

Abstract of

## **Annual Report 2010**

The Netherlands Social and Economic Council (SER)

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### **Foreword**

2010 was a tumultuous year for the Netherlands and its institutions. It was a year of political firsts, climaxing in the first minority government since the Second World War. The issue of how to deal with – and interpret – the problematic election results led to the necessary upheaval during the coalition negotiations and after the minority government was formed. In the meantime, the Dutch still say that they are among the happiest people in the world, although they have some doubts about their society. For example, 90 per cent of them believe that their fellow countrymen are too egotistical – a survey result that is, at the very least, somewhat surprising.

The latter piece of information comes from an impressive paper delivered by Paul Schnabel at the Social and Economic Council's sixtieth anniversary conference. Professor Schnabel's paper was regarded by many as the highlight of a conference that itself attracted considerable attention. It was attended by Her Majesty Queen Beatrix and by many prominent well-wishers, but there were also many commentators – both within and outside the Council's own circle – who expressed concern about the future of the Dutch consultation system in connection with the conference. Dialogue and consensus are no longer a matter of course – in fact, they must be defended in today's political culture, which leaves so little room for long-term reflection on major reforms. That is making it more difficult for the Social and Economic Council to contribute usefully to social debate in the customary manner.

The employers' confederations and trade union federations nevertheless made clear at the conference that they find the Council's contribution as valuable as ever. There is certainly no shortage of issues for the Council to consider, as illustrated by five smaller anniversary symposiums (on education, labour mobility, sustainability, healthcare, and the merger code) and by the advisory reports produced in the past year, which concentrated on topics ranging from own-account workers to the bio-based economy. The ten professors from Utrecht University who contributed essays to the Council's anniversary publication reminded readers of other times when the Council had successfully adapted its agenda and working methods to the requirements of a new era without deserting its fundamental principles. That too is a tradition worth preserving.

It is clear, then, that 2010 was an exceptional year, one of far-reaching changes that have affected and will continue to affect the Council. The quality of the Council's secretariat – which once again garnered considerable praise – will help us face the challenges that such changes are sure to bring. The present annual report describes an organisation that can look back on a dynamic past and that is preparing itself for an equally interesting future.

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.

Date	Topic of report	Requested by	Unanimous?	Initial response of government / parliament
19 March	Market regulation policy	Parliament	Yes	No response as yet
21 May	Making sustainable growth work	Minister of Housing, Spatial Planning and the Environment	Yes	No response as yet
15 October	Own-account workers in the Netherlands	Minister of Social Affairs and Employment	Yes	No response as yet
17 December	More chemistry between green and growth	Minister of Agriculture, Nature and Food Quality	Yes	No response as yet

### Requests for advice from the Government and Parliament

Contrary to previous years, the Minister of Social Affairs and Employment did not send the Social and Economic Council a Budget Day Letter in 2010 outlining the subjects on which the Government intended to seek the Council's advice in 2011. The reason was that the fourth Balkenende Government had already tendered its resignation when Budget Day arrived. Its successor, the Rutte Government, sent the Council a letter with a list of subjects in February 2011.

The Council received two requests for advice in 2010. One, received in February, concerned own-account workers and working conditions; the other, received in March, concerned the population decline. The latter request had been announced in the Budget Day letter for 2008; the former had not been previously announced. Both advisory reports were completed in the first few months of 2011. After the fourth Balkenende Government fell, the Council decided against responding to a request for advice on medium to long-term social and economic policy, which dated from 2009.

In lieu of issuing an advisory report on a particular topic, the Council can also organise consultations with Government ministers or state secretaries. Such a meeting – in effect a “less formal” form of advice – took place in 2010 and concerned the EU Spring Summit.

Unlike in 2009, the Senate and the House of Representatives did not request the Council's advice in 2010. The Council also did not issue any advisory reports on its own initiative in 2010.

### 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.

### **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 (such as 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.

One special committee is the Administrative Chamber. 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.

### **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 are 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 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.

The Government is not obliged to follow the Council's advice. A unanimous opinion by the employers' confederations, trade union federations and Crown-appointed members does, however, send a powerful signal to the Government. It has been agreed that the Government will comment on an advisory report within three months of its publication. If the Government disagrees with a Council advisory report, it must explain why.

