PUBLIC SECTOR PERFORMANCE PROGRAMME 2022-2025

An International Benchmarking Study
Sub-Study 2024

The European Institute of Public Administration (EIPA) in cooperation with the Ministry of the Interior and Kingdom Relations of the Netherlands

ICTU

EIPA European Institute of Public Administration

Ministerie van Binnenlandse Zaken en Koninkrijksrelaties

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1. INTRODUCTION

1.1. FOREWORD

The European Institute of Public Administration (EIPA) in cooperation with the Ministry of the Interior and Kingdom Relations of the Netherlands ('the Ministry') is conducting a benchmarking study 2022–2025, having as an objective an in-depth analysis of public sector performance in 35 countries. It is the fourth edition of the study with previous reports published in 2004, 2012 and 2015. The current edition updates key indicators and extends the previous editions by including additional indicators and policy areas. In the course of 2022 to 2024, the programme analyses public sector performance in ten policy areas; in 2025, the respective sub-studies will be updated and revised to include the latest data and recent developments. This report presents results of the third 2024 sub-study of the Public Sector Performance Programme, covering the following three domains:

- **Health**
- **Sport**
- **International best practices in social security systems**

Finally, in 2025 the sub-studies published between 2022 and 2024 will be updated with the latest figures, information and further analysis of all policy areas and public services concerned.

The Public Sector Performance Programme is conducted thanks to the generous grant of the Ministry, which enables the extension in terms of scope and depth of analysis of public sector performance in respective policy areas. From the Ministry side the programme is led by Frans van Dongen (Programme Manager Public Performance). The EIPA team is very grateful to him for his support throughout the project and is particularly happy about the fruitful cooperation with the Ministry. The EIPA team consists of Dr. Iwona Karwot (Project Leader and Senior Expert), Miranda Lovell-Prescod (Senior Research Officer and EIPA Data expert), Paolo Giovanetti (Research Officer) and Björn Hölbling (Research Officer).

The EIPA team wishes to express its gratitude to external experts involved in the preparation of the following chapters: health – Dr. Enrique Bernal-Delgado, Dr. Ester Angulo-Pueyo, Santiago Royo-Sierra Clifton (Institute for Health Sciences. IACS, ES); for sport – Prof. Nils Asle Bergsgard (University of South-Eastern Norway, NO); for international best practices in social security systems – Prof. Dr. Daniël van Vuuren, Kim van Berkel, Jellien Knol and Francesca Schoenmaker (SEO, NL).

The EIPA team would also like to thank the ICTU for co-funding the research for the International best practices in social security systems chapter; Florien Kruse, Joris Hoogbergen, Bram ter Schegget and Renate van Noort (Ministry of Health, Welfare and Sport), Wanda Wendel-Vos (National Institute for Public Health and the Environment), for their support during the preparation process of the 2024 sub-study; Drs. Waldemar de Haas (Power BI Knowledge) for his contribution, advice and help during preparation of the interactive Dashboard of the 2022 – 2025 Benchmarking Study.

The coordination between all partners involved in the preparation process of the 2024 sub-study report began with the kick-off meeting which took place on 31 January 2024. During the meeting the Ministry, the EIPA team and the external experts agreed on the next steps to deliver the sub-study. It was agreed that the plan of each chapter should be completed in April, the first draft between May and June and the final version should be delivered in October (except of international best practices in social security systems chapter, published in May 2024). It was also agreed to carry out the final conference in early February 2025. Finally, to facilitate coordination, it was decided to hold regular meetings between all partners every two months, and monthly meetings for each policy area between the relevant experts, the Ministry and the EIPA team.

1.2. INTRODUCTION

In response to recent social and economic crises, we are witnessing the acceleration of the trend of increasing state intervention in various social and economic policies. After years of contractionary fiscal policies, de-regulation and privatisation, this 'return of the state' seems to reverse at least some of these trends, thus shifting the balance between the public and the private, the state and the market in the production and delivery of public services. While this balance is subject to specific historical, social and political contingencies in various political systems, the overarching objectives of all democratic systems of governance is the efficient and effective provision of public services for citizens. For it is the citizenry that, in democratic systems, delegates specific tasks to state institutions, which are in turn accountable to these same citizens. Hence, public sector performance is essential for upholding this circle of delegation and accountability, and thereby the quality and legitimacy of government action.

The EIPA Public Sector Performance Programme examines the performance of the public sector in 35 countries (see box below). The EIPA study will update the SCP report and broaden its perspective by including additional indicators. Moreover, all policy areas will be analysed in depth and separately to support better insight into the achievements of every policy domain. It will be the fourth edition of the study since the last report published in 2015, prepared by the Netherlands Institute for Social Research (Sociaal en Cultureel Planbureau – SCP), covering the period from 1995 to 2012.

Countries included in the study with abbreviations

AT	Austria	ES	Spain	NL	The Netherlands
AU	Australia	FI	Finland	NO	Norway
BE	Belgium	FR	France	NZ	New Zealand
BG	Bulgaria	HR	Croatia	PL	Poland
CA	Canada	HU	Hungary	PT	Portugal
CH	Switzerland	IE	Ireland	RO	Romania
CY	Cyprus	IS	Iceland	SE	Sweden
CZ	Czechia	IT	Italy	SI	Slovenia
DE	Germany	LT	Lithuania	SK	Slovakia
DK	Denmark	LU	Luxembourg	UK	United Kingdom
EE	Estonia	LV	Latvia	USA	United States of America
EL	Greece	MT	Malta		

In this sub-study, we present the results of the following three policy areas covered by the Public Sector Performance Programme:

- Health
- Sport
- International best practices in social security systems

The main objective of the study is to provide a comprehensive analysis of public sector performance in the respective policy areas by answering the following questions:

- What are similarities and differences in terms of input, output and outcome? Which countries perform best and which are the worst?
- How do inputs, outputs and outcomes change over time?
- How effective are countries in the achievement of objectives? How efficient are countries in the process of service delivery? What is the correlation between inputs and outputs?
- What is the perception of citizens and other relevant stakeholders, regarding service delivery (e.g. satisfaction, trust)?
- How can we explain similarities and differences between countries?

The report is structured as follows. First, we introduce the conceptual framework and research design underpinning the study. This framework will inform the analysis in the two thematic chapters providing a common terminology and conceptualisation of public sector performance. The first thematic chapter covers public sectors from the perspective of health. The second following chapter deals with sport. The third chapter is presenting the best practices in social security systems in selected countries covered by the study. In the concluding chapter, the results of the thematic chapters are synthesised.

2. RESEARCH DESIGN AND CONCEPTUAL FRAMEWORK

The research design of the Public Sector Performance Programme was developed in line with the objectives and research questions of the study. The design is based on the following steps (Van Dooren, 2015): defining study objectives, selection of indicators, data collection, analysis and reporting.

The **conceptual framework** is based on the input–output–outcome model commonly applied in benchmarking studies (see Figure 1)[1]. The model distinguishes between output, outcome and impact, and includes the relation between input and output, i.e. throughput and processes and the efficiency of service delivery, as well as causal mechanisms to explain outcomes and the relation between input–outcome related to the cost-effectiveness.

It includes the following concepts:

- **Environment:** social, economic and political context of a public service or policy area;
- **Needs:** the functional requirements of service deliver and the political demands stemming from the environment;
- **Objectives:** the goals set as a result of these demands;
- **Input:** anything that is put into a system, e.g. an organisation that addresses input with a view to produce an output – in the context of benchmarking studies, these are non-monetary and monetary resources dedicated to service delivery;
- **Activity:** actions that are necessary to process input with a view to producing an output;
- **Output:** anything that comes out of a system being the result of input processing – output might be used immediately or be readily available for use by citizens in the future;
- **Effect/outcome:** anything going beyond output, i.e. the societal, economic and political results relevant for a policy area;
- **Trust:** the belief of citizens in the ability of public sector organisations to deliver services and to achieve desirable objectives.

In addition to the concepts included in the model, the study will also take into consideration the concept of **satisfaction**, defined as a subjective indicator which measures the quality of a specific service (Bouckaert & van de Walle, 2003).

The concept of **environment** will be further developed to include the **mechanisms, policy design and institutional arrangements**. These elements are relevant in shaping the policy outputs and outcomes, and contribute to explaining the differences in the countries' performances.

The model entails two **dimensions of analysis**: the span of performance and the depth of performance.

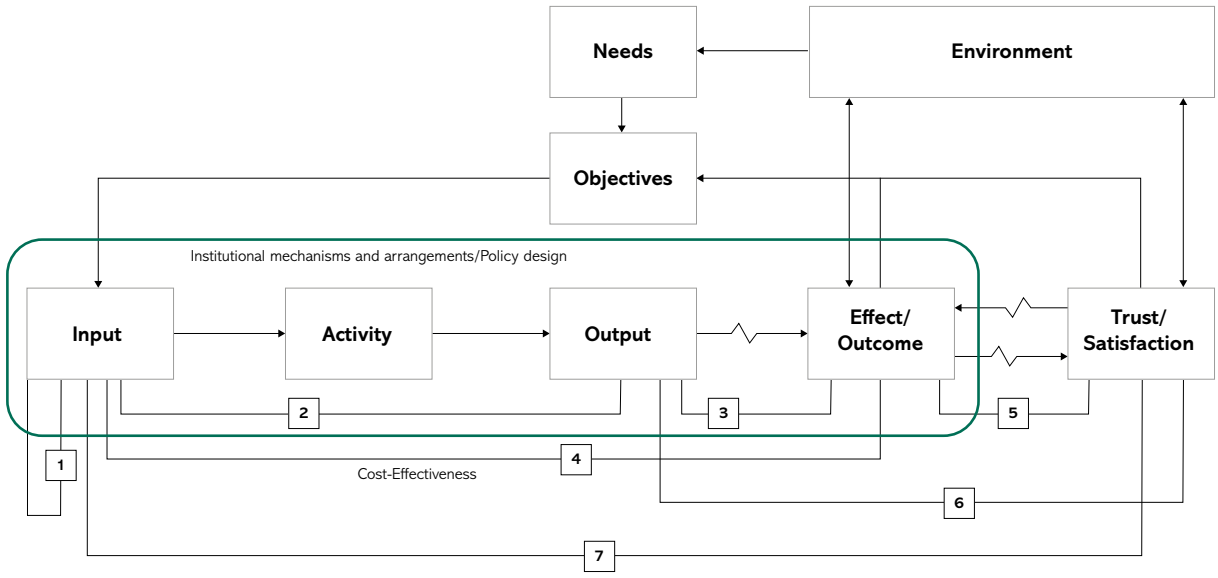
The **span of performance** relates to the causal relationships between concepts. Three relationships can be distinguished: efficiency, effectiveness and cost-effectiveness, and trust and satisfaction. These relationships link the various concepts of the model and range from a minimum to a maximum span (see numbers in Figure 1).

- **Link 1 (economy) and 2 (efficiency)**
  The minimum span of performance relates input with output. It is concerned with the efficiency of service delivery, i.e. the level of productivity in transforming input into output.

- **Link 3 (effectiveness) and 4 (cost-effectiveness)**
  The medium span of performance relates input with outcome, and output with outcome. It is concerned with the effects of service delivery, i.e. the effectiveness in achieving objectives and the comparison between relative costs and outcomes. Hence, analysing the medium span of performance also includes consideration of the environment of service delivery and the setting of objectives based on environmental needs and demands.

- **Link 5, 6 and 7 (satisfaction and trust)**
  The maximum span of performance relates input, output and outcome with satisfaction and trust. It is concerned with the effects of efficient and effective service delivery on satisfaction and trust. Hence, the analysis of the medium span of performance includes consideration of the environment of service delivery and the setting of objectives based on environmental needs and demands. Moreover, satisfaction is not only affected by public performance, but also affects service delivery; there are inverse causal relations.

Figure 1: Conceptual framework



Source: Bouckaert & Halligan 2008:16 (modified)

[1] This section follows the chapter 'What is managing performance?' (see Bouckaert & Halligan 2008: 11-34).

The **depth of performance** relates to the level of analysis.

- The **micro-level** relates to direct **service delivery to the user/customer/citizen**. The perception of citizens as users of services is thus an important element of performance measurement. The level of satisfaction is the result of the interaction between citizens' expectation and the quantity and quality of service delivery. In this respect, trust in the service-delivering organisation is positively related to outcomes and thus has an impact on satisfaction.
- The **meso-level** relates to **service delivery by several organisations in a specific policy area**. This level is concerned with performance of polices and thus satisfaction with, and trust in, the delivery of policies to achieve specific, policy-relevant objectives.
- The **macro level** relates to **public performance of countries**, including several performance indicators from various policy areas. This level is ultimately concerned citizens' trust in the state institutions and the state itself.

The scope covering 35 countries, 10 policy areas and the study objectives were defined in close cooperation with the Ministry. Defining study objectives is essential for benchmarking as it narrows down and specifies which public services will be the subjects for examination. The study objectives relate to the analytical value added by the Public Sector Performance Programme:

- updating the results of the 2015 SCP report;
- broadening the scope by including additional indicators;
- providing more comprehensive analysis.

In line with the elements of the conceptual framework of the study, the main objective is to examine the effectiveness, efficiency, cost-effectiveness, satisfaction and trust of citizens, enterprises and other relevant stakeholders. This regards available products, services, provisions and outcomes in ten policy areas in 35 countries, with a longitudinal perspective.

These specifications facilitate the selection of performance indicators and data collection. The data informing the study is based on primary and secondary data (policy-relevant and academic literature). The primary data consist of datasets that include numerical data measuring performance and other indicators in policy areas and countries within the scope of the study. In general, indicators are essential for measuring performance in line with the conceptual framework underlying the analysis.

There are three characteristics of indicators which are most relevant in terms of measurement: objective and subjective measurement, single and ratio indicators, and composite indicators.

Objective and subjective measurements

Objective measurement refers to a 'precise assessment of a dimension of performance' and involves an 'external process to verify its accuracy' (Andrews et al., 2007). The best example is perhaps the results of school exams. **Subjective measurement** refers to a dimension of performance, but is subject to judgement either by individuals inside (e.g. managers) or outside the organisation (e.g. clients and citizens).

Single and ratio indicators

Single indicators measure characteristics of separate elements of the conceptual framework; **ratio indicators** measure the relationship of elements (Van Dooren, 2015). The distinction between single and ratio indicators corresponds with the grouping of research objects. Single indicators measure performance based on isolated concepts, whereas ratio indicators measure performance of related concepts.

