparently to the development of their sector, and to ensure that they have sufficient support within that sector.

## Advisory task

Below is a selection of the advisory reports issued by the Council in 2009. English summaries are available of all advisory reports.

<b>Date</b>	<b>Topic of report</b>	<b>Requested by</b>	<b>Unanimous ?</b>	<b>Initial response of Government / Parliament</b>
20 March	Nanoparticles in the workplace: Health and safety precautions	Minister of Social Affairs and Employment	Yes	Government adopted most of the recommendations
17 April	Promoting health, preventing sickness	Minister of Health, Welfare and Sport	Yes	Government regards report as confirmation of its inter-sector health policy
15 May	Positioning of complaints procedure for Council's pre-appointment medical examinations	Minister of Social Affairs and Employment	Yes	Government adopted the recommendations
17 June	Consumer rights in the internal market	State Secretary for Economic Affairs and Minister of Justice	Yes	Government adopted the recommendations and used them in negotiations in Brussels
19 June	Employee diversity	Minister of the Interior and Kingdom Relations and State Secretary for Social Affairs and Employment	No	Government sees report as supporting its own policy
19 June	Europe 2020: the New Lisbon Strategy	Minister of Economic Affairs, Minister of Social Affairs and Employment and State Secretary for Foreign Affairs	Yes	Government adopted most of the recommendations
21 July	Inhalant allergens in the workplace	Minister of Social Affairs and Employment	Yes	Government adopted most of the recommendations
25 September	Review of joint sectoral committee system	Own initiative	Yes	Government adopted the recommendations
18 December	Participation of young people with developmental or behavioural disorders	Minister of Youth and Families	Yes	No response as yet

18 December	Power to appoint members to Council, 2010-2012	Minister of Social Affairs and Employment	Yes	No response as yet
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### Requests for advice from the Government and Parliament

One important basis for the work of the Council is the letter that the Minister of Social Affairs and Employment sends out annually on the occasion of Budget Day. In this Budget Day Letter, the Government lists the topics on which it intends requesting advice from the Council in the coming budgetary year. The Council then incorporates these topics into its work programme. In addition, the Government also regularly submits unforeseen requests for advice to the Council in the light of current events. In 2009, this involved advisory reports on heat stress in the workplace and the position of independent entrepreneurs. Another unforeseen request was the invitation to provide an alternative to the Government's plan to raise the retirement age.

Ministers and state secretaries increasingly hold consultations with the Council's committees. The Government clearly benefits from this less formal advice. Consultations of this kind took place on two occasions in 2009.

Besides the Government, the Senate and House of Representatives can also request the Council's advice. In 2009, the Senate unanimously adopted a motion asking the Government to request the Council's advice about the match between learning, working and entrepreneurship. This question has now been included in the Government's request for advice on medium-term social and economic policy.

The Council may also issue advisory reports on its own initiative. In the year under review, it did so in an advisory letter concerning the new joint sectoral committee system. The letter was addressed to the Minister of Social Affairs and Employment.

### Procedure for dealing with requests for advice

When a request for advice is received, the Council's Executive Committee decides whether it should be dealt with and if so, how the advice should be provided, for example in the form of broad recommendations or restricted to a number of components.

The Executive Committee applies a variety of different criteria in reaching its decision. These include the policy relevance of the advisory project, the Council's advisory remit, the point in the political decision-making process at which the request is made, whether the requested date for providing the advice can be met, the added value compared to previous advisory reports, the extent to which the request is a concrete one, and finally the available capacity of the Council and its various sections.

The Executive Committee also decides which of the Council's various committees will deal with the request for advice. Generally speaking, the Executive Committee charges one of the standing committees with the task of preparing the advisory project, assuming that the topic falls within the remit of the committee concerned. An ad hoc committee may be formed if the matter touches on a field covered by more than one of the standing committees.

The Administrative Chamber focuses specifically on the administrative tasks of the Council. The Administrative Chamber acts as the preparatory committee for the advisory reports, decisions, and regulations to be adopted by the Council in an administrative context. It has also been empowered by the Council to draw up independent advisory reports and to take decisions.

### Preparation within committees

The preparatory committee largely determines its own working methods. For example, it may set up a working party to perform certain preparatory work, use special methods to incorporate the expertise of third parties (for example working conferences, workshops,

hearings, secondment, contracting out research, questionnaires, or written consultation, etc.), provide less formal advice (consultation discussions, advisory memoranda), conduct foresight studies of the field, and engage in informal consultations within a limited group of advisors.