Some of the advisory reports published in 2010 were addressed to ministers or state secretaries who had already tendered their resignations. The Rutte Government will comment on these reports in 2011.

An advisory report may also have suggestions and recommendations for parties other than those in government. One example of the impact of an advisory report is the announcement by the Dutch Association of Insurers [*Verbond van Verzekeraars*] that it would be extending the period of reflection before new own-account workers are required to apply for a "safety net" insurance policy from twelve to fifteen months. It made this announcement in response to the Council's advisory report on own-account workers. Safety-net insurance will also be made available, on a once-only basis, to existing own-account workers who have not yet applied for insurance. Another example

is the Council's advisory report on the bio-based economy (*More chemistry between green and growth*). The Council plans to organise a working conference in spring 2011 to ensure that its method is in fact implemented in the various relevant sectors.

The following review of the advisory reports issued in 2010 looks at the impact of each report on political decision-making, insofar as this was known at the beginning of 2011.

## **Advisory reports**

### *Market regulation policy*

In this advisory report, the Council attempts to break through the ideological deadlock between the proponents and opponents of market regulation policy. The Council believes that debating the necessity of "more market" or "more government" is unproductive. Regulatory policy consists of a set of wide-ranging instruments in which both the market and government play a role. The objective must be to arrive at more effective policy, whether that happens by means of market regulation policy or another form of regulatory policy. It is the result that counts.

According to the Council, the focus should be on properly assessing the impact of market regulation policy on public interests and on social prosperity. Public interests are interests that should be promoted for the good of society as a whole and with which politicians therefore concern themselves. One example is the quality of medical treatment. The Council gives three reasons for identifying public interests:

- social considerations;
- certain features of a sector in which the risk of market failure is inherent;
- consumer protection in situations in which consumers are inclined to act against their own long-term interests.

In addition, politicians must bear in mind that government too can fail.

The advisory report does not evaluate market regulation policy in the past. There are methodological barriers to such evaluations: most sectors cannot provide the necessary data for comparing the state of public interests before and after the introduction of market regulation policy. In addition, external trends and events – for example the technological advances in the telecom sector – also influence public interests. It is not always easy to distinguish between those influences and the influence of government policy.

Based on the effects of market regulation policy so far, the Council has identified a number of lessons that can be learned, especially with respect to policy preparation. For example, in the past too little consideration was given to how customers make choices and whether the introduction of stricter market regulation would actually lead producers to compete on quality. In addition, the potential effect on income, including employee incomes, often remained obscure. It is important to determine in advance whether additional measures are necessary. The advisory report also points out the benefits of monitoring public interests more closely.

The Council has developed an effects analysis for regulatory policy that will support the policy preparation process. The analysis consists of six phases, each one focusing on various questions that should be answered before arriving at specific decisions concerning regulation. The six main phases are:

1. analyse the present situation and identify the public interests involved;
2. define the targets;
3. develop different policy versions, for example output by government, regulation, liberalisation, leaving policy unchanged. This involves considering both the target situation and the transition to that situation;
4. map out the effects of the various policy versions;
5. compare the costs and benefits of these versions;
6. develop a monitoring and evaluation system.

### *Own-account workers in the Netherlands*

The increase in the number of own-account workers in the Netherlands has led to discussion within a variety of policy fields. One important point is that own-account workers are basically subject to the same occupational risks – for example occupational invalidity and unemployment – as employees, despite enjoying less protection within the social security system. In its advisory report to the Government, the Social and Economic Council favours an integrated approach to own-account workers. It surveys the available data on own-account workers and investigates their significance for Dutch society and the Dutch economy. The central issue is whether the current system of labour relations, taxation, and social security requires revision in order to render it future-proof.

Although own-account workers are now a familiar phenomenon in the Netherlands, there is no generally applied definition. What is clear, however, is that this is an extremely varied group of workers. Besides “traditional” own-account workers – with their own shop, farm, or lorry – there are an increasing number of “new-style” own-account workers who primarily market their own work, expertise, and skills. Own-account workers in the Netherlands work in a wide range of professions and sectors, and there are major differences between them.