Single Indicators	Ratio Indicators
Environment	Efficiency (input–output)
Input	Effectiveness (output–outcome)
Output	Cost-effectiveness (input–outcome) (environment)
Outcome	Satisfaction and trust (input–output–outcome–trust) (environment)

The use of ratio indicators requires that indicators for two related concepts have to be combined to analyse efficiency, effectiveness, cost-effectiveness and the related effects on satisfaction and trust. This includes input indicators and indicators that measure the environment (or relevant aspects of it) in which the delivery of public services takes place. There are several input factors that are presumably relevant to services across the board, but we assume that for each policy area, specific environmental aspects, and thus input indicators, are relevant for service delivery in the respective areas.

Composite indicators

While indicators measure specific aspects of performance, these aspects can be conceptualised as being multi-dimensional. For instance, the quality of an educational system can be appraised with several dimensions, e.g. the number of graduates or equality in terms of access. Single indicators only provide snapshots of complex realities while composite indicators account for the multidimensionality of objects. By doing so, composite indicators also reduce the number of single indicators needed for assessing performance. At the same time, the construction of composite indicators is methodologically challenging. These pros and cons should be kept in mind.

The study adopts two main **data collection methods**: administrative data from programme or agency records, and 'customer' surveys (Hatry, 1999). The first method is useful for gathering input, output and, to some extent, outcome indicators, while the second one is an important source of information about service quality and outcomes.

The data come from **external data sources** provided by national and international organisations, i.e. Eurostat, OECD, UN statistics, the World Bank and National Statistics Institutes. The data search is also complemented by other methods, e.g. 'snowballing' by reviewing reference lists in the selected relevant literature.

The selection of the data has been performed taking into account the full coverage of the countries considered by the benchmarking study, the indicators used in the previous version of the study, and new relevant indicators for comparing and measuring the performances of public sector in each policy area, as well as the perception of service delivery, user satisfaction and citizens' trust.

The selection has been made also taking into consideration the coverage of the time frame 2007–2020.

In terms of analysis, the most important element of the Public Sector Performance Programme is the comparison of performance against a specific norm or target. For comparative analysis at the systems level (countries), the performance of other countries can be used as a benchmark. The comparison of indicators facilitates learning by confronting specific elements of performance (e.g. output) between comparable countries.

The study aims to examine public sector performance from a comparative and longitudinal perspective. This includes comparison of countries' performance horizontally (cross-country) and over time, usually based on quantitative single or ratio indicators as well as composite indicators. Moreover, the study utilises several univariate and multivariate methods of quantitative analysis; details are provided in the respective chapters and technical annexes.

3. HEALTH

3.1. INTRODUCTION

3.1.1. Goal

This chapter aims to assess the Dutch health system through the analysis of a comprehensive set of indicators and its comparison with different countries, with the ultimate objective of informing policy decisions on health.

3.1.2. Framework of analysis

The chapter is based on the conceptual framework commonly used in the Public Sector Performance Programme for the assessment of the effectiveness of public policy interventions (EIPA, 2023; EIPA, 2024), adapted to the healthcare context using the rationale and methods proposed in other frameworks such as the WHO-Observatory global HSPA framework (Rajan et al., 2023) and the renewed OECD HSPA framework (OECD, 2024).

When applied to the healthcare context, inputs are defined as the human, structural and financial resources invested or used; healthcare outputs are those activities generated by the healthcare system such as consultations, hospital discharges or specific enrolment in healthcare programmes of vaccination or screening. Outcomes refer to the consequences of the health system's activities, policy or interventions on the health and well-being of the population, which are measured by indirect variables such as life expectancy or avoidable mortality.

3.1.3. Selection of indicators

This report builds on the widely accepted indicators used in international comparisons of health systems, such as those developed by OECD's Health Statistics and Eurostat. A set of indicators was proposed and the Dutch Ministry of Health representatives advised and provided input on the final selection of the indicators.

Table 1: List of the selected indicators for the analysis

Indicator	Measure	Available years	Data source*
Input			
Health expenditure	Share of GDP	2015-2022	OECD
Health expenditure per capita	Per capita, current prices, current PPPs	2015-2022	OECD
Government/compulsory schemes	Share of current expenditure on health	2015-2022	OECD
Voluntary healthcare payment schemes	Share of current expenditure on health	2015-2022	OECD
Household out of pocket payments	Share of current expenditure on health	2015-2022	OECD
Expenditure on inpatient care	Share of current expenditure on Health	2015-2022	OECD
Expenditure in outpatient care	Share of current expenditure on Health	2015-2022	OECD
Expenditure in long-term care	Share of current expenditure on Health	2015-2022	OECD
Expenditure in preventive care	Share of current expenditure on Health	2015-2022	OECD
Acute care (curative) beds	Per 1,000 population	2015-2022	OECD
Long-term care beds	Per 1,000 population	2015-2022	OECD
ICU beds	Per 100,000 population	2015-2022	OECD
Practising physicians	Per 1,000 population	2014-2022	OECD
Practising nurses	Per 1,000 population	2014-2022	OECD
Output			
Inpatient care discharges by all causes	Per 100,000 population	2010-2022	OECD
Hospital average length of stay	Days	2010-2022	OECD
Doctor consultations	Per capita	2015-2022	OECD
Influenza vaccination	% of population aged 65 years and over	2010-2022	OECD
DTP vaccination	% of children immunised	2010-2022	OECD
Measles vaccination	% of children immunised	2010-2022	OECD
Breast cancer screening	% of females aged 50-69 screened	2010-2022	OECD
Cervical cancer screening	% of females aged 20-69 screened	2010-2022	OECD
Colorectal cancer screening	% of population aged 50-74 screened	2014-2022	OECD
Polypharmacy in population aged 75 years and over	% of people aged 75 years old and over who are taking more than five medications concurrently	2012-2021	OECD
Proportion of people aged 65 and over with antipsychotics prescription	Age/sex-standardised rate per 100,000 population	2008-2021	OECD

Table 1 continues on the next page

Indicator	Measure	Available years	Data source*
Chronic opioid users	% total population	2013-2021	OECD
Elderly patients with prescription of long-term benzodiazepines or related drugs	Per 1,000 patients aged 65 and over	2011-2021	OECD
Total volume of antibiotics for systemic use	Defined daily doses (DDDs) per 1,000 population per day	2005-2021	OECD
Overall volume of opioids prescribed	DDDs per 1,000 population per day	2012-2021	OECD
Patients with long-term prescription of any anticoagulating drug in combination with an oral NSAID	Number per 100 patients receiving anticoagulating drugs	2005-2021	OECD
Primary care physicians' satisfaction**	% of primary care physicians reporting high satisfaction with their income and work–life balance	2022	The Commonwealth Fund
People-centred health systems**	Multiple indicators	---	OECD report 2021
Outcome			
Life expectancy at birth, total population	Years	2010-2023	OECD
Healthy life years at birth	Years	2010-2022	Eurostat
Healthy life years at 65 years old	Years	2010-2022	Eurostat
Infant mortality	Deaths per 1,000 live births	2010-2021	OECD
Maternal mortality	Deaths per 100,000 live births	2010-2021	OECD
Preventable mortality	Deaths per 100,000 population (standardised rate)	2010-2022	OECD
Amenable (treatable) mortality	Deaths per 100,000 population (standardised rate)	2010-2022	OECD
Acute myocardial infarction (AMI) 30-day mortality using linked data	Age/sex-standardised rate per 100 patients 45 years and over	2007-2021	OECD
Ischaemic stroke 30-day mortality using linked data	Age/sex-standardised rate per 100 patients 45 years and over	2007-2021	OECD
Population reporting unmet needs for medical care (too expensive or too far to travel or long waiting list)	% of population aged 16 and over	2014-2023	Eurostat
Self-perceived good/very good health	% of population aged 15 and over	2010-2023	OECD
Population satisfaction with health care**	% total population	2012 and 2022	Gallup World Pool
Trust			
Perceived corruption	Corruption Perceptions Index***	2012-2023	Transparency International
Health needs			
Body mass index	% total population	2014 and 2019	Eurostat
Tobacco consumption	% of population aged 15 and over who are daily smokers	2010-2022	OECD
Frequency of heavy episodes of drinking	% total population	NL only 2019	Eurostat

**Data source: OECD database https://data-explorer.oecd.org/; Eurostat database https://ec.europa.eu/eurostat/data/database; Gallup World Pool https://www.gallup.com/home.aspx; Transparency International https://www.transparency.org/en/cpi/2023. Data extracted 23 July 2024; Commonwealth Fund International Health Policy Survey of Primary Care Physicians 2022; OECD Report, Health for the People, by the People: Building People-centred Health Systems 2021.*

***Given the cross-sectional bespoke nature of these indicators, they have been reported as a descriptive snapshot in the corresponding section; in addition, given the lack of time-series data, no further analyses have been conducted.*

****The Corruption Perceptions Index (CPI) is calculated using 13 different data sources from 12 different institutions that capture perceptions by business people and country experts of the level of corruption in the public sector within the past two years. It standardises data sources on a scale of 0–100 where a 0 equals the highest level of perceived corruption and 100 equals the lowest level of perceived corruption. A minimum of three sources is needed to include a country in the CPI. A country's CPI score (rounded to whole numbers) is then calculated as the average of all standardised scores available for that country.*

3.1.4. Selection of countries: cluster analysis

To improve the convergent validity of the analysis, a cluster analysis was carried out to identify which countries performed in a similar way to the Netherlands (a further methodology explanation is in Annex I). The cluster analysis, built on 41 indicators (17 classified as input indicators, 8 as outputs, 9 as outcomes and 7 related to health needs), discovered three clusters of countries: cluster 1: Bulgaria, Greece, Romania; cluster 2: Australia, Austria, Denmark, France, Germany, Italy, Portugal, Spain, Norway, United Kingdom, Slovenia, Canada, Germany, Belgium, Netherlands, Iceland, Luxembourg, Finland, Switzerland, Austria, Ireland, Sweden; and cluster 3: Czechia, Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia. Only countries in cluster 2 were included in the performance profiling and regression analysis, as the objective of the analysis was to find convergent validity in the comparisons.

3.1.5. Analyses

A basic comparative description of input, output and trust outcome indicators in Table 1 was carried out.
This descriptive approach used all the countries with available data. Additionally, a profiling analysis was carried out for only those countries in cluster 2, to assess the Netherlands' position relative to the median (and interquartile range) of the cluster 2 health system. Finally, exploratory analyses were conducted, trying to work out which inputs and outputs showed more association with outcomes. Regression models were explored to find associations.

Policy lessons

Lessons from the previous analyses were discussed using two underlying questions; whether the current health system design explains the performance of the Dutch system; otherwise, what explanation could there be; and 2) whether the Dutch system is prepared to meet health needs and inequalities; otherwise, what should it be improved to meet them.

3.1.6. Structure of the chapter

This chapter is divided into four main sections: a) a descriptive comparative study on performance;
b) health needs analyses; c) performance profiling; and d) policy lessons.

In the descriptive section the Dutch health system inputs, outputs and outcomes are compared to European countries (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg , Malta, Norway, Poland, Portugal, Romania, Slovenia, Slovakia, Spain, Sweden, Switzerland and the United Kingdom), North American countries (Canada and United States of America) and Oceania (Australia and New Zealand). Likewise, if data is available, time series are provided to detect changes and evolutions of the indicators over time. It should be noted that the 2020 COVID-19 pandemic may have distorted the values of some indicators in years 2020 and 2021.

The second section will describe health status and risk factors as well as evaluate inequalities in performance, analysing differences by gender, socio-economic status and educational attainment.

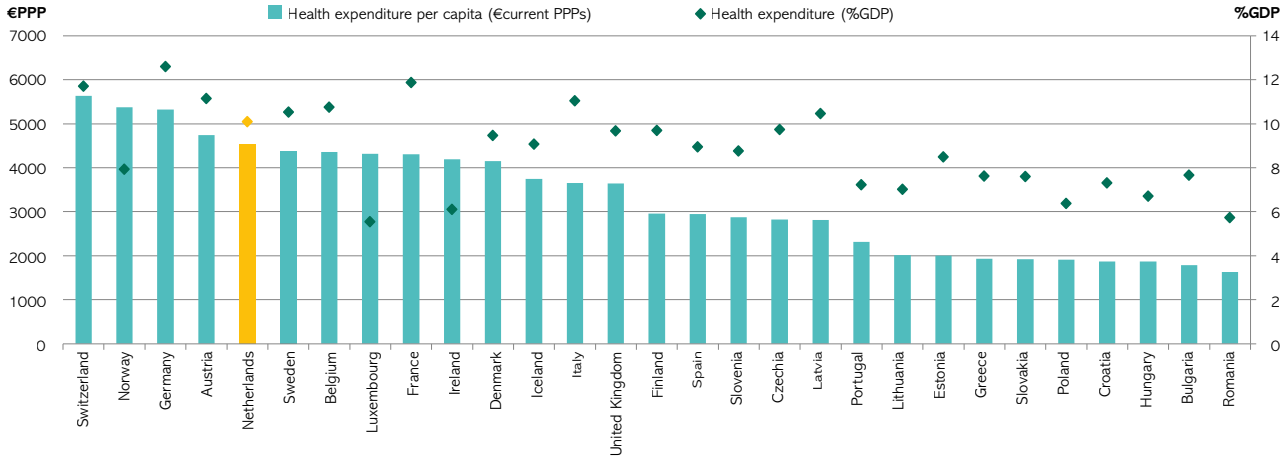
In the third section, the Netherlands' health system is profiled in comparison with cluster two health systems – systems performing similarly. In the final section, the policy lessons from the analyses will be discussed.

3.2. DESCRIPTIVE ANALYSIS

3.2.1. Inputs

During the period 2015–2022, health expenditure ranged between 10% and 11% of the total GDP in the Netherlands. This translated into an increase of 26% in health expenditure per capita, from €3,609 in 2015 to €4,530 in 2022. These figures place the Netherlands as one of the countries with higher health expenditure per capita in Europe, only surpassed in 2022 by Switzerland, Norway, Germany and Austria (Figure 1).