The draft advisory report – the white-paper version – drawn up by the committee represents the Council's provisional position. The white-paper version is sent to various parties, including the organisations involved, so that they can consult those they represent. The draft advisory report is generally announced in a press release, which is uploaded to the website.

After the committee has incorporated any comments and caveats from those represented and remarks made in the course of discussions among the Crown-appointed members, the draft then becomes the green-paper version and is submitted to the Council for public adoption. In some cases, a committee provides an advisory report on behalf of the Council after being authorised to do so by the Council or by the Executive Committee or – if the committee concerned was appointed by the Council – at the request of a Minister.

### **Discussion and adoption of advisory reports within the Council**

The full Social and Economic Council basically meets on the third Friday of every month, with a press release and a report then being drawn up. The full versions of the press release and report are made available on the Council's website. Once adopted, the Council's advisory reports – with the exception of advisory memoranda – are also uploaded to the website and published in book form.

### **Domain covered by advisory reports**

The Council advises on the main outlines of socio-economic policy, both when requested to do so and on its own initiative. In many cases, the topics covered fall within the traditional socio-economic domain, for example the labour market, employment law, social security, and general and international socio-economic issues. From its inception, the Council has also advised on matters that do not at first glance appear to belong to the traditional concerns of social and economic policy. As early as the 1950s, for example, it produced advisory reports on agricultural and transport policy, focusing specifically on spatial planning and mobility, the environment and energy, healthcare, and education.

The issues on which the Council advises have in common that policy in the relevant areas has a major impact on general socio-economic policy. Increasingly, an integrated analysis and assessment of trends and proposals is needed. The Government is also increasingly tackling problems in an integrated manner and not merely from the perspective of a single ministry. This trend is in line with the concept of "social prosperity in its widest sense" (see above), which the Council introduced in the early 1990s. Ultimately, it is socio-economic relevance that determines whether a topic is appropriate for being dealt with by the Council. The Social and Economic Council is not, after all, an environmental council, education council, health council, or spatial planning council; it therefore always focuses on the socio-economic aspects of particular issues.

### **Involvement of other groupings**

When the Council deals with topics that fall outside the traditional socio-economic domain, the contribution of other groupings than those directly represented within the Council can be highly relevant, with the advisory report that is produced then gaining in both quality and support. Organisations that offer a particular perspective on the field concerned, or that represent a specific interest, can be brought in when an advisory report is being prepared within a committee. For example, the committee can consult with such organisations by means of a hearing, a panel discussion, written consultation, interviews, or a working visit; this is in fact done on a regular basis. Certain organisations can also become ad hoc committee members (for a specific project) and assist in preparing the advisory report. Another option is for organisations to become regular members of a committee, meaning that they are then basically involved in all advisory projects in the policy field concerned. The Dutch Consumers Association [*Consumentenbond*], for example, is a member of the Committee for Consumer Affairs, while nature conservation and

environmental organisations are members of the Committee for Sustainable Development and the Committee for Spatial Planning and Accessibility.

### **Impact of advisory reports**

The Council's advice has the greatest impact on the Government and Parliament. Interaction with both is guaranteed in a variety of ways: by prior discussion of the request for advice with the ministries concerned; by means of ministerial representation when an advisory report is being prepared by the relevant committee; and by a certain amount of follow-up once the report has been published. The follow-up may involve submitting the report to the ministers concerned or giving a presentation to a committee of the House of Representatives or at a conference or symposium.

Whether and how an advisory report has affected Government policy is not always clear within a year of its publication; in some cases it takes longer for the impact to be felt. For example, in his July 2009 Policy Document on Worker Participation 2009 [*Nota kabinetsstandpunt Medezeggenschap 2009*], the Minister of Social Affairs and Employment, refers not only to consultations with the Council's Committee on Work, Enterprise and Worker Participation, but also makes frequent reference to earlier advisory reports (*Evenwichtig ondernemingsbestuur* [Balanced corporate governance] of 2008 and *Aanpassing Wet op de ondernemingsraden* [Amending the Works Council Act] of 2003).

The following review of the advisory reports issued in 2009 looks at the impact of each report on political decision-making, insofar as this was known at the beginning of 2010.

### **ADVISORY REPORTS**

#### *Nanoparticles in the Workplace: Health and Safety Precautions*

In the advisory report *Nanoparticles in the Workplace: Health and Safety Precautions*, the Working Conditions Committee responds to the request for advice sent to the Social and Economic Council by the Minister of Social Affairs and Employment (SZW) on 5 September 2008. The Minister specifically requested advice on dealing with the risks associated with nanotechnology, in particular persistent synthetic nanoparticles, in the workplace.