If one applies the Council’s definition of an own-account worker – i.e. a person deemed to be an entrepreneur for income tax purposes but who does not employ any staff – then in 2007 the country had 675,000 own-account workers. Between 1996 and 2007, the proportion of own-account workers within the working population increased from 6.4% to 8.6%. When compared to other countries, the Netherlands is in the middle bracket as regards the proportion of own-account workers.

Two thirds of own-account workers are men. On average they are older than employed persons, with almost half being older than 45. The great majority of own-account workers initially worked in an employed capacity. Some of them continue to combine their work as an own-account worker with work as an employee.

Own-account workers contribute to society and economy – and consequently to social and economic dynamism – in a variety of different ways and at many different levels. The rise of the own-account worker makes it necessary to alter policy in a number of areas, for example occupational invalidity, working conditions, training, and pensions. Making such changes will ensure that the Dutch system of labour relations, taxation and social security can be aligned more precisely with the growing variety of relationships in the world of work and employment.

For example, own-account workers must have the option of insuring themselves against occupational invalidity. Although many own-account workers will have no problem taking out suitable insurance, that is much more problematical for those with health problems, for older own-account workers, and for those in high-risk occupations. In its report, the Council makes a number of proposals that should make it possible for these groups to take out occupational invalidity insurance.

The Netherlands’ statutory old-age pension is a public basic pension scheme for all persons resident in the country. The Council considers that own-account workers themselves are responsible for providing for their retirement in addition to the public basic pension. They therefore need to be sufficiently aware of their pension situation. The Chambers of Commerce – with which own-account workers register as entrepreneurs – and the various organisations representing own-account workers should provide relevant information in order to promote this awareness.

The Council is in favour of own-account workers being granted the same tax facilities as employed persons as regards accruing an additional pension. It makes a

number of recommendations for improving the options for own-account workers accruing a pension.

Training is important for own-account workers, as it is for other working people. Besides suggesting that unnecessary barriers to training be removed for own-account workers, the report argues that policy promoting lifelong learning should take the position of own-account workers into account.

The Council supports the principle that everyone working in a particular workplace should enjoy the same level of protection, work under the same conditions, and adhere to the same safe working practices. The Council intends to publish a separate advisory report on this topic in 2011, in line with a request by the former Government to consider the problem of own-account workers in the building trade and with respect to physically demanding work.

#### *Making sustainable growth work*

Sustainable growth should be the overriding principle at every step of the economic process. That, in a nutshell, is what the Council advises. The economic crisis and the food and energy crises are making it clear that long-term changes are necessary. The Government must make sustainability a top priority, as this will create opportunities for economic growth and employment.

Sustainable development requires us to make choices. In doing so, it is important to base our decisions on the right indicators for prosperity and to consider them in relation to one another. At the moment, there is too much emphasis on national income and economic growth. The Council believes that policymakers should also consider other environmental, social and economic indicators. It advises the Government to invite Statistics Netherlands and the three planning offices to define an orderly set of indicators (a "dashboard") to accompany the next Sustainability Monitor; these could play a significant role at relevant points of the political decision-making process, for example when calculating the actual costs and benefits of an election programme, when negotiating a coalition agreement, and during the course of the annual budget cycle.

The Council advocates streamlining the various policy programmes and bringing them into line with European sustainability and innovation programmes. The Netherlands' comparative advantages should take precedence in this process. Commercial parties that operate in niche markets and regional parties both come up against bureaucracy and "compartmentalisation". The Council believes that the consistency and integrated nature of sustainability must be more firmly rooted in policymaking. The division of responsibilities must be made clear. One way to ensure that happens is to produce a Sustainability Act.

The Council calls on the Government to use the present crises to develop an approach to sustainability through structured innovation. In this context, structured stands for consistent, coherent and future-driven. An approach of this kind should in any event involve the following:

- defining key areas in sustainability (see below), and maximising public-private partnership initiatives;
- raising the Dutch business community to a position of leadership in world markets for clean technologies;
- preparing employees to meet the knowledge and skills requirements of a sustainable economy;
- working towards a pattern of consumption and production that fits within the limits of sustainable development.