Figure 1: Health expenditure per capita (€ PPP) and health expenditure (% GDP) in 2022 or last available year

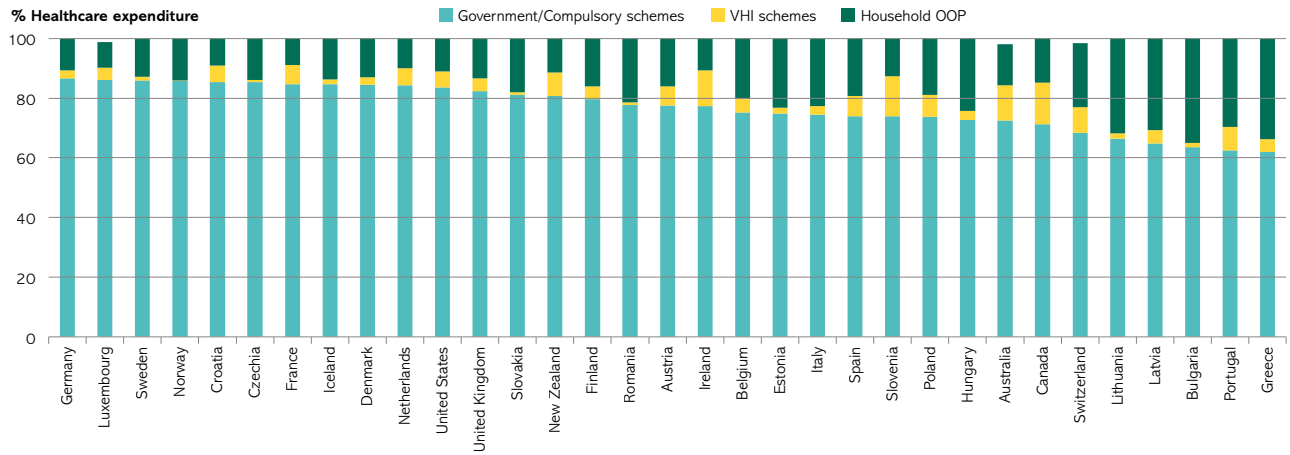


Source: OECD 2024

Public or compulsory expenditure accounted for 84.2% of the total healthcare expenditure in 2022, while out of pocket payments (OOP) reached 10% and voluntary health insurance schemes accounted for 5.7%. The OOP share is among the lowest among the compared countries, similar to France (8.9%) or Germany (10.7%) (Figure 2).

Since 2015, the public expenditure share has increased by 3.5%, private expenditure decreased by 21.6% in the case of voluntary health schemes and 11.2% household out of pocket payments. The largest yearly increase in government expenditure occurred in 2020, in the context of the COVID-19 pandemic, accounting for a 2.6% increase.

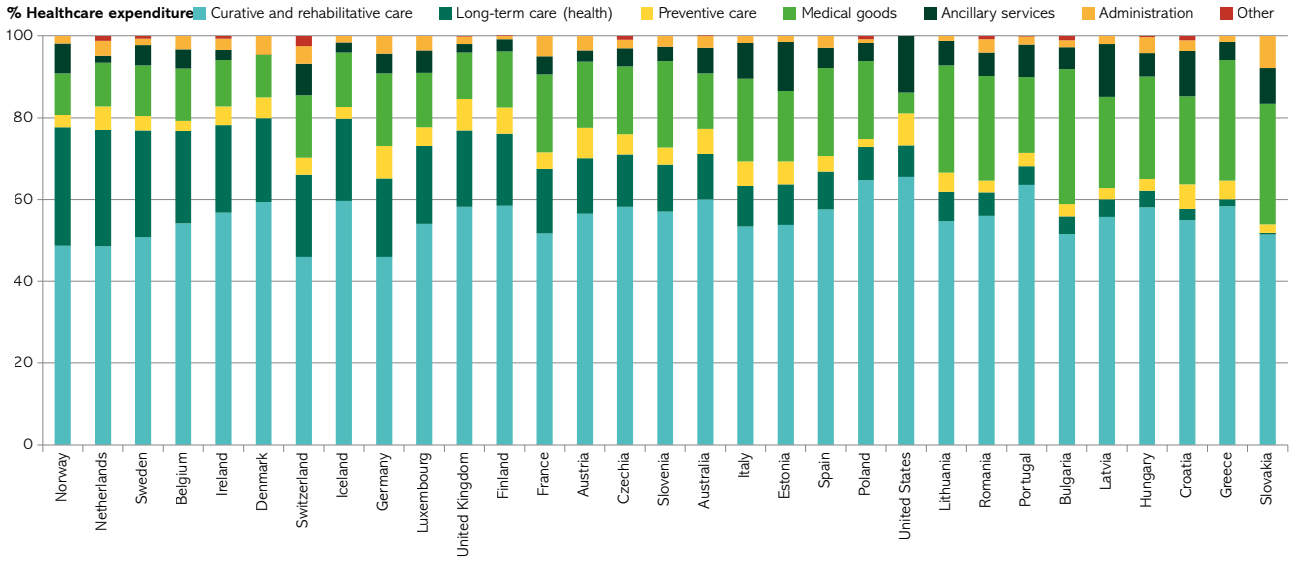
Figure 2: Share of government/compulsory and private funding (VHI and OOP) of healthcare expenditure in 2022 or last available year



New Zealand: 2018 data; Australia: 2020 data.
Source: OECD 2024

When analysing healthcare expenditure by function, long-term care stands out, accounting for 28.4% of total expenditure in 2022, only surpassed by Norway with 29% (Figure 3). In contrast, curative care and pharmaceutical expenditure are among the lowest of the country sample, representing 48.6% and 10.7% respectively in 2022 (Figure 3).

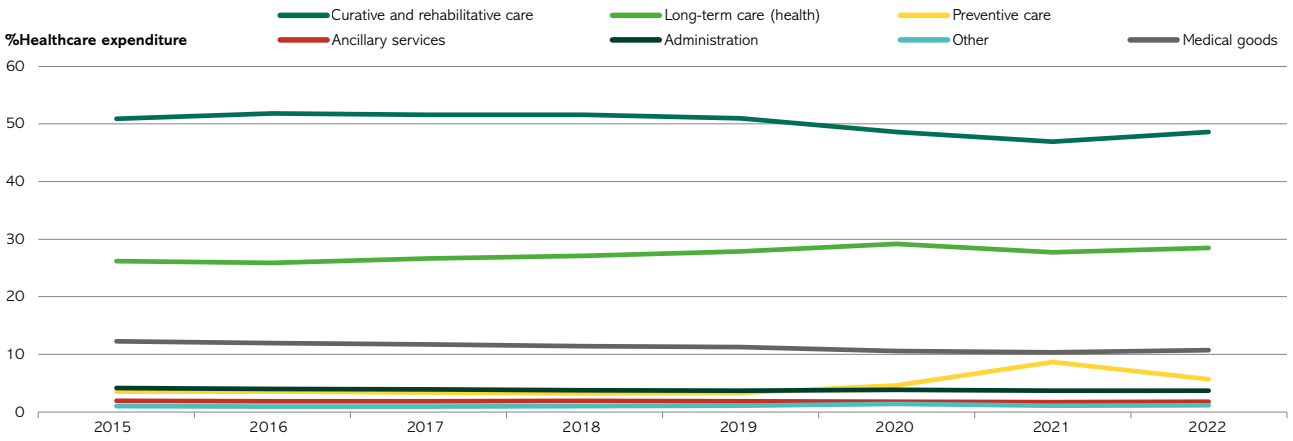
Figure 3: Share of total health expenditure by function in 2022 or last available year



Australia: 2021 data.
Source: OECD 2024

In the period 2015–2022, long-term care expenditure has increased by 8.5% whereas expenditure in curative/rehabilitation care and medical goods has decreased by 4.6% and 12.9% respectively (Figure 4).

Figure 4: Share of total healthcare expenditure by function in the Netherlands 2015–2022

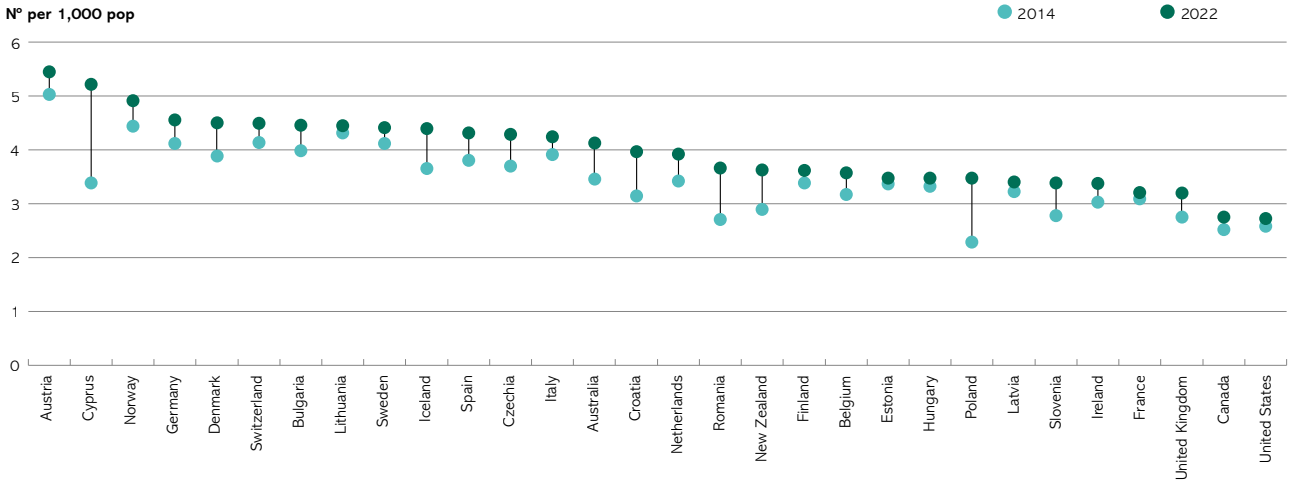


In terms of physical resources, the Netherlands exhibits a lower number of total curative beds; in 2022, this was 2.3 beds per 1,000 population compared to 3.8 beds per 1,000 population average rate in the sample of countries in this study. In turn, long-term care beds were above the average (3.2 compared to 2.5 beds per 1,000 people aged 65 and over in 2022). Long-term care beds experienced an 88% increase since 2020, from 1.7 beds per 1,000 people aged 65 and over in 2020 to 3.2 in 2021 (Table 1 in annex II).

Regarding human resources, in 2022 there were 3.9 practising physicians per 1,000 population. The number of physicians has increased by 15% since 2014 (Figure 5). Despite this increase, the rate of physicians in the Netherlands is slightly below the European average.

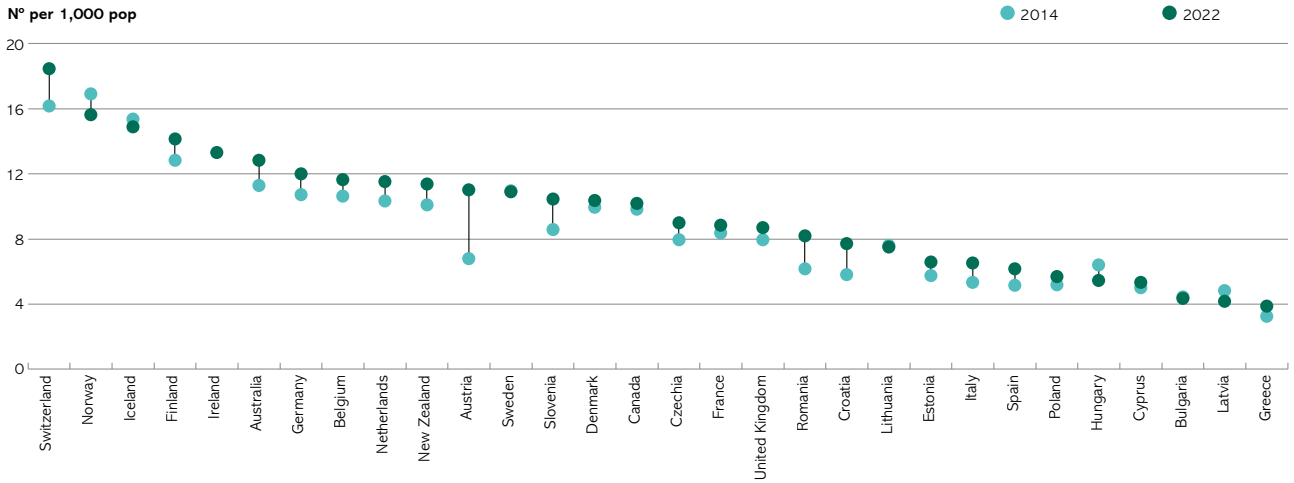
In turn, there were 11.5 practising nurses per 1,000 population in 2022, a rate that places the Netherlands among the countries with the highest rates. The nurses' rate has increased by 12% since 2014 (Figure 6).

Figure 5: Practising physicians per 1,000 population in 2014 and 2022



**Denmark, Finland, Sweden: 2021 data.*
Source: OECD 2024

Figure 6: Practising nurses per 1,000 population in 2014 and 2022



**Belgium, Denmark, Finland, France, Sweden: 2021 data.*
Source: OECD 2024

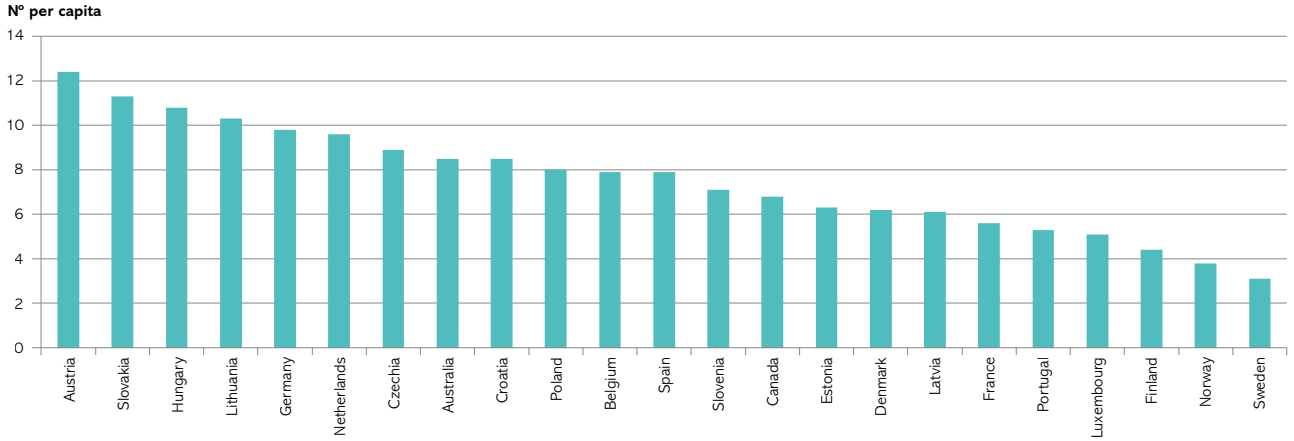
3.2.2. Outputs

Care delivery

Hospital discharges have decreased by 35% since 2010, from 11,937 discharges per 100,000 population in 2010 to 7,731 discharges per 100,000 population in 2022. In general all over the analysed period, the Netherlands is located among the countries with the lowest rates of total hospital discharges (Table 2 in Annex II). Hospital average length of stay in the Netherlands was the shortest among the analysed countries, ranging from 5.6 to 4.4 days in the period 2010–2022.