The Committee's main concern is with the health and safety of employees who are required to work with nanoparticles. It is the employer that bears primary responsibility for this, in light of its duty of care as set out in the Working Conditions Act. The basic principle is that substances attended by uncertain or unknown risks – which include nanoparticles – should be treated as hazardous (or extremely hazardous) substances. This means that the policy and implementation measures in such cases should focus on preventing or minimising employee exposure to those substances

#### *Promoting Health, Preventing Sickness*

This report was adopted by the Social and Economic Council on 17 April 2009. The report highlights the importance of promoting employee health, in the interest of individuals as well as the wider economy and society. Organisations have real opportunities to share the responsibility of creating a healthy workplace with their employees.

It is employees who benefit most from good health. The advantages to organisations include higher productivity, better performance and reduced absenteeism rates. Healthier employees continue working for longer, allowing society to cope more effectively with an ageing population and long-term labour shortages.

The Social and Economic Council has observed that companies are already developing a range of employee healthcare policies, for example in areas such as health & safety, absenteeism management, and employee lifestyle choices. The report notes that additional legislation is unnecessary at this point but that existing policies need to be implemented and good practices shared.

#### *Alternative to raising retirement age*

On 9 April, the Minister of Social Affairs and Employment invited the Council to provide an alternative to the Government's plan to raise the retirement age to 67, with exception being made for physically demanding occupations. This plan was part of the Government's "crisis" package, announced in its supplementary policy agreement at the end of March 2009. The Government indicated that it wishes to receive the Council's response before 1 October.

A committee chaired by Council President Alexander Rinnooy Kan prepared the Council's response to the invitation. The committee reviewed a range of different alternatives and asked the Netherlands Bureau for Economic Policy Analysis to perform the relevant calculations.

The various parties in the Council were ultimately unable to agree on an alternative to the Government's plan before 1 October. The Council informed the Minister accordingly.

#### *Consumer Rights in the Internal Market*

The European Commission's proposed consumer rights directive will help simplify European rules and improve the functioning of the internal market. The Social and Economic Council's Committee for Consumer Affairs (CCA) agrees with much of the proposal, although it would like to see clarification of various points. Some aspects of the proposal fall short with respect to consumer protection, however, particularly when viewed from the vantage point of Dutch consumer legislation. These are the observations of the CCA in its advisory report.

#### *Employee diversity*

How can employee diversity help improve an organisation's results? This was the question put to the Social and Economic Council on 10 December 2008 by the Minister of the Interior and Kingdom Relations, Guusje ter Horst, on behalf of the State Secretary for Social Affairs and Employment. The request was prompted by changes in the size and composition of the labour supply: the share of women is increasing and the labour force is ageing and becoming more multicultural.

According to the advisory report issued in 19 June, employee diversity is no longer an option – it is simply a fact. It is therefore absolutely essential to key into diversity. There is no blueprint or magic formula for achieving diversity, however; it is always a question of customisation. The Council advises organisations that wish to pursue an effective diversity policy to satisfy a number of basic requirements. These "critical success factors" include: defining an overall approach to diversity, getting senior management involved, having a tolerant organisational structure, ensuring that diversity policy is entrenched in the organisation, and evaluating that policy at regular intervals.

Following on from the request for advice, the Council also considered the extent to which the Government (in other words, government as legislator) can promote employee diversity in organisations. The Council considers it important for the Government to pursue an effective policy with respect to the employment participation of particular groups. Opinions in the Council are divided as to whether the Government should already prepare legislation concerning women in senior management.

#### *Europe 2020: The New Lisbon Strategy*

The main message of the advisory report is that the EU's social and economic policy agenda (the Lisbon Strategy) must continue to promote public prosperity after 2010, in accordance with the broad concept of prosperity as the Council understands it. The extent to which that is possible depends largely on improving both the employment participation rate and labour productivity. Until now, the emphasis has been mainly on improving the employment participation rate. That emphasis should now shift to improving labour productivity per hour worked.

The Council believes that the EU can make a relatively large contribution to this aim by completing the internal market and reinforcing the knowledge triangle. It emphasises that the EU's economic and social objectives must be regarded as equally important. The basic underpinnings of the social policy agenda do not require adjustment; what is important in

the period ahead is to focus on practical implementation. The aim of sustainable growth and the major challenges this presents for environmental, climate and energy policy require the EU to embed the ecological dimension more firmly (i.e. recognisably) in the Lisbon Strategy in the coming period. The EU's Environmental Action Programme offers an excellent opportunity to do so.