The social partners and nature conservation and environmental organisations also wish to play an active role in developing this strategy by agreeing with the new Government on ambitious sustainability targets in various sectors of the economy. The Council has taken the first steps towards such a strategy in its advisory report on the bio-based economy, discussed below.

### *More chemistry between green and growth*

The Council has also advised on the opportunities and risks of a bio-based economy. In a bio-based economy, vegetable and animal biomass (such as crops, plants, garden waste, manure) is used as the raw material for producing non-food products (cosmetics, bio-plastics, fuels, etc.). Investing now in a bio-based economy will give the Netherlands many opportunities for economic growth and for a more sustainable society. The Council calls on the Government to focus on developing a bio-based economy, subject to clearly defined sustainability criteria. In its report, the Council makes a series of recommendations concerning structured innovation, the selection of high-value biomass applications, the preparation of employees for the transition, and the promotion of sustainably developed biomass worldwide.

Biomass can play an important role in the future Dutch economy. With technology becoming more sophisticated and innovative, it is growing easier to turn plants, trees, crops, and residual animal waste into biomass. They are giving rise to new, sustainable products with considerable added value that replace products based on non-renewable materials.

For the Netherlands in particular, high-value biomass applications in chemicals and materials offer a wealth of opportunities. Some of the key sectors, for example the agro-industry, the chemicals industry, and the logistics sector, are highly developed in the Netherlands. A bio-based economy may lead to income growth in a number of sectors, a rise in exports, and new prospects for employment.

The Council is organising a working conference in spring 2011 so as to draft a quality agenda for a bio-based economy with partners in the chemicals sector, the agro-industry, heavy industry, and the paper, logistics and energy sectors. The agenda will encompass agreements concerning job quality and on how best to guide employees as they learn new working methods .

### **Other committee activities**

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

Every year, the European Council gathers in the spring to discuss progress on what used to be known as the Lisbon Strategy and is now referred to as the Europe 2020 Strategy. Beforehand, the Council consults with the Dutch minister or state secretary in question in order to help define the Dutch Government's position.

Maria Van der Hoeven, Minister of Economic Affairs, visited the Council's offices on 16 March 2010 to discuss the Dutch position at the EU Spring Summit on 25 and 26 March. The agenda for the Summit included the regulation of the financial sector, the budgetary exit strategy, the follow-up to the Lisbon Strategy until 2020, and the EU's climate policy after the Copenhagen Summit.

In order to prepare for the meeting with the Minister, the Council's secretariat drafted a number of memorandums that were discussed in advance in the Council's International Social and Economic Affairs Committee and Social and Economic Policy Committee. One of these memorandums reviews and discusses European proposals for regulating and supervising the financial sector. The memorandum was published as a Council Report *Regulering en toezicht financiële sector: Nieuwe EU-voorstellen* [Regulating and supervising the financial sector: New EU proposals].

#### *International Corporate Social Responsibility*

Within the framework of its statement on International Corporate Social Responsibility of December 2008, the Council has installed a committee that will concern itself with matters related to ICSR. The committee met with State Secretary for Economic Affairs Frank Heemskerk in January 2010 to discuss the first ICSR progress report, *Waarde winnen, ook in de keten* [Adding Value, Even in the Supply Chain]. In the course of this

meeting, the parties discussed the ICSR Committee's working plan for 2010-2012. Published in February, the working plan consists of three key components:

- activities undertaken by the social partners both within and beyond the context of the Council in order to disseminate and implement the Council's statement;
- a survey of ICSR activities conducted among enterprises that will supplement the Transparency Benchmark study carried by the Ministry of Economic Affairs, Agriculture and Innovation;
- a deeper study of the basic philosophy underlying the Council's statement. This will involve exploring the scope of supply chain management and remedial mechanisms.

In April, the Council hosted a peer-sharing meeting on supply chain management attended by MVO-Nederland and sector representative bodies. The ICSR Committee spent much of 2010 preparing its second progress report, which will be published in early 2011. The report will focus on the three components of the working plan. The survey of ICSR activities among enterprises has been outsourced to EIM. In October, the committee chairperson reported on the committee's work to the House of Representatives.