On the contrary, in the case of doctor consultations (the number of contacts with physicians, both generalists and specialists face to face and remotely), the Netherlands is among the countries with the highest numbers ranging from 8.2 consultations per capita in 2015 to 9.6 in 2022 (Figure 7).

Figure 7: Consultations per capita in 2022 or last available year



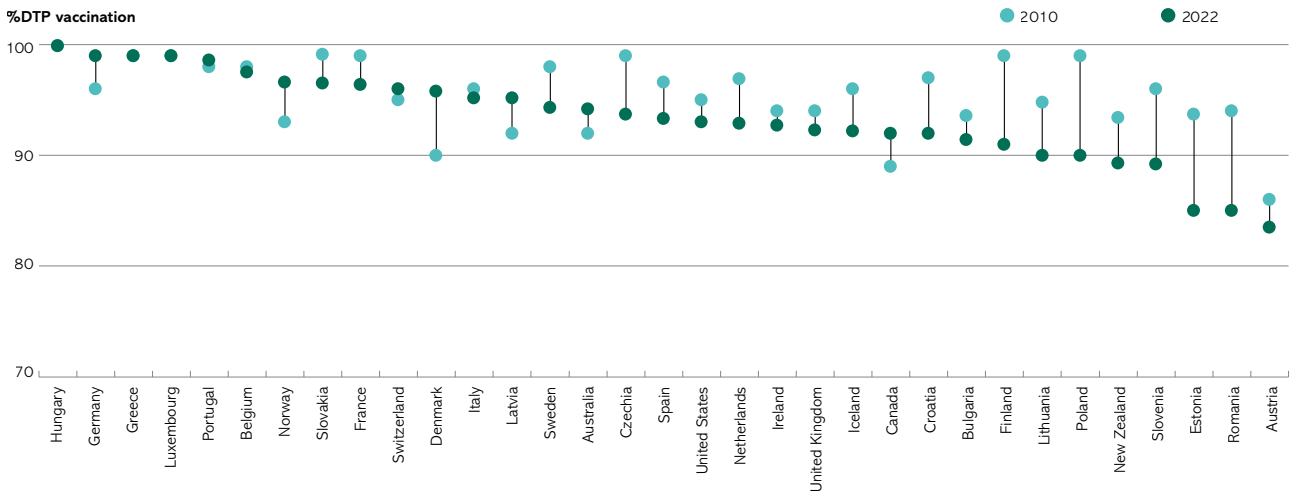
Canada: 2021 data.
Source: OECD 2024

Vaccination campaigns coverage

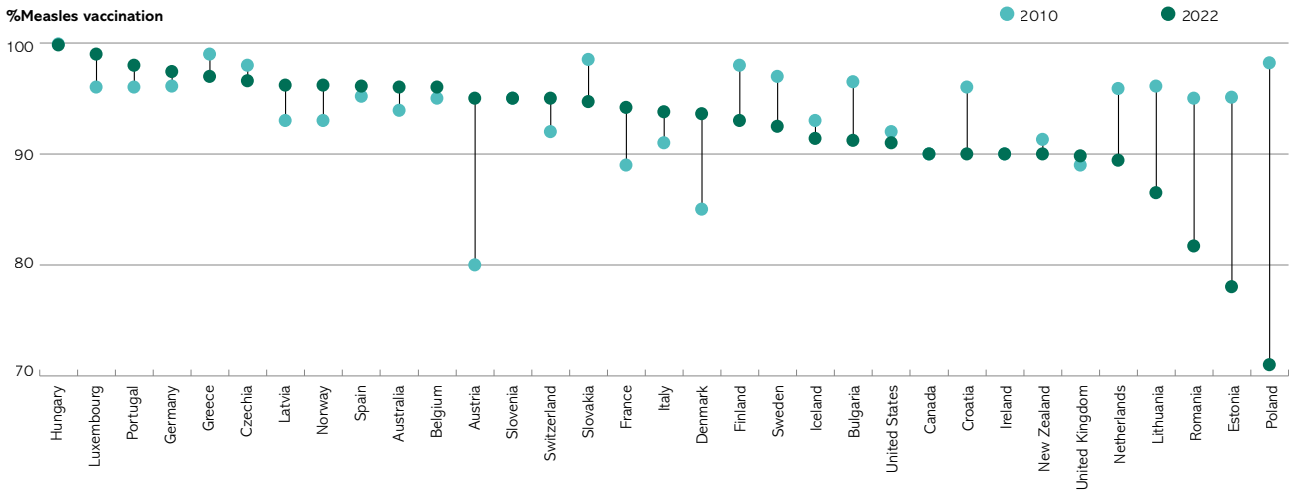
Child vaccination coverage has decreased in recent years. Diphtheria, tetanus, pertussis (DTP) immunisation declined from 97% in 2010 to 93% in 2022, a similar decrease to the comparative sample. In the case of measles vaccination, there was a notable drop from almost 96% in 2010 to 89.4% in 2022, placing the Netherlands below the comparative sample average of 92.3% (Figure8).

On the contrary, influenza vaccination among the older population declined until 2020, when it rebounded to 72.6% of people aged 65 and over in 2021, but decreased again in 2022 to 68.4%. The Netherlands is among the countries with the highest rate of influenza vaccination, well above the sample average of 50% (Figure 9).

Figure 8: Percentage of children DTP (a) and measles (b) vaccinated in 2020 and 2022

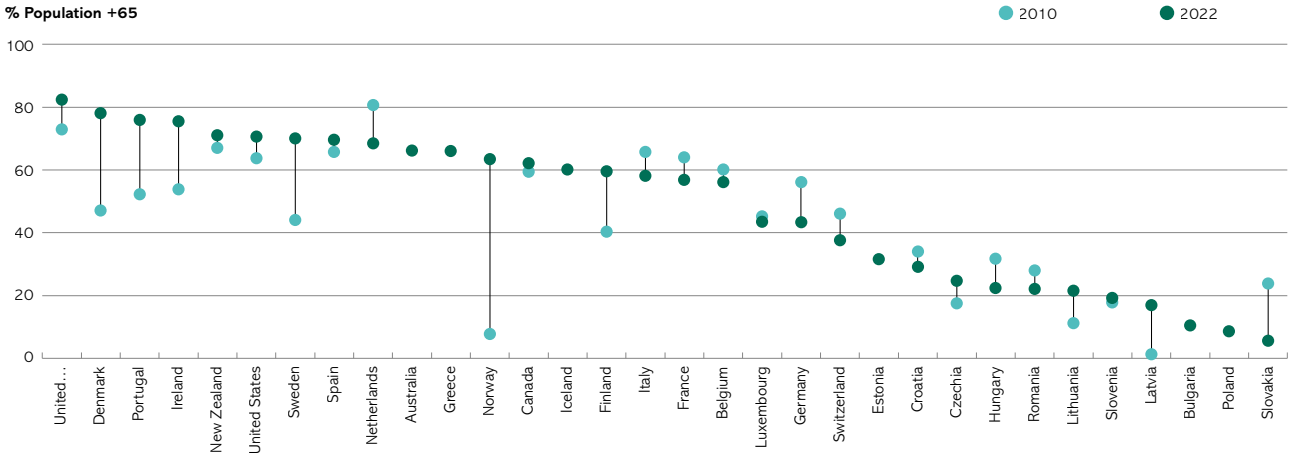


United States: 2021 data



Austria, Belgium, Canada, Finland, Germany, Greece, Italy, Luxembourg, Poland, Portugal, Slovenia, Switzerland, United States: 2021 data.
Source: OECD 2024

Figure 9: Percentage of population with influenza vaccination in 2010 and 2022



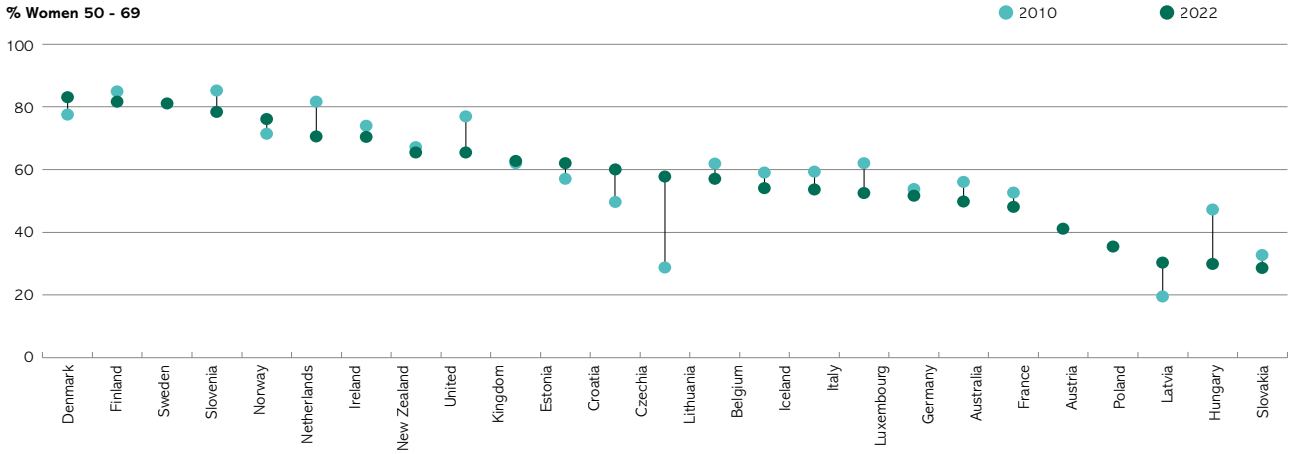
Source: OECD 2024

Cancer screening coverage

In the Netherlands, there has been a decline in the three analysed cancer screening programmes.

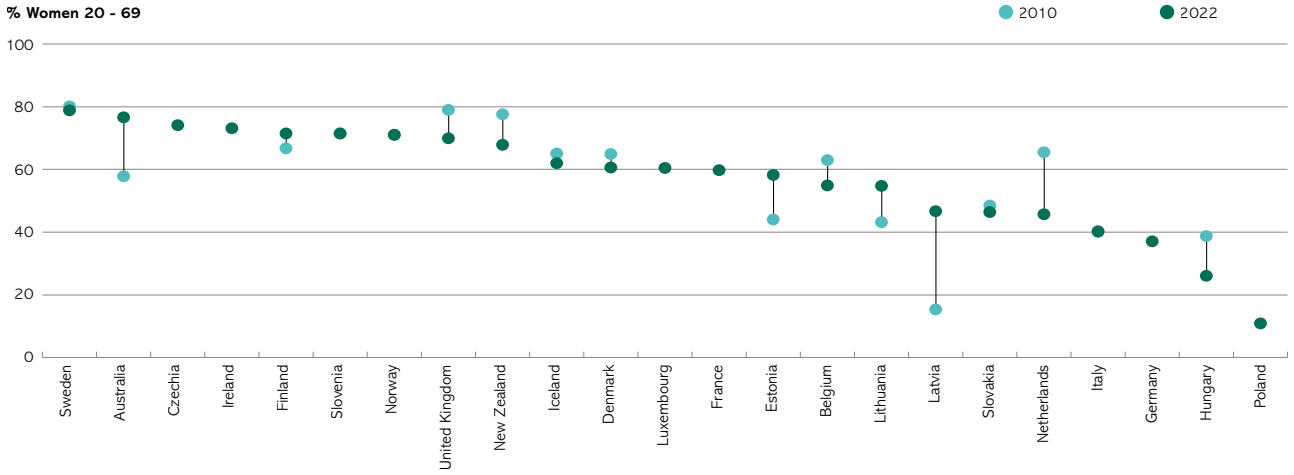
Specifically, in the case of breast and cervical cancer screening, there was a declining trend all along the analysed period, which worsened in 2020, very likely affected by the COVID-19 pandemic. This translated into an overall decrease of 14% and 30% respectively for the period 2010–2022. In the case of colorectal cancer screening, there was a 5% decrease (Figure 10).

Figure 10: Percentage of breast cancer screening in women aged 50–69 in 2010 and 2022 or last available year.



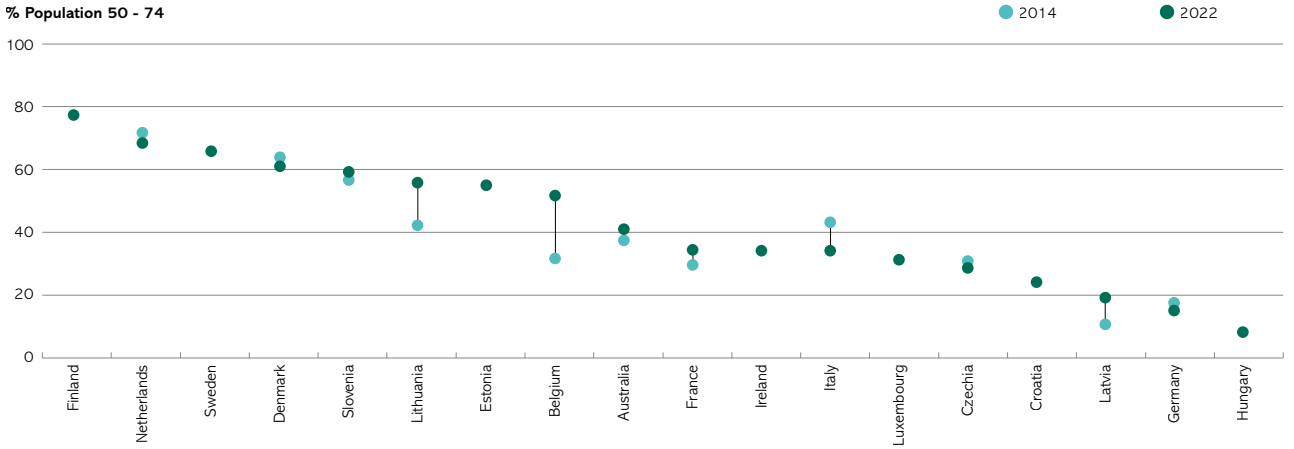
**Denmark, Hungary: 2021 data*
Source: OECD 2024

Figure 11: Percentage of cervical cancer screening in women aged 20–69 in 2010 and 2022 or last available year.