The Government has responded favourably to the report, and it has also received a positive reception within the EU. For example, the English summary of the report has been incorporated into the European Economic and Social Committee's recommendations to the European Council. After publication of the advisory report, the European Commission also invited the Social and Economic Council to respond to a consultation paper on the future of the Lisbon Strategy.

#### *Inhalant Allergens in the Workplace*

On 21 July, the Working Conditions Committee issued an advisory report to the Minister of Social Affairs and Employment about tackling inhalant allergens in the workplace. The Committee urges the stakeholders involved to take a two-track approach to tackling exposure to inhalant allergens.

The first track involves introducing measures that will prevent or minimise exposure so that employees can avoid becoming sensitised (phase preceding a potential allergy) in the first place. The social partners – with funding provided by Ministry of Social Affairs and Employment – will develop guidelines at national level that can be used to develop health and safety catalogues in those economic sectors and industries where exposure is not yet being managed properly.

The second track involves developing and adopting health-related occupational exposure limits and reference values. The Committee advocates an approach based on risk figures for these. This would assume the following: that the target risk level would be set at a 1% extra risk of sensitisation and that the Council's Occupational Exposure Limits (OEL) Subcommittee would conduct a feasibility test so as to determine the occupational exposure limit. The Committee asked the Minister to determine which substances fall under the Public OEL system.

The Committee considers health screening important not only with a view to protecting employees (at the earliest possible stage), but also as a means of checking how effective the measures intended to prevent sensitisation actually are. There should also be agreement as to how best to inform employers and employees, including information provided during vocational training. The Committee also recommends that the local social partners and their insurers (absenteeism, occupational invalidity and healthcare insurers) work together to identify ways in which the insurers can lend support.

Finally, the Committee considers it vital to have a list of inhalant allergens. A list of this kind will give employers, works councils and other employee representatives something to go by when adopting a Risk Inventory & Evaluation (RI&E) and strategic plan. The Committee asked the Minister to commission an independent institute to draw up an annual list of inhalant allergens.

In his response of 21 September, the Minister of Social Affairs and Employment adopted the broad outlines of the advisory report. He believes that the report provides guidelines for the efforts that all parties will be making to improve occupational health and safety over the next few years. The Minister will address a letter to the Working Conditions Committee in which he provides a list of selected allergens, and he will use that list as a basis for requesting the Health Council's advice.

#### *Participation of Young People with Developmental or Behavioural Disorders*

The Social and Economic Council has unanimously adopted an advisory report on the participation of young people with developmental or behavioural disorders. In the report, entitled *The benefits of a bespoke approach*, the Council stresses that to be able to participate in society, these young people require help that is tailored to their needs. The

entire body of rules and facilities pertaining to these young people is too complex; what is needed is a single coordinating professional who can guide a young person on his or her "trek through the institutions". In the longer term, the Government must consider how to streamline the entire regime of rules and facilities.

### **Other committee activities**

#### *Social and Economic Council's initiative on international corporate social responsibility*

A special committee met several times in 2009 to discuss the Statement on International Corporate Social Responsibility (ICSR), signed by the employers' federations and trade union confederations in December 2008. In April, the committee organised a conference on responsible supply chain management at which representatives of the business community, trade unions and other civil-society organisations were able to attend various practical workshops. The committee also described its working methods in greater detail in its first progress report, *Waarde winnen, ook in de keten* [Adding Value, Even in the Supply Chain] (September). The report describes the efforts made by various parties, including the commodity and industrial boards. At a special meeting in November, the president of the Social and Economic Council called on the commodity and industrial boards to intensify their efforts with respect to responsible supply chain management.

In January 2010, the committee will publish a working plan setting out other activities to be carried out by the business community and supported by the committee.

#### *Consultations concerning the EU Spring Summit*

The traditional consultations between the State Secretary for European Affairs and the Social and Economic Council on preparations for the EU Spring Summit took place on 17 March. The consultations focused on economic and financial conditions in the Netherlands and the European Union. The parties discussed the importance of the Spring Summit in mitigating the credit crisis and building confidence. The following questions were addressed: improving the supervision of the financial markets, the balance between temporary incentive measures and long-term policy frameworks (for example the internal market and the Stability and Growth Pact), and the tension between unity and diversity in the Union.

#### *Consultations on worker participation*

On 3 July, the Social and Economic Council's Committee on Work, Enterprise and Worker Participation consulted with the Secretary-General of the Ministry of Social Affairs and Employment, Johan De Leeuw, on worker participation. Mr de Leeuw stood in for the Minister, Piet Hein Donner, on this occasion.