#### *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 2010, it also began advising on exposure limits of inhalant allergens. It is equally difficult to identify a safe limit for these substances. The subcommittee therefore sets limits based on the extra risk of sensitisation.

In 2010, the subcommittee issued advisory reports on three genotoxic carcinogenic substances. It also commenced feasibility testing for three inhalant allergens and for asbestos. Testing has not yet been completed. Before commencing the feasibility tests for asbestos, the subcommittee met twice with the relevant sector representative bodies to discuss the findings of the Health Council of the Netherlands regarding the need to establish standards and the implications for everyday working practices. At the request of the Ministry of Social Affairs and Employment, the subcommittee also launched a discussion concerning the relevance of identifying a statutory limit for endotoxins (dead bacterial material), and visited two companies in that connection.

The subcommittee is working to make digital information on occupational exposure limits more easily accessible by third parties. In addition to users of the OEL Database on the Council's website, these parties include those who use the digital version of the guidelines *Veilig werken met chemische stoffen* [Working safely with chemicals]. The guidelines will become more user-friendly as a result.

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. The subcommittee secretariat attends an annual meeting of institutes and organisations in Austria, Germany and Switzerland involved in determining occupational exposure limits in their countries. It also serves as the national office for documents issued by the European Commission's Scientific Committee on Occupational Exposure Limits (SCOEL). Part of its work in that context is to draw the attention of interested parties in the Netherlands to the SCOEL's reports/draft reports.

## 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].

In accordance with the WBO, the Council supervises the commodity and industrial boards in order to ensure that the boards function efficiently and in accordance with the law. By exercising supervision, the Council helps both the separate boards and the entire system operate effectively.

The Council delegates most of its administrative duties to its Administrative Chamber [*Bestuurskamer*] and Supervisory Chamber [*Toezichtkamer*]. The Administrative Chamber is a committee that basically consists of the members of the Council (or their deputies). The Supervisory Chamber is a committee made up of three Crown-appointed members (or their deputies) that acts autonomously in performing its supervisory duties.

In 2010, the Supervisory Chamber carried out its work for the first time in accordance with a Supervisory Plan based on the Industrial Organisation Act, which was amended in 2009. The plan describes what the focus of the Chamber's supervisory work will be in the calendar year ahead. The three priorities identified for the year under review were:

- financial management;
- the influence of commodity board members on the decision-making process;
- integrity.

### *Joint sectoral committees*

The Council installs joint sectoral committees pursuant to the Working Conditions Act (WOR). Their main task is to mediate between parties in disputes that can be traced to that Act. In 2010, the Administrative Chamber acted on a resolution adopted in 2009 to downsize the 23 existing joint sectoral committees in the commercial sector to two committees. Both of the two new joint sectoral committees began their work in 2010. They are: Joint Sectoral Committee Market I, for enterprises in commercial sectors (commencement date: 1 September) and Joint Sectoral Committee Market II, for enterprises in the care, social welfare, and social/cultural sectors (commencement date: 1 July). The Council runs the secretariats of both joint sectoral committees. The committees will publish their own annual report.

### *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 year 2009 marked a "record low" in the number of annual merger notifications since 2000: a total of only 335. The fall in the number of notifications was probably the result of the recession. The number of notifications rose slightly in 2010, from 335 to 348.

### *Complaints procedure for pre-appointment medical examinations*

The Council runs the secretariat of the Complaints Committee for Pre-Appointment Medical Examinations. The purpose of the committee is to monitor and promote the quality of pre-appointment medical examinations within the meaning of the Medical Examinations Act [*Wet op de medische keuringen*, WMK]. The Committee advises when asked to do so and issues opinions on complaints. It reports to the Ministry of Social Affairs and Employment and publishes its own annual report. In future, the Committee's tasks will be carried out under the auspices of the Social and Economic Council. The

Council responded favourably to a proposal made in 2009 by the then Minister of Social Affairs and Employment that the complaints procedure for pre-appointment medical examinations should be transferred to the Council. Specifically, that means that the Committee will become a Council committee.