**Denmark, France, Hungary, Norway: 2021 data*
Source: OECD 2024

Figure 12: Percentage of colorectal cancer screening in population aged 50–74 in 2014 and 2022 or last available year



Germany: 2019 data; Australia; Denmark: 2021 data
Source: OECD 2024

Safe prescription

Pharmaceuticals overuse, underuse or misuse can lead to serious health consequences as well as to wasteful spending. OECD has included population consumption of some medicines as an indicator of safe prescription. Thus, antibiotics should only be prescribed when indication is clearly supported by evidence, to reduce the risk of developing resistant bacteria. Opioids are usually prescribed to treat acute pain, such as that associated with cancer. However, over the last decade opioids have increasingly been used to treat chronic pain, despite the risk of dependence and addiction, leading to serious health risks. In the case of anticoagulating drugs, when prescribed in combination with oral non-steroidal anti-inflammatory drugs (NSAIDs), the probability of an adverse bleeding event occurring is higher, therefore people receiving anticoagulating drugs should be protected from the risks of combining them with NSAID prescriptions. Prescriptions for older people should be more cautious, given their frailty and increased susceptibility to adverse effects. For example, in the case of benzodiazepines, most guidelines advise not to prescribe them to older people because of the associated risks of dizziness, confusion and falls (OECD, 2023).

In the Netherlands, antibiotic prescription has decreased from 15.1 daily defined doses (DDDs) per 1,000 population per day in 2005 to 10.9 in 2021 – a 27.8% reduction.

In turn, opioid prescription has increased by 13%, from 11.1 DDD per 1,000 inhabitants per day in 2013 to 12.5 in 2021. However, the percentage of chronic opioid users in the total Dutch population has remained quite stable around 1.2% and 1.4% for the period 2013–2021.

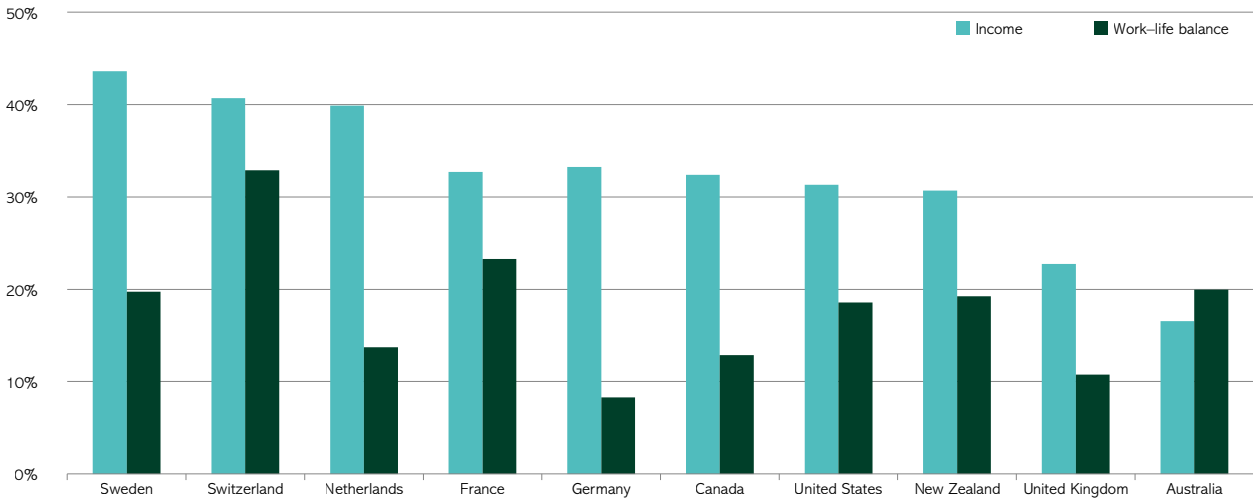
On the other hand, the percentage of patients with long-term prescription of any anticoagulation drug in combination with an oral NSAID has almost halved since 2005, from 20.7% in 2005 to 10.8% in 2021.

Finally, the number of older patients with a prescription of long-term benzodiazepines or related drugs has decreased by 24.3%, from 21.8 cases per 1,000 patients aged 65 and over in 2011 to 16.5 cases in 2021. However, poly-pharmacy in the population aged 75 years old and over (the percentage of people aged 75 years old and over who are taking more than five medications concurrently) has fluctuated between 49.8% and 52.2% for the period 2012–2021. In addition, the rate of people aged 65 and over with antipsychotic prescriptions has maintained quite stable along the period 2008–2021 – around 32–33 cases per 100,000 population.

Health personnel satisfaction

According to a ten-country survey carried out by the Commonwealth Fund (Gumas et al., 2023), only 14% of primary care physicians in the Netherlands reported to be extremely or very satisfied with their work–life balance, below the 33% reported in Switzerland –the country with the best balance score – and above the 8% declared in Germany, the country with the worse balance score. On the contrary, 40% of them declared they were very satisfied with the received income, only surpassed by the 44% and 41% reported in Sweden and Switzerland respectively (Figure 13).

Figure 13: Percentage of primary care physicians who reported high satisfaction with their income and work–life balance in 2022.



Source: *The Commonwealth Fund 2023*

People-centred health systems

Many health systems are moving towards people-centred care, involving the population and patients in care decisions as well as providing more respectful care. According to an OECD report (OECD, 2021), the Netherlands tends to score better than average in patient involvement, standing out in providers' choice, access to easy-to-understand information and perception of sufficient time devoted by doctors in their attention (Table 2).

Table 2: People-centred health system indicators

	Voice	Choice	Co-production		Integrated care	Respectful care		
	Participation in decision-making bodies	Choice of healthcare providers	Patients given accessible information	Patients are consulted about their care	Coordination of care	High personal attention	Respectful treatment	Fair treatment (4)
Country	Patients having a formal participation role in health policy*	Patients being able to choose providers**	Share of patients receiving easy-to-understand explanations from a doctor	Share of patients being involved in decisions about their care	Share of patients not experiencing a problem with care coordination	Share of patients sharing enough time with their doctor	People treated with respect by health professionals	Share of people agreeing that people are treated equally in their area
Australia	3	3	93.1	91.2	71.7	87.3	83.8	
Austria	2	3						76.3
Belgium	2	3	97.7			97.5		58.4
Canada	2	1	91.2	84.8	75.3	82.4	84.8	
Czechia	1	3	96.3	81.7				51.3
Denmark	1	2						87.3
Estonia	2	3	84.2	78.3		83.6		73.7
Finland	1	1						67
France	2	3	91.1	74.1	66.5	83.5	94.1	68.1
Germany	3	3	93.7	88.6	59.7	86.9	89.6	60.1
Greece	2	3						42.3
Hungary			93.1	80.1		87.5		
Iceland	1	2						
Ireland	2	3						72
Italy	1	2						48
Latvia	1	3						
Lithuania		1						62.9
Luxembourg	2	3	97.5	95.6		95.5		72.1
Netherlands	2	3	94.1	88.4	76.6	91.1	90.7	71.7
New Zealand			92.8	89.6	78.6	86.2	93.4	
Norway	1	3	90.1	86.7	55.8	81.6	90.3	
Poland	2	3	79	61.5		70		59.8
Portugal	3	1	96.3	90.9		89.7		58.9
Slovakia								46.2
Slovenia	1	3						51.4
Spain	2	1		78				56.9
Sweden		3	81.9	81.2	70.5	69	92.9	70.3
Switzerland	2	3	92	86.9	78	86.3	88.8	
United Kingdom	2	2	86.7	88.9	66.1	72.7	76.5	65.9
United States			92.1	89.8	78.8	83.5	88.9	

**Participation in decision-making bodies is a composite measure assessing whether patients have a formal role in the licensing of pharmaceuticals, coverage or reimbursement, health technology assessment, decisions related to service planning and definition of public health objectives. Countries with a formal role in none or one area were assigned a score of 1, countries with formal roles in two or three areas were assigned a score of 2, and countries with four or five areas were assigned a score of 3.*

***Choice of healthcare providers is a composite measure assessing whether patients have a choice in their selection of primary care physician, specialist care services and hospital services. Countries where choice of providers is not possible or where it is possible for only one level of care were assigned a score of 1, countries where choice, if possible, is on two levels were assigned a score of 2, and countries where choice is possible in all three levels of care were assigned a score of 3.*

Adapted from OECD (2021), Health for the People, by the People: Building People-centred Health Systems, OECD Health Policy Studies, OECD Publishing, Paris, https://doi.org/10.1787/c259e79a-en.

3.2.3. Outcomes

Overall population health

Life expectancy in the Netherlands increased steadily in recent years until 2019 when it reached 82.2 years. In 2020, it was reduced to 81.4 years old due to the COVID-19 pandemic but in 2023 it recovered to 82 years. These figures are above the average of the analysed country sample, which is around 80 years old.

In terms of healthy life years since birth, the Netherlands showed a decrease of three years, from 61.5 years in 2011 to 58.5 years in 2022, a different behaviour to that in the European countries that remained stable at 62.2 years along the decade. Two shocks may partly explain the Dutch figures in the period – the economic crisis could be behind the first decline (recovered in 2020 figures) and the COVID-19 pandemic that could be related to the observed decline in 2023.

Table 3: Life expectancy 2010, 2015, 2020 and 2023 and first year–last year relative growth

Country	2010	2015	2020	2023	% Δ 2010–2023*
Switzerland	82.7	83.0	83.1	84.2	**1.8%**
Spain	82.4	83.0	82.4	84.0	**1.9%**
Italy	82.2	82.7	82.3	83.8	**1.9%**
Luxembourg	80.8	82.4	82.2	83.4	**3.2%**
Sweden	81.6	82.2	82.4	83.4	**2.2%**
Australia	81.7	82.4	83.2	83.2	**1.8%**
France	81.8	82.4	82.3	83.1	**1.6%**
Ireland	80.8	81.5	82.6	82.6	**2.2%**
Norway	81.2	82.4	83.3	82.6	**1.7%**
Iceland	81.9	82.5	83.1	82.6	**0.9%**
Belgium	80.3	81.1	80.8	82.5	**2.7%**
Portugal	80.1	81.3	81.1	82.4	**2.9%**
New Zealand	80.8	81.5	82.3	82.3	**1.9%**
Slovenia	79.8	80.9	80.6	82.0	**2.8%**
Netherlands	81.0	81.6	81.4	82.0	**1.2%**
Denmark	79.3	80.8	81.6	81.9	**3.3%**
Finland	80.2	81.6	82.0	81.7	**1.9%**
Greece	80.6	81.1	81.4	81.6	**1.2%**
Austria	80.7	81.3	81.3	81.6	**1.1%**
Canada	81.4	81.9	81.7	81.6	**0.2%**
Germany	80.5	80.7	81.1	80.7	**0.2%**
United Kingdom	80.4	80.9	80.4	80.4	**0.0%**
Czechia	77.7	78.7	78.2	80.0	**3.0%**
Estonia	76.0	78.0	78.9	78.8	**3.7%**
Poland	76.4	77.5	76.4	78.6	**2.9%**
Croatia	76.7	77.5	77.6	78.6	**2.5%**
Slovakia	75.6	76.7	77.0	78.1	**3.3%**
Lithuania	73.3	74.6	75.1	77.3	**5.5%**
Hungary	74.7	75.7	75.7	76.9	**2.9%**
Romania	73.7	74.9	74.2	76.6	**3.9%**
United States	78.7	78.7	77.0	76.4	**–2.9%**
Latvia	73.1	74.8	75.5	75.9	**3.8%**
Bulgaria	73.8	74.7	73.6	75.8	**2.7%**

**Colour blue, green and dark green represent the 1st, 2nd and 3rd tertiles of the distribution of values*
***Australia, Canada, Ireland, New Zealand, United States: 2021 data; United Kingdom: 2020 data*
Source: OECD 2024

Table 4: Healthy life years at birth 2011, 2015, 2020, 2022 and first year–last year relative growth

Country	2011	2015	2020	2022	% Δ 2011–2022*
Malta	70.3	73.6	70.5	70.2	**−0.1%**
Italy	63.0	62.6	68.0	67.4	**7.0%**
Norway	75.1	70.4	68.6	67.4	**−10.3%**
Greece	66.6	64.0	65.9	67.0	**0.6%**
Slovenia	53.9	58.1	65.1	66.7	**23.7%**
Bulgaria	64.0	63.2	65.6	66.7	**4.2%**
Sweden	65.5	72.7	72.7	66.5	**1.5%**
Cyprus	61.3	63.3	62.9	66.0	**7.7%**
Ireland	67.2	67.2	66.2	66.0	**−1.8%**
France	63.1	63.6	64.6	64.4	**2.06%**
Belgium	63.5	64.2	63.8	63.7	**0.3%**
Hungary	58.4	59.1	62.5	62.6	**7.2%**
Poland	61.1	61.6	62.3	62.4	**2.13%**
Iceland	68.5	68.9	62.4	62.4	**−8.9%**
Czechia	62.9	63.0	61.6	61.8	**−1.7%**
United Kingdom	65.2	63.5	61.2	61.2	**−6.1%**
Spain	65.5	64.0	66.3	61.2	**−6.6%**
Germany	58.2	66.4	65.7	61.1	**5.0%**
Austria	59.8	58.0	58.7	60.9	**1.8%**
Lithuania	59.5	56.5	56.8	60.3	**1.3%**
Croatia	60.7	56.1	58.5	60.3	**−0.7%**
Luxembourg	66.5	62.2	63.3	60.2	**−9.5%**
Estonia	56.1	55.0	57.6	59.3	**5.7%**
Portugal	59.6	56.5	59.7	59.1	**−0.8%**
Switzerland	65.5	59.4	61.5	59.1	**−9.8%**
Romania	57.5	59.2	59.9	59.0	**2.6%**
Netherlands	61.5	59.1	61.1	58.5	**−4.9%**
Finland	58.0	57.8	56.9	57.9	**−0.2%**
Slovakia	52.2	54.9	56.7	57.3	**9.8%**
Denmark	61.8	59.1	58.0	55.9	**−9.5%**
Latvia	55.1	53.0	53.4	54.2	**−1.6%**