The Minister had invited the Council to consult with him on worker participation in a letter dated 7 May 2009. He had already announced in late 2009 that he would be submitting a memorandum to Parliament about the current state of affairs and future of worker participation, and that he wished to involve the Social and Economic Council.

During the consultations, the parties shared their thoughts about relevant trends in worker participation and how it could be made more flexible and/or restructured to meet practical demands. Like the Minister, the Committee observed that the Works Council Act [*Wet op de ondernemingsraden*, WOR] is a success in many respects. There is no reason to introduce fundamental changes to the law. The Committee also drew the Minister's attention to various earlier recommendations made by the Social and Economic Council. The Minister told the Committee that he would appreciate receiving a more detailed account of these recommendations in writing. He was presented with that account on 21 September.

On 7 December, the Minister sent Parliament the memorandum that he had announced setting out the Government's views on worker participation. In the memorandum, the Minister looked in particular at the proposals made during the consultations. The memorandum describes the Government's plans to improve the Works Council Act on a number of points, in line with the proposals made during the consultations. The Government will also now adopt a number of earlier unanimous proposals from the

Council's Advisory Report *Aanpassing Wet op de ondernemingsraden* [Amending the Works Council Act] (2003) and *Herziening stelsel bedrijfscommissies* [Revising the Joint Sectoral Committee System] (September 2009).

#### *Occupational Exposure Limits*

The subcommittee on Occupational Exposure Limits advises on the limits for genotoxic carcinogenic substances in the workplace, in other words for substances for which no safe limit can be determined. It recommends limits for these substances based on risk thresholds and risk levels.

In 2009, the subcommittee began a feasibility test for three such substances, the aim being to recommend an occupational exposure limit based on a target risk level. The subcommittee decided at the end of the year under review to advise the Minister of Social Affairs and Employment to set the limits for these substances at the target risk level.

The subcommittee also worked on a number of IT projects. Their purpose is to supply available information on occupational exposure limits to third parties in a secure manner. The target group not only includes visitors to the Council's website seeking information on occupational exposure limits but also, and more specifically, businesses that make use of the online guidelines *Veilig werken met chemische stoffen* [Working safely with chemical substances]. The guidelines will become more user-friendly as a result. The project test phase began in late 2009.

Owing to its active role in promoting European cooperation with respect to occupational exposure limits, the subcommittee is in contact with organisations abroad that are involved in determining such limits. Since 2005, the subcommittee secretariat has attended an annual meeting of institutes and organisations in Austria, Germany and Switzerland involved in determining occupational exposure limits in their countries. In 2009 the meeting took place in Lucerne.

#### *General Terms and Conditions – Consumer Complaint Boards*

The Self-Regulation Coordination Group provides an open framework for employers' associations and consumer organisations regarding the general terms and conditions applicable to the purchase of goods and services by consumers. The text of the bilateral general terms and conditions is available on the Council's website.

Eleven new consumer complaints boards were added in 2009. There are now a total of 46 such boards. Consultations were completed in five sectors: car rental, jewellers and silversmiths, public transport bicycle lease, paid information services (0900 phone numbers) and beauty care (hairdressers, pedicurists, beauticians). One important sector to commence consultations was healthcare (mental healthcare, "nursing, assistance and home healthcare", and hospitals, including medical specialists). Other healthcare sectors will have their turn in 2010. Another important sector is the building industry (housing construction). Three sectors also concluded successful evaluations of their existing bilateral terms and conditions and consumer complaints boards: boat dealerships, garden centres and banks.

#### *Working Conditions Committee*

The Working Conditions Committee investigated the role and position of the company medical officer (quality and accessibility of service). In June, the Committee organised two workshops exploring the role and position of company medical officers today, problems and possible solutions related to that role, and how "work" is embedded in the healthcare system. During the workshops, external experts looked at various aspects of these topics. The Committee is now considering the results of the two workshops, possibly leading to a plea to remove various barriers or arguments in favour of amending the system.

#### *Pensions Committee*

The Pensions Committee published three evaluations this year: one on co-determination for pensioners (March), one on the principles of proper pension fund management (March) and one on the Labour Foundation's pension recommendations (May).