## 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.

### Anniversary events

The Social and Economic Council celebrated its sixtieth anniversary with a variety of different events. On 25 November, it held an anniversary conference entitled *Veerkracht en Vertrouwen* [Resilience and Confidence]. Her Majesty Queen Beatrix of the Netherlands attended the conference and was presented with a special book published to mark the anniversary. The authors, various professors at Utrecht University, describe how the Council has dealt with changes in society in the past sixty years. They were years of coordination and of building support, but they were also years in which the Council had to exercise a restraining influence. The heart of the book consists of five chapters on the most important social and economic issues that the Council has addressed in its advisory reports: economic structuring, labour, social insurance and care, economic growth and sustainability, and international integration.

Five symposiums also took place, each one focusing on a relevant topic: early selection in education; sustainable development; voluntary labour mobility; affordable long-term care; and the Merger Code. Each symposium featured a foreign speaker who related how that particular issue was tackled in his or her country.

Other special activities included an interactive timeline on the Council's website and an exhibition of political prints. The Council's journal, *SERmagazine*, devoted a series of articles to eleven key moments in the Council's history. A documentary on the Dutch consultation system was broadcast on Dutch public television in the spring.

### Other events

In addition to the conference and the symposiums, the third Verwey-Jonker/SER Lecture was held on 4 November. The speakers were Esther-Mirjam Sent, professor of Economic Theory and Economic Policy at Radboud University Nijmegen, and Agneta Fischer, professor of the Social Psychology of Emotions at the University of Amsterdam. The subject of the two lectures was *Knowledge economy and emotional culture*.

A peer-sharing meeting was also organised on 27 April for delegates of sector representative bodies and the product and commodity boards. The meeting focused on the topic of supply chain responsibility. Those attending held discussions with representatives of VNO-NCW, MVO-Nederland, the Council, and, most importantly, with one another concerning the problems and opportunities associated with international supply chain management. The main focus was on the role that sector representative bodies can play vis-à-vis enterprises.

The *younger members of the social partners' organisations* visited the Council's offices on 21 April. They were invited by Council President Alexander Rinnooy Kan, Secretary-General Véronique Timmerhuis, and younger Council staff. During this working visit, the guests heard about the difference between the Council and the Labour Foundation, the Council's set of duties, and its advisory work.

### **Open door for visitors**

With a refurbishment of its meeting rooms under way, the Council was unable to receive as many groups as it normally does. There were ten groups from the Netherlands, consisting of students (majoring in law, public administration, organisation science, sociology, political science, history, human resource management, management, and economics and law), participants in the Ministry of Defence's Top Management Programme, and staff working for the Municipality of Boxtel.

There were also twelve groups visiting from abroad, namely from the United States, Suriname, South America, India, Central and Eastern Europe, Bosnia and Herzegovina, Africa (two groups) and Vietnam (also two groups). They were interested in learning about the Dutch consultation system and the Netherlands' social and economic council. Some groups also expressed an interest in specific subjects, for example the minimum wage and international corporate social responsibility. 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 at United Nations headquarters in New York in July. The discussion centred on the possibility of using social dialogue to tackle the problems created by the economic crisis, and which practices were most appropriate. In March, the secretary-general attended a meeting in Rome for representatives of countries that had chaired AICESIS. The meeting concerned the future of AICESIS and how it should be positioned. The growth of the Association (which now has approximately sixty member states) makes it necessary to review its role and internal practices. The network of European social and economic councils met in Madrid in May to pool ideas about the role and involvement of the social partners and social and economic councils in policy measures related to the economic crisis.

The Council's secretariat is also involved in the activities of the European Economic and Social Committee (EESC) within the framework of the Europe 2020 Strategy. Europe 2020 is the follow-up to the Lisbon Strategy. The Lisbon Strategy was the long-term strategy that was to have made the European Union the strongest economy of the world by 2010. On 16 and 17 September, the secretariat attended two meetings in Brussels concerning the involvement of the social partners and civil society in the Europe 2020 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.

## 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 2010 was EUR 2.20.

The budget for 2010 was EUR 13.3m. Personnel costs represent the largest item of expenditure. The Council's workforce is 111.4 FTEs (2010 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.