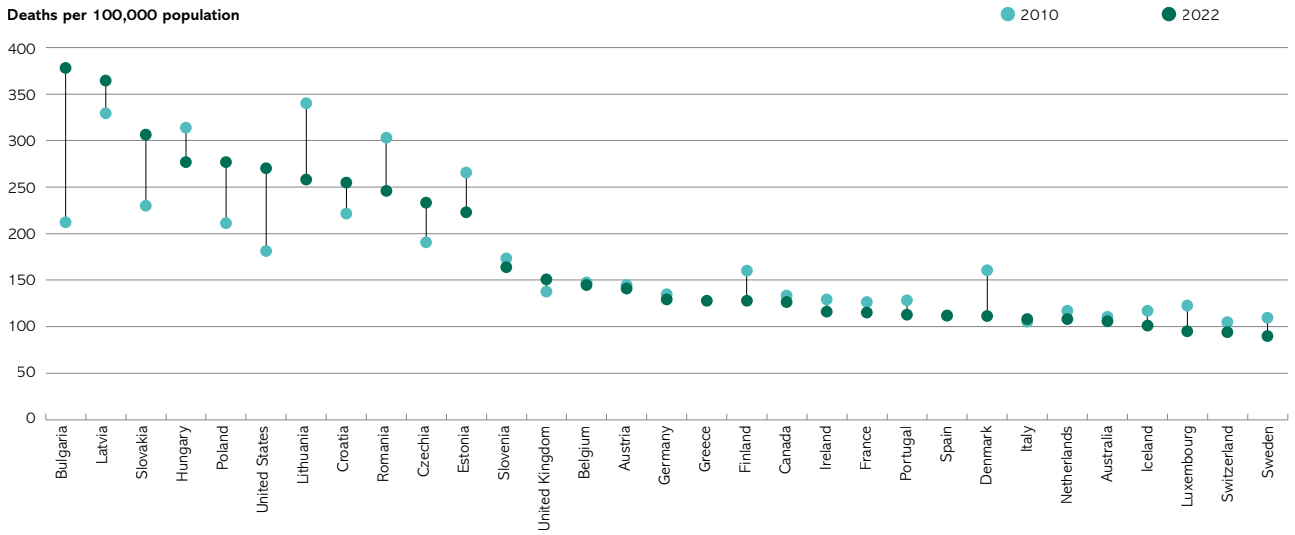
**Colour blue, green and dark green represent the 1st, 2nd and 3rd tertiles of the distribution of values*
***Iceland, United Kingdom: 2018 data*
Source: Eurostat 2024

Overall health system effectiveness

Indicators of avoidable mortality are used to evaluate the effectiveness of healthcare systems in reducing deaths from a specific set of conditions. Avoidable mortality includes both preventable deaths that can be avoided through effective public health and prevention interventions, and treatable deaths that can be avoided through timely and effective healthcare interventions (OECD, 2023).

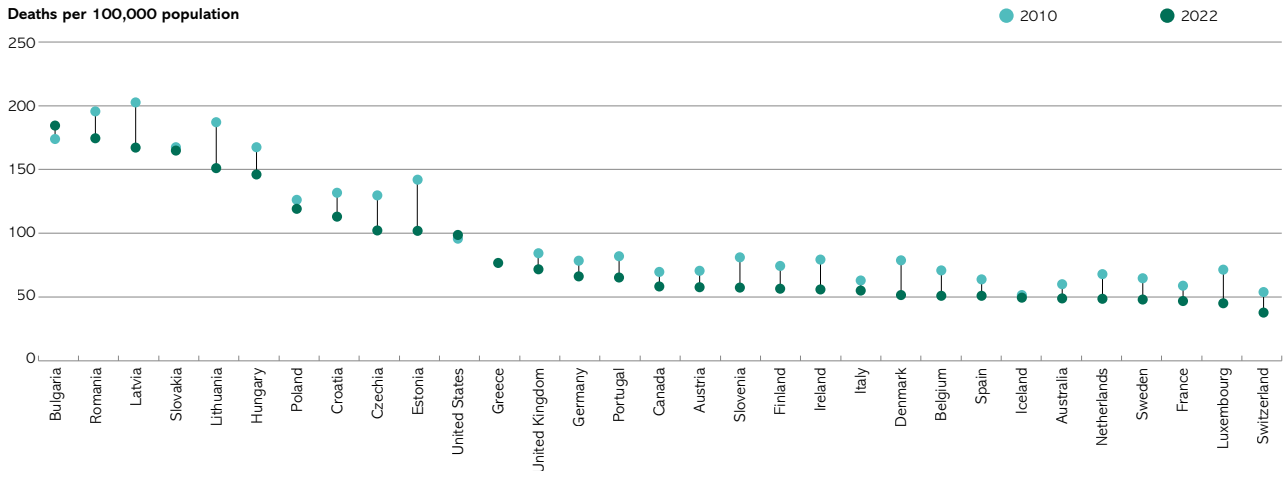
Preventable and treatable mortality in the Netherlands is among the lowest in the EU and has improved by 8% and 29% respectively, from 2010 to 2022. This decreasing trend is common to most of the analysed countries (Figure 13 and Figure 14).

Figure 14: Preventable mortality (deaths per 100,000 population, standardised rate) in 2010 and 2022 or last available year



Austria, Bulgaria, Croatia, Czechia, Denmark, Finland, Latvia, Poland, Slovakia, Spain, Switzerland, United States: 2021 data; Belgium, France, Germany, Greece, Ireland, Italy, Slovenia, United Kingdom: 2020 data; Portugal, Romania: 2019 data
Source: OECD 2024.

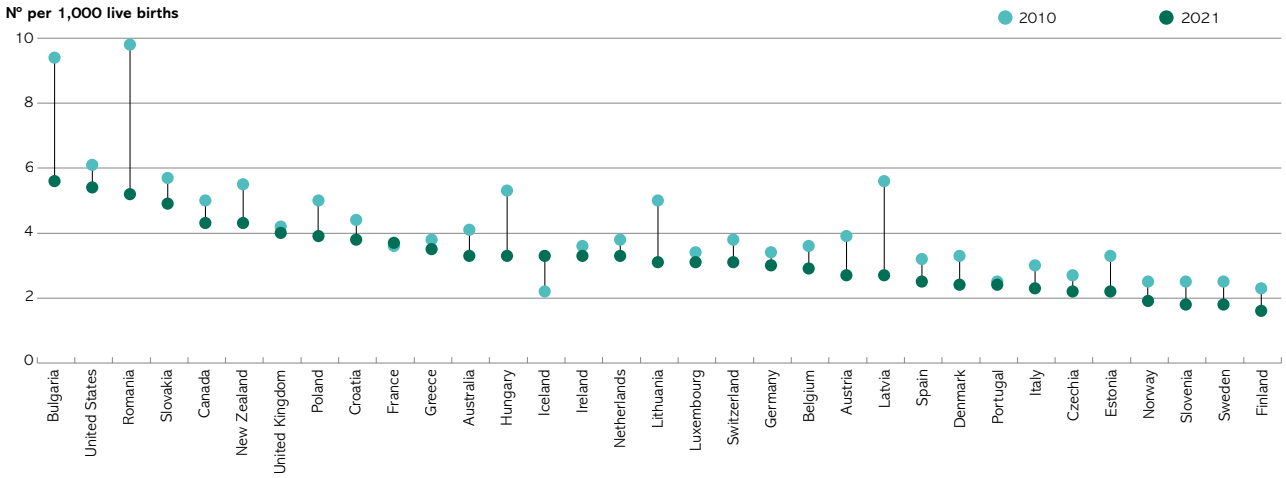
Figure 15: Treatable mortality (deaths per 100,000 population, standardised rate) in 2010 and 2022 or last available year



Austria, Bulgaria, Croatia, Czechia, Denmark, Finland, Latvia, Poland, Slovakia, Spain, Switzerland, United States: 2021 data; Belgium, France, Germany, Greece, Ireland, Italy, Slovenia, United Kingdom: 2020 data; Portugal, Romania: 2019 data
Source: OECD 2024

In the specific case of infant mortality, death rates decreased by 13% for the period 2020–2021, reaching 3.3 deaths per 1,000 live births in 2021. This 2021 figure is slightly above the 3.2 average of the analysed countries (Figure 16).

Figure 16: Infant mortality (deaths per 1,000 live births) 2010 and 2021 or last available year



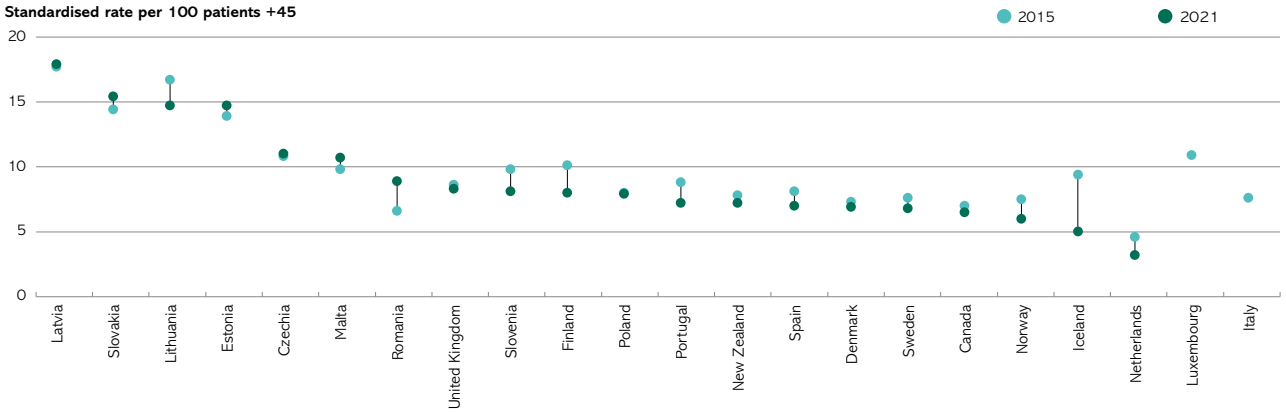
**United States: 2021 data; New Zealand: 2018 data*
Source: OECD 2024

Healthcare quality

Acute myocardial infarction and ischaemic stroke 30 days mortality are deemed proxies of the quality of acute care processes. Mortality after hospital admission is reflective of timely transport of patients and the timely use of effective medical interventions and treatments, in those patients (OECD, 2023).

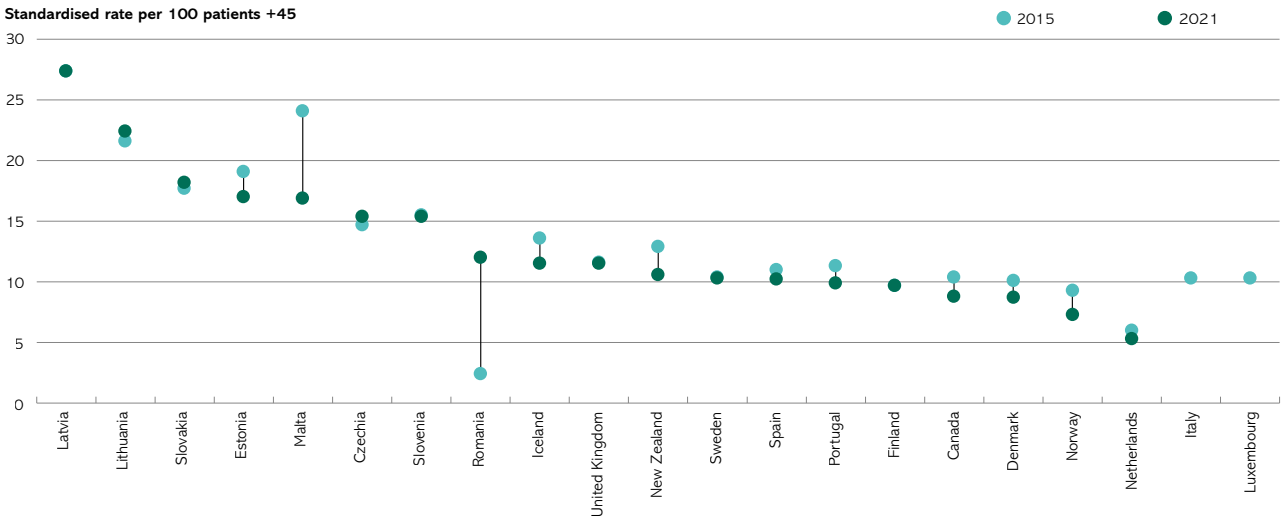
Both acute myocardial infarction and ischaemic stroke 30 days mortality are among the lowest in OECD countries and have declined since 2015 by 73% and 62%, reaching 3.2% and 5.3% respectively in 2021 (Figure 16 and Figure 17).

Figure 17: Acute myocardial infarction 30-days mortality using linked data (standardised rate per 100 patients 45 years old and over) in 2015 and 2021, or last available year



Malta: 2020 data: Italy and Luxembourg no data in 2021
Source: OECD 2024

Figure 18: Ischaemic stroke 30-days mortality using linked data (standardised rate per 100 patients 45 years old and over in 2015 and 2021 or last available year

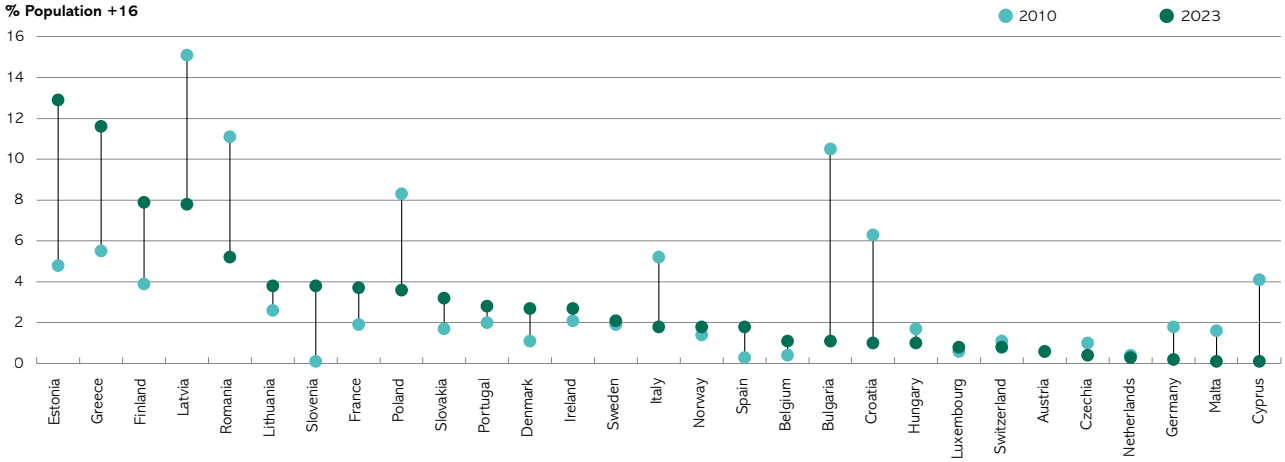


Malta: 2020 data: Italy and Luxembourg no data in 2021
Source: OECD 2024

Unmet needs

The Dutch population over 16 years old reporting unmet needs for medical examinations because of it being too expensive, too far to travel or a long waiting list fluctuated from 0.1% to 0.5% over the period 2010–2023. These figures are among the lowest in the European countries, where the average was around 3% in 2023 (Figure 19).