For the “Final evaluation of co-determination for pensioners”, the Committee investigated the revised co-determination covenant concluded in 2003 between the Labour Foundation and the Central Organisation of Associations for the Elderly (CSO). The covenant was intended to bring about a qualitative improvement in co-determination in the pension field. The evaluation revealed that virtually all pension funds obliged to do so by the covenant have taken steps to arrange co-determination for pensioners. There has also been a sharp increase since the interim evaluation in the number of funds for which the co-determination arrangements satisfy the terms of the covenant. In addition, the pension fund boards do appear to take the advice of their councils of members. The councils of members are positive about their consultations with the boards that manage their pension funds. Although there has been a vast improvement in co-determination and the evaluation is a positive one, the Committee also observed that not all funds comply with the covenant or the relevant statutory provisions.

The “Principles of proper pension fund management” concern accountability, internal supervision, expertise and communication. They were drafted by the Labour Foundation in 2005. Compliance is the responsibility of both the pension funds and the insurers. Most of the pension funds that participated in the Pension Committee’s evaluation have succeeded in complying with the two most important principles. More than 80% of the respondents have set up an accountability board, and almost 80% have made arrangements for internal supervision, with most of the funds choosing to introduce a review committee. These funds represent approximately 80% of pension fund members and pension beneficiaries.

The principles have also come in for some criticism. Many of the respondents said they had trouble finding suitable candidates for the various committees, councils and boards. They also felt that the division of responsibility between the accountability board and council of members was confusing, and criticised the complex bureaucracy and steep administrative costs associated with compliance. The smaller funds had considerably more trouble complying with the principles than the larger ones.

The Minister of Social Affairs and Employment recently sent a letter to Parliament stating that the Government regarded these evaluations and the fundamental questions raised by the crisis as reason to rethink the entire matter of pension fund governance and co-determination.

The “Review of the Labour Foundation’s pension recommendations” is an evaluation of “Recommendations on modern and affordable pensions for all employees” (2001). The Pensions Committee concludes that these recommendations and their underlying views have played an important role in the discussion concerning the adjustment, set-up and administration of pension schemes. It is, however, difficult to identify their precise influence owing to the tumult in the economy, the impact of this on pensions, and the policy responses to the same since the recommendations were issued. Some of the recommendations – or the subjects that they cover – have in any event been incorporated into legislation. Others have influenced public discussion of pensions and continue to be relevant in this respect. That is, for example, the case with respect to lowering the state pension offset, cost control, the policy on cost-of-living adjustments, and the interest in promoting quality and transparency in pension administration.

## Administrative task

The Social and Economic Council and the commodity and industrial boards together make up the statutory industrial organisation [*publiekrechtelijke bedrijfsorganisatie*, PBO]. The Industrial Organisation Act [*Wet op de bedrijfsorganisatie*, WBO] provides the legal basis for both the Council and the boards. The Council's administrative task is based mainly on the WBO, but also on other legislation, for example the 1977 Chambers of Commerce and Industry Act [*Wet op de Kamers van Koophandel en Fabrieken 1997*] and the Works Council Act [*Wet op de ondernemingsraden*, WOR].

### *Amending the Industrial Organisation Act*

The WBO was amended on 24 April. The amendment came about after the Government published its views on the future of the PBO in May 2006. The amendment represents the next step in the process of modernising the statutory industrial organisation. The main amendments provide a legal basis for the Code of Good Governance for Commodity and Industrial Boards and introduce an obligation to survey the level of support. Following on from these amendments, the Council was assigned new statutory supervisory tasks that it delegated to the Supervisory Chamber (inaugurated in 2008). These tasks involve supervising the boards' statutory obligation to comply with the Code of Good Governance and their survey of support among individual entrepreneurs every four years. In addition, the new law obliges the Council to draw up a Supervision Plan and Supervision Report on the previous year.

### *Supervision of commodity and industrial boards*

The year 2009 was the first full year of operation for the Supervisory Chamber. In its Supervision Report for 2009 (separate new publication), the Supervisory Chamber reports on its findings and accounts for its work. It lists both the regulations that it has approved and those that are still pending. It also reports on the boards' finances. In the year under review, the Supervisory Chamber conducted five studies investigating the extent to which member organisations are in fact representative and evaluating its findings. It also described which investigations it had carried out and the results of these investigations. They are:

- a scan of the boards' annual reports in 2008;
- the report on its analysis of the "Schilthuis" deduction, which applies to certain membership fees;
- the 2008 and 2009 financial relationships survey;
- the report on compensation for board chairpersons;
- the report on overlapping board memberships.

The Supervisory Chamber also drew up its first Supervision Plan in 2009 for the year ahead. The plan describes what the focus of the Chamber's supervisory work will be in the 2010 calendar year.

