

SPRING 2014 REFORM BAROMETER - NETHERLANDS

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Reinforce and implement the budgetary strategy, supported by sufficiently specified measures, for the year 2014 and beyond to ensure a timely correction of the excessive deficit by 2014 in a sustainable manner and achieve the structural adjustment effort specified in the Council recommendations under the EDP. Protect expenditure in areas directly relevant for growth such as education, innovation and research. After the correction of the excessive deficit, pursue the structural adjustment effort that will enable the Netherlands reaching the medium-term objective by 2015.	Important	Satisfactory	6 billion (1% GDP) of austerity measures have been taken. Taxes on consumption and companies have been raised too much in order to correct the budgetary deficit. It is necessary to keep cutting spending instead of raising taxes
CSR 2	Step up efforts to gradually reform the housing market by accelerating the planned reduction in mortgage interest tax deductibility and by providing for a more market oriented pricing mechanism in the rental market, and by further relating rents to household income in the social housing sector. Refocus social housing corporations to support households most in need.	Extremely important	Satisfactory	Recovery comes gradually. The policy changes have created stability on the housing market.
CSR 3	Adjust the second pension pillar, in consultation with social partners, to ensure an appropriate intra- and inter-generational division of costs and risks. Underpin the gradual increase of the statutory retirement age with measures to increase the employability of older workers. Implement the planned reform of the long-term care system to ensure its cost-effectiveness and complement it with further measures to contain the increase in costs, with a view to ensure sustainability.	Important	Mixed	Social Partners did agree on a reform of the second pillar pension system including an increase of the retirement age. This agreement requires a change in legislation. A legislative proposal is currently discussed between the Cabinet and political parties in order to get support in Parliament. In principle, support is given to a reform of the long-term care system to ensure cost-effectiveness and sustainability. However, we firmly object to the current proposal resulting in high costs for employers. Long term care must not be paid for by employers.
CSR 4	Take further measures to enhance participation in the labour market, particularly of people at the margin of the labour market. Continue to reduce tax disincentives on labour, including by a faster phasing-out of transferable tax credits for second income earners. Foster labour market transitions and address labour market rigidities, including by accelerating the reform of employment protection legislation and the unemployment benefit system.	Extremely important	Satisfactory	We fully support this CSR and work is done to realize these recommendations. We have reached a Social Agreement concerning an increase of the labour participation of disabled persons (removing a legal quota system), shortening the length of the statutory unemployment benefits, and simplifying EPL. This Social Agreement also needs legislative changes and that is work in progress.