Figure 19: Percentage of self-reported unmet needs for medical examination in 2010 and 2023

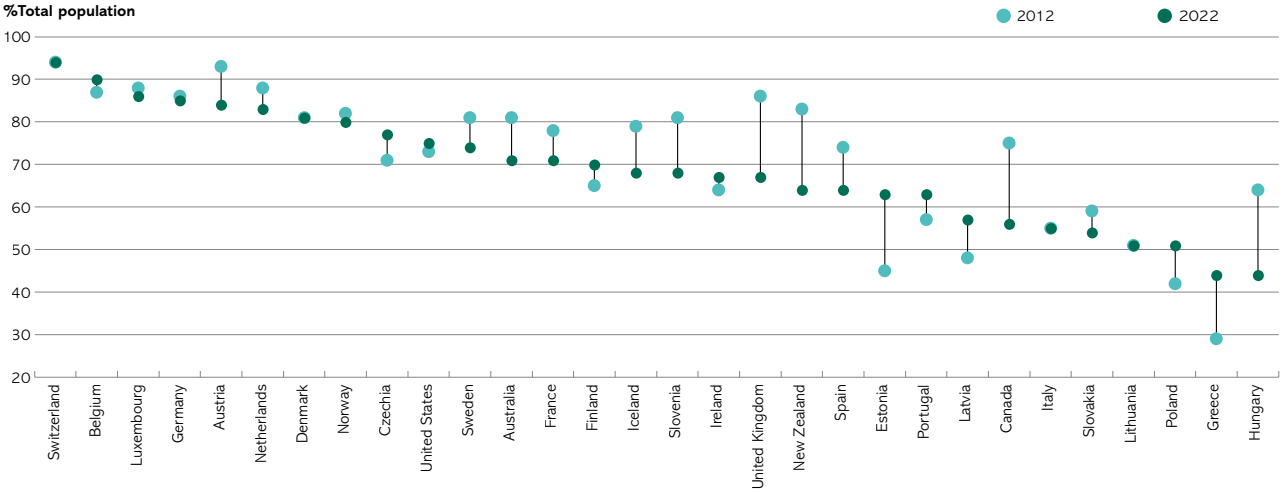


Switzerland: 2022 data
Source: Eurostat 2024

When it comes to health self-perception, there has been an overall 10.5% decrease between 2010 and 2023 (from 78% to 69.8% people reporting good or very good health), in those declaring good or very good health (OECD database, 2024).

Regarding population satisfaction, 82% of the Dutch population was found to be satisfied with healthcare availability where they lived in 2022. Despite the 5.7% decrease of this figure since 2012, it remains one of the highest among the analysed countries (Figure 20) (Gallup World Pool, 2024).

Figure 20: Population satisfaction with the availability of quality healthcare in the area where they lived in 2012 and 2022

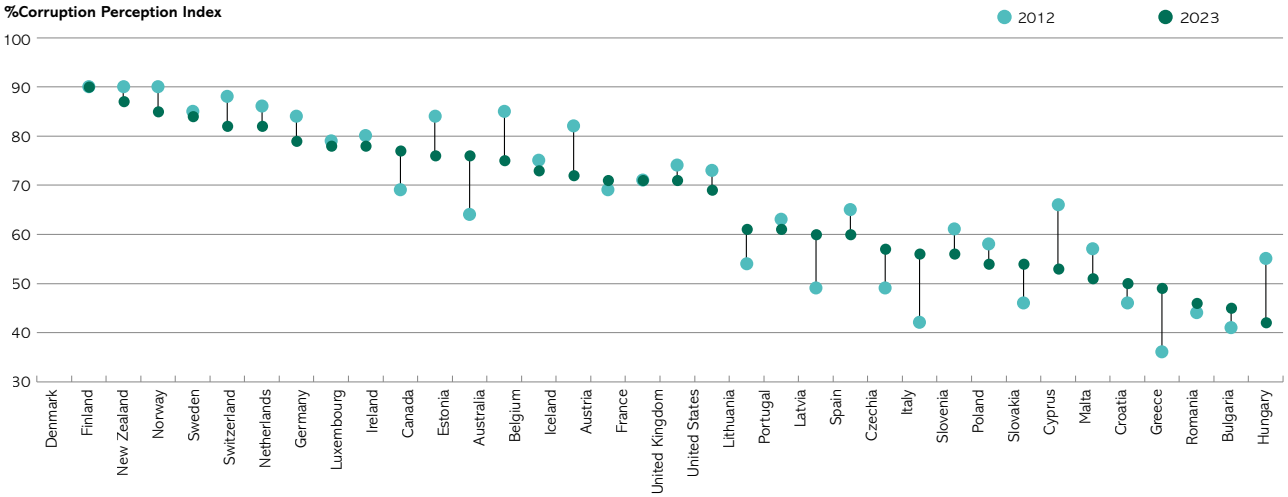


Source: https://www.gallup.com/home.aspx

3.2.4. Trust

In the Netherlands the level of perceived corruption in the public sector is low, although it has worsened in the last few years – the corruption perception index decreased from 84 in 2012 to 79 in 2023 (higher level indicates lower corruption perception). Nevertheless, the Netherlands is consistently among the countries with the lowest perception of public sector corruption (Figure 19).

Figure 21: Corruption perception index in 2012 and 2023



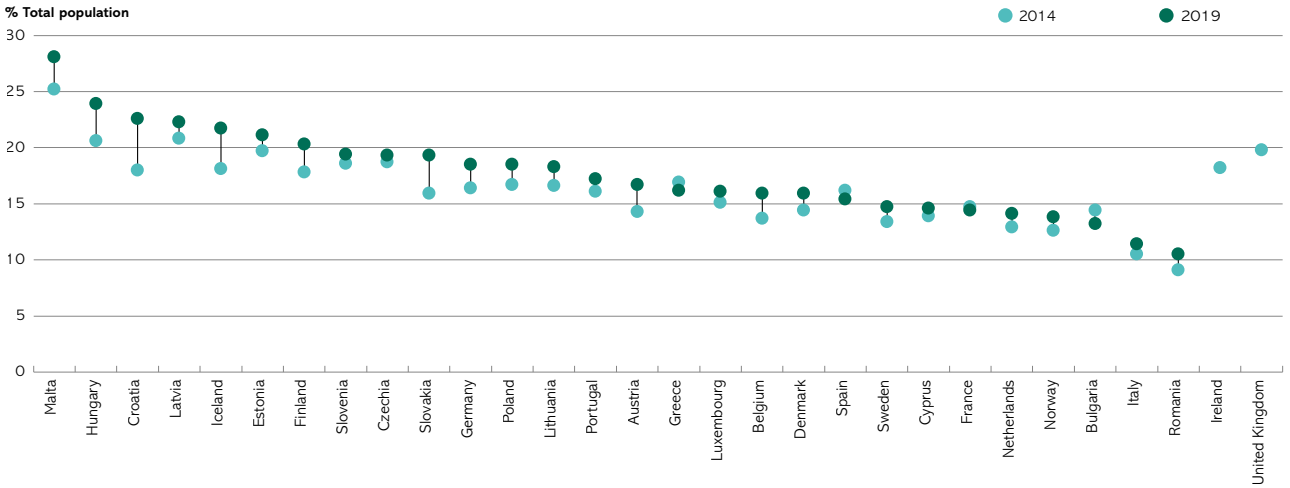
Source: Corruption Perception Index 2023

3.3. HEALTH NEEDS

3.3.1. Health status and risk factors

The obesity rate in the Netherlands increased from 12.9% of the total population in 2014 to 14.1% in 2019 (9% relative increase). Despite this increase, the obesity rate in the Netherlands was still among the lowest when compared to the other countries in the sample, where the average was 17.6% (Figure 20).

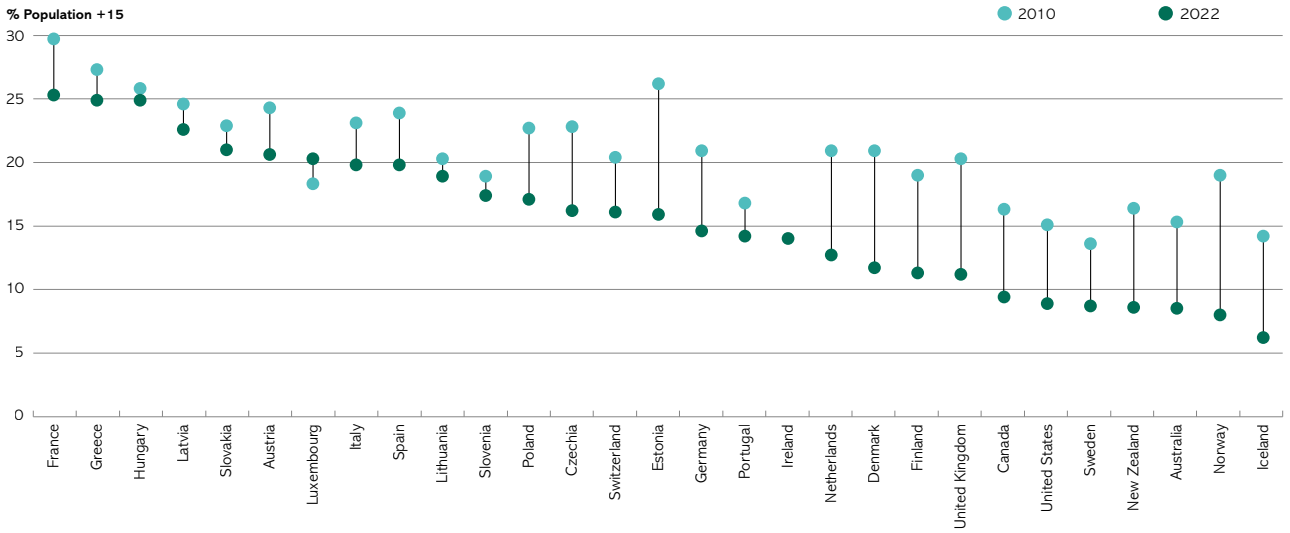
Figure 22: Percentage of obese people in the total population in 2014 and 2019



Source: Eurostat 2024

Around 12.7% of the Dutch population declared to be daily smokers in 2022 (the average was 15.5% in the sample of countries). This means a 39% reduction compared to 20.9% of people self-declared as smokers in 2010. Most countries have reported reductions in tobacco consumption in the same period (Figure 21).

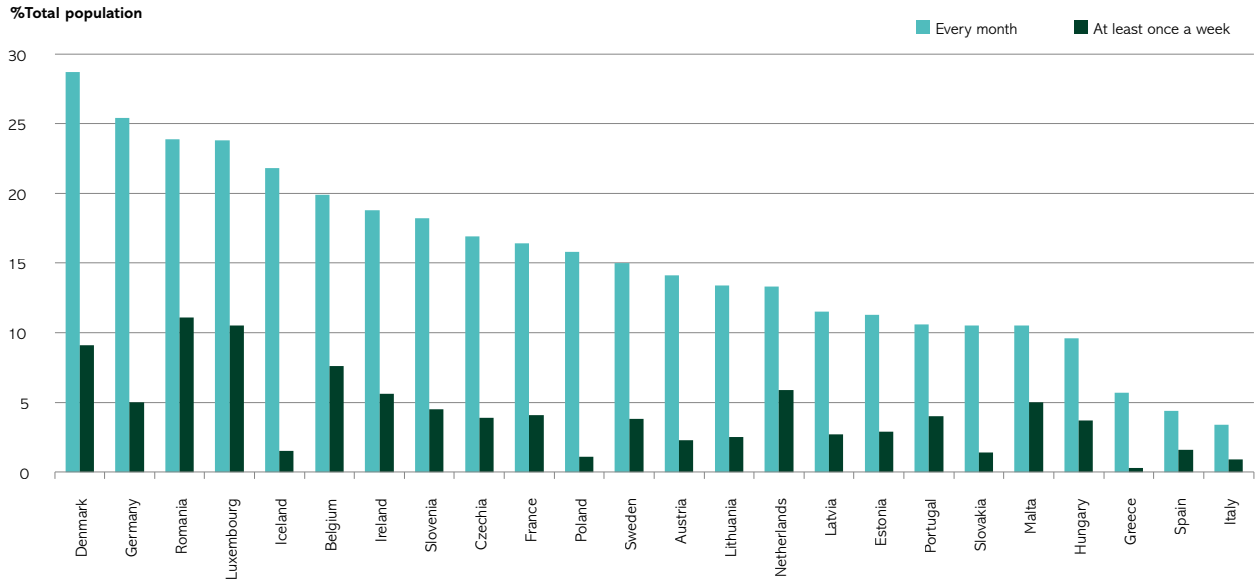
Figure 23: Percentage of population aged 15 and over who were daily smokers in 2010 and 2022 (or last available year)



First year available: Spain (2011), New Zealand, Switzerland (2012), Germany (2013); Austria, Greece, Hungary, Latvia, Lithuania, Poland, Portugal, Slovakia and Slovenia (2014). Last year available: France, Germany: 2021; Austria, Greece, Hungary, Latvia, Lithuania, Poland, Portugal, Slovakia, Slovenia (2019); Estonia, Finland, Spain (2020)
Source: OECD 2024

In 2019, 5.9% of the Dutch population declared having been exposed to an episode of heavy drinking at least once a week; 13.9% declared suffering such an episode every month. The average among the European countries reporting heavy drinking was lower – 4.2% at least once a week and 15.1% every month.