### *Merger Code*

The Council enforces compliance with its *Merger Code 2000 for the protection of the interests of employees*. The employers' associations and trade unions represented in the Council have voluntarily undertaken to uphold the Code. This form of self-regulation is based on Article 2 of the Industrial Organisation Act. The number of mergers reported to the Council fell by a third in 2009 compared to 2008 (from 500 to 335). Not since the introduction of the Merger Code in 1970 has the number of merger notifications in a single reporting year been so small, a phenomenon that can probably be attributed to the economic recession.

The Disputes Committee settles disputes concerning compliance with the Merger Code. It does so at the request of a party or trade union involved in the relevant merger. The Committee has five members (three independent members, one employee

representative and one employer representative). Only one dispute was brought before the Committee in 2009, concerning a merger in the home care sector.

## Communications and international relations

The Council informs interested parties, both Dutch and foreign, about trends and developments in the consultation system and about the socio-economic policy issues on which it advises. Communications by the Council are also intended to optimise the effect of its advisory reports and other publications. An English summary is produced of each report and uploaded to the website. If the matter concerned is of specific interest to speakers of French or German, then the summary is also translated into those languages.

### *Symposia*

The Council regularly organises symposia on issues of current relevance, preferably doing so in collaboration with other organisations.

In 2009 that was the case for four such symposia out of the five that it organised.

On 2 April, the Council organised a conference on international corporate social responsibility (ICSR). The conference followed on from the Council's Statement on International Corporate Responsibility in December 2008. The speakers were the State Secretary for Economic Affairs Frank Heemskerk, the former CEO of Unilever Antony Burgmans, and Council President Alexander Rinnooy Kan. The conference included workshops for businesses on putting international corporate social responsibility into practice.

The Council, Netspar and the Netherlands Bureau for Economic Policy Analysis organised a conference on 23 and 24 April entitled "Rethinking Retirement: closing the gap between science, policy and politics". The two-day conference brought together leading economists and policymakers to discuss the challenges of the labour market for older workers. The speakers were Edward Lazear (Stanford), Vegard Skirbekk (Vienna), Jonathan Skinner (Dartmouth), Stefan Scarpetta (OECD), Piet Hein Donner (Dutch Minister of Social Affairs and Employment) and Alexander Pechtold (leader of the democratic liberal party D66).

The Council and the National Youth Council organised a conference on the future of the sustainable economy on 30 September. The speakers included Council Crown-appointed member Louise O. Fresco, former chairman of the Royal Dutch Association of Small and Medium-sized Enterprises Hans de Boer, and Minister of Housing, Spatial Planning and the Environment Jacqueline Cramer. They introduced the theme of the 3 Ps (planet, people, profit) and then opened the floor for debate. A tie-in to the conference was an essay competition on how we can achieve economic growth without the environment, following generations or developing countries having to foot the bill. The winner was Maikel Bouricius, whose essay was published in *De Pers* newspaper and who lunched with Council President Alexander Rinnooy Kan.

The second Verwey-Jonker/Council Lecture took place on 8 October. The lecture was given this year by Marjolein van Asselt, professor of Risk Governance and member of the Scientific Council for Government Policy (WRR). Her subject was "The New Social Engineering". Co-reporters were Barbara Baarsma, managing director of SEO Economic Research, and Yvonne Zonderop, independent journalist and former deputy editor of *de Volkskrant* national newspaper. The lectures have been published in a booklet that can be obtained free of charge from the Council.

On 26 November, the Council and the Social Security Agency (UWV) organised a conference on "the most vulnerable on the road to work". The speakers were Prof. Jules Theeuwes (science director of SEO Economic Research), René Paas (chairman of Divosa), Joop Linthorst (chairman of the board of the Social Security Agency) and Piet Hein Donner (Minister of Social Affairs and Employment). The debate about the role of the social partners and government and about streamlining the rules and regulations was continued in a series of panel discussions.

### *Open door for visitors*

The Council welcomed various groups of visitors again in 2009 from the Netherlands and abroad. Sixteen groups visited the Council from the Netherlands. They consisted of students (sociology, law, HRM, political science and management, economics & law), participants in the Senior Management Programme at the Ministry of Defence (two groups), Parliamentary minutes secretaries, members of a local Rotary Club, the youth branch of the National Federation of Christian Trade Unions in the Netherlands (CNV Jongeren) and participants in the Dutch Trade Union Federation's leadership programme for minority women (FNV).

The Council also welcomed nineteen groups from abroad, i.e. from the United States, Canada, Japan (three delegations), Vietnam (two delegations), South Korea, Indonesia (two delegations), Jordan, Turkey, Southern Africa, Eastern Europe (four delegations), Croatia, France and Sweden. They were interested in learning about the Dutch consultation system and the Netherlands' social and economic council. Some groups were also interested in specific topics such as our pension system, part-time working, flexicurity and the Exceptional Medical Expenses Act (AWBZ). In general, the foreign groups consisted of trade union officials, administrators of employers' associations, senior public servants, researchers and politicians.

The president and the secretary-general also regularly welcome ambassadors and embassy staff, for example economic attachés, who come to discuss the situation in their countries and the Netherlands' socio-economic policy and consultation system.

#### *International contacts*

The Council maintains contacts, through various channels, with institutions and with social and economic councils in other countries. The Council's president and secretary-general participate in the network of European social and economic councils and the International Association of Economic and Social Councils and Similar Institutions (AICESIS). AICESIS met in Budapest in July to discuss the financial crisis and sustainable development. The network of European social and economic councils met in Sofia in November to discuss the impact of the financial crisis on the labour market.

The Council's secretariat is also involved in the activities of the European Economic and Social Committee (EESC) within the framework of the Lisbon Strategy. On 10 February, the secretariat gave a presentation to the EESC on the way in which the Dutch Government is involving stakeholders in the Lisbon Strategy.

The Council also participates in a network set up by the Ministry of Foreign Affairs, in line with the Government's policy objective of promoting social dialogue in developing countries.

#### *International Summer School*

The first International Summer School took place from 16 to 22 August. The Summer School is a Council initiative, organised in cooperation with AICESIS. Its purpose is to enable participants to learn from one another and pool their ideas, thereby reinforcing the ties between social and economic advisory bodies and promoting social dialogue in the various countries concerned. A total of 59 young professionals from almost thirty different countries attended the Summer School, which was held in Noordwijk aan Zee. The theme was "Economic and Social Councils in a Globalizing World". The participants – all of whom worked for the secretariat of a social and economic council or one of the social partners – were actively involved in the various discussions and information exchanges. The programme included visits to the Dutch Trade Union Federation (FNV), the headquarters of ING Bank in Amsterdam, and the Social and Economic Council's offices in The Hague. The participants gave the programme, organisation and accommodation high marks in their evaluation. In Moscow in early December, the members of AICESIS agreed to organise a Summer School every other year. Although the host country of the 2011 Summer School has not yet been selected, a follow-up to the 2009 event is virtually certain.

## **Finances**

Although established by law, the Council is not a government body and is financially independent. It is financed from fees paid by all businesses in the Netherlands to the Chambers of Commerce. This method of financing is based on the idea that businesses are in fact a partnership between employers and employees. The size of the fee depends on the size and the type of business (legal form). The basic fee in 2009 was EUR 2.15.

The budget for 2009 was EUR 12.9m. Personnel costs represent the largest item of expenditure. The Council's workforce is 109.4 FTEs (2009 budget, based on a 38-hour working week).

## **Members of the Social and Economic Council**

The Council consists of three groups, each with 11 members, making up a total of 33 members. This tripartite composition reflects social and economic relations in the Netherlands. The first group consists of members representing employers, the second of members representing unions, and the third of independent or Crown members appointed by the Government.

### *Employer representatives*

Confederation of Netherlands Industry and Employers [VNO-NCW]:  
7 members.

Royal Dutch Association of Small and Medium-sized Enterprises [MKB Nederland]:  
3 members.

Dutch Federation of Agriculture and Horticulture [LTO Nederland]: 1 member.

### *Union representatives*

Dutch Trade Union Federation (FNV): 8 members.

National Federation of Christian Trade Unions in the Netherlands (CNV): 2 members.

Trade Union Federation for Middle and Higher Level Employees (MHP): 1 member.

### *Crown-appointed members*

Crown-appointed members are independent experts. They are often university professors with a chair in Economics, Finance, Law or Sociology. They are appointed by the Crown, but are not accountable to the Government. In appointing such members, special care is always taken to maintain a fair balance between the various fields of interest and political views in the country. A representative of DNB (the Dutch central bank) and the director of the Netherlands Bureau for Economic Policy Analysis are both Crown-appointed members. The president of the Council is also appointed by the Crown, on the Council's advice. The president has a full-time appointment; all other Council members also hold positions elsewhere.

### *Ministerial representatives*

All public Council meetings and the closed meetings of the Council's committees and working parties are attended by representatives of government ministries as observers. These officials are appointed due to their expertise in certain areas of policymaking. Their attendance improves the flow of information between government ministries.