Figure 24: Percentage of population declaring heavy episodes of drinking in 2019



Source: Eurostat 2024

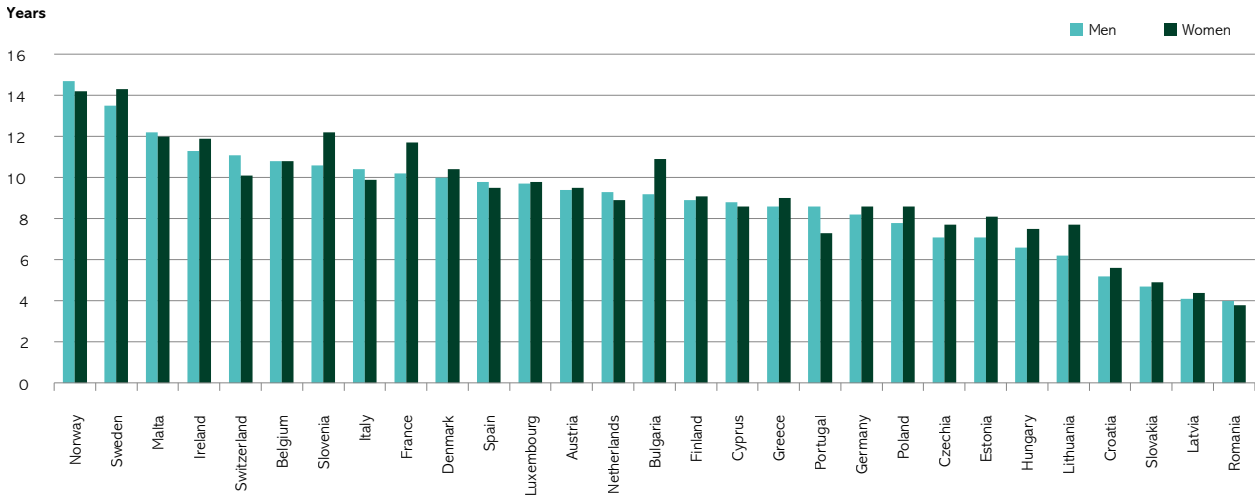
3.3.2. Inequalities

Gender

Life expectancy. In 2023, life expectancy was 2.9 years higher in Dutch women compared to men (83.4 versus 80.5 years) but in contrast, Dutch men have more healthy life years than women (60.7 versus 56.3 years in 2022). Sex difference in total life expectancy is smaller than in other countries but not in the case of healthy years, where sex difference is higher and in the opposite direction to the EU average (62.8 years in women versus 62.4 years in men).

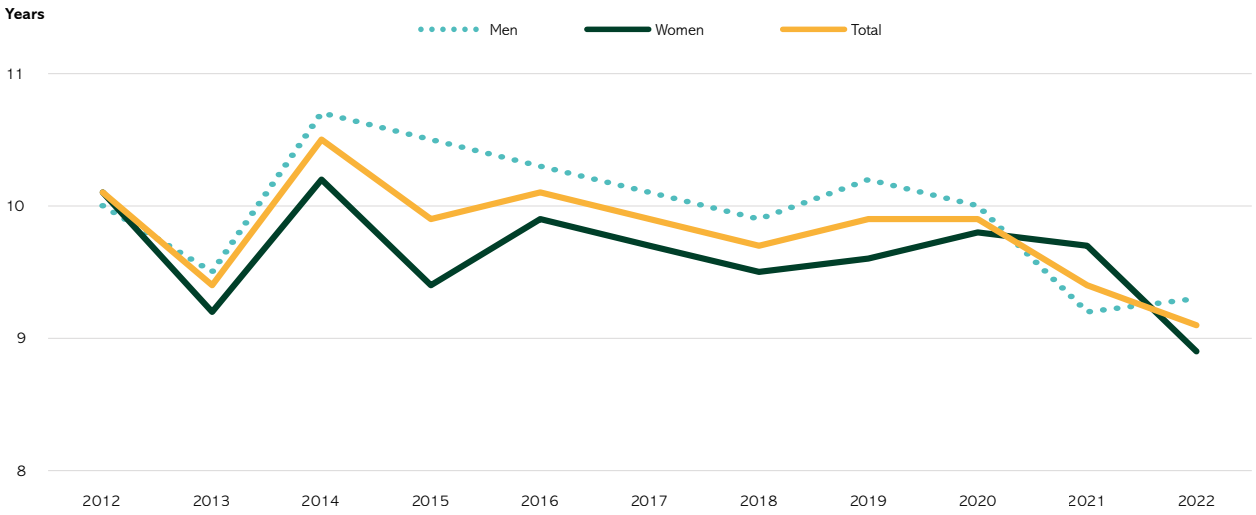
When it comes to healthy life years at 65 years old, figures become closer between men and women with 9.3 years in men and 8.9 years in women in 2022. The European average is similar to the Dutch figures, but in the opposite direction, with 8.9 healthy years in men versus 9.2 healthy years in women.

Figure 25: Healthy life years at 65 years old in men and women 2022



Source: Eurostat 2024

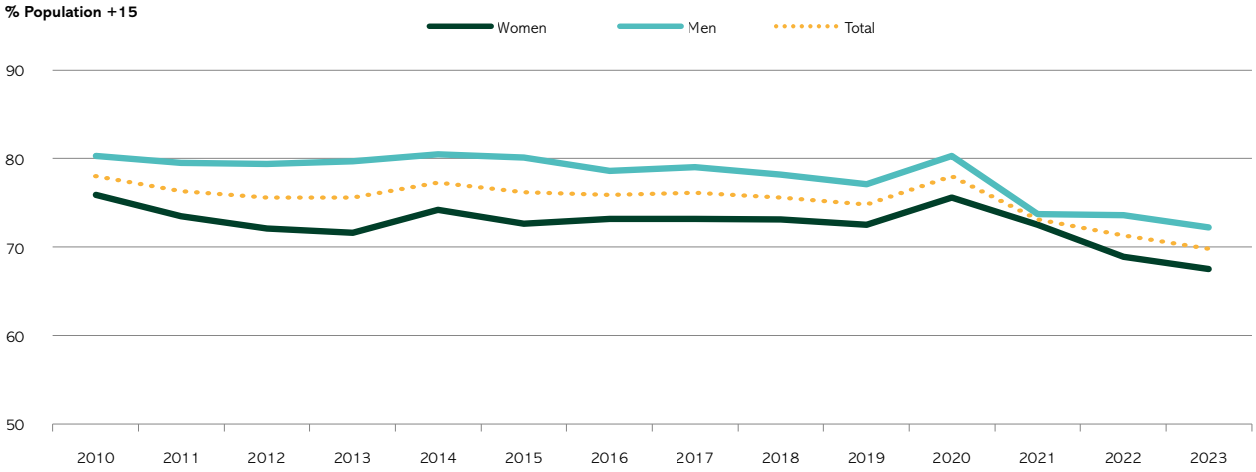
*Figure 26: Healthy life years at 65 years old in the Netherlands 2012–2022**



**The Y-axis does not start at zero, to show the changes in the time series*
Source: Eurostat 2024

Health self-perception. In general, men are more likely to report being in good health than women (72.2% versus 68.5% in 2023). The men to women difference ranged between 4 and 8 percentage points during the period 2010 to 2023.

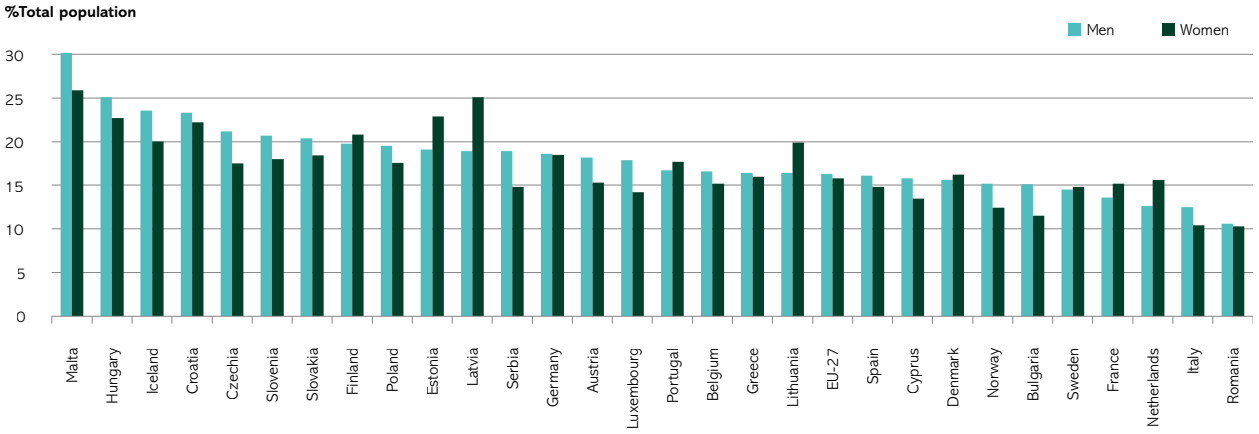
*Figure 27: Percentage of men and women over 15 declaring good or very good health in the Netherlands 2010–2023**



**The Y-axis does not start at zero to show the changes in the time series*
Source: OECD 2024

Obesity. In 2019, the obesity rate was higher in Dutch women (15.6%) than in men (12.6%) in contrast to the European average where obesity is more frequent in men than women (16.3% in men versus 15.6% in women) (Figure 26). In both, men and women, obesity rates have increased since 2014, by 13.5% and 6.8%, respectively. In the younger population, 3.3% of men aged 15 to 24 were reported to be obese in 2019 compared to 6% of young women; this figure is above the European average (5.1%).

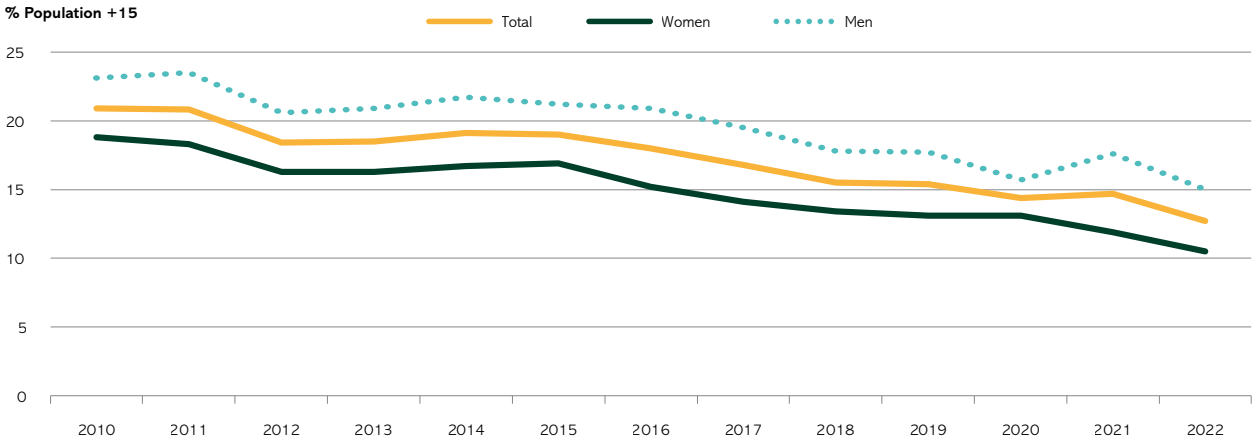
Figure 28: Obesity rate in men and women 2019



Source: Eurostat 2024

Daily smoking is more frequent in men than women (15% versus 10.5% in 2022) and its rate decreased by 39%, from 20.9% in 2010 to 12.7% in 2022. This decline was larger in women than in men (44% versus 35%). In the younger population, 12.2% of men aged 15 to 24 reported daily smoking compared to 7.9% of young women.

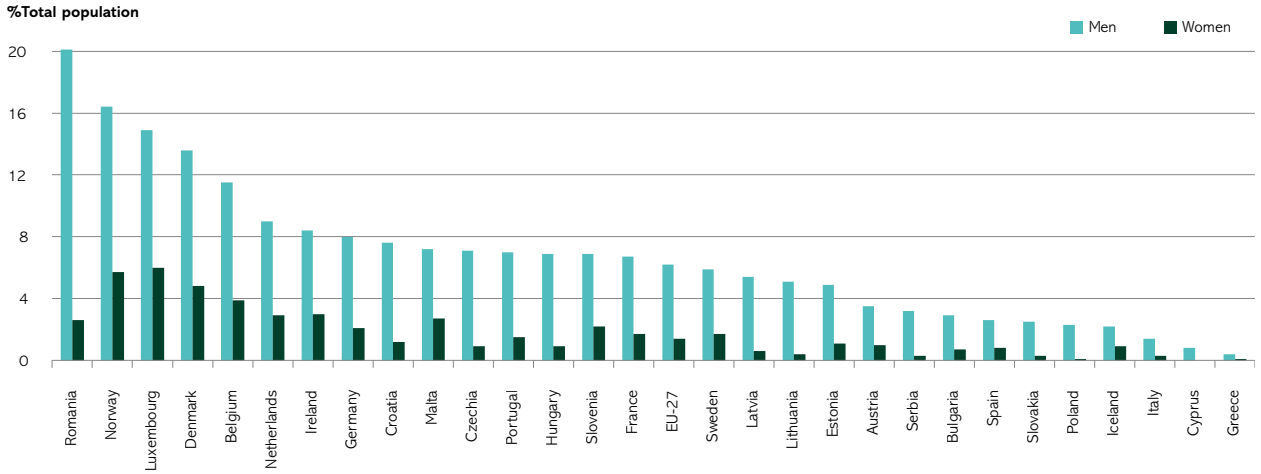
Figure 29: Percentage of total population, men and women aged 15 and over who are daily smokers in the Netherlands 2010–2022



Source: OECD 2024

Heavy episodes of drinking are more frequent in men than in women; men reporting heavy episodes of drinking once a week in 2019 was 9%, three times higher than in women (2.9%). Heavy drinking figures are above the European average of 6.2% and 1.4%, respectively. In the younger population, 14% of men aged 15 to 24 reported heavy drinking at least once a week compared to 6.8% of young women. These percentages are again far above the European average of 7.8% and 3.1%, respectively.

Figure 30: Frequency of heavy episodes of drinking in men and women, 2019



Source: Eurostat 2024

Socio-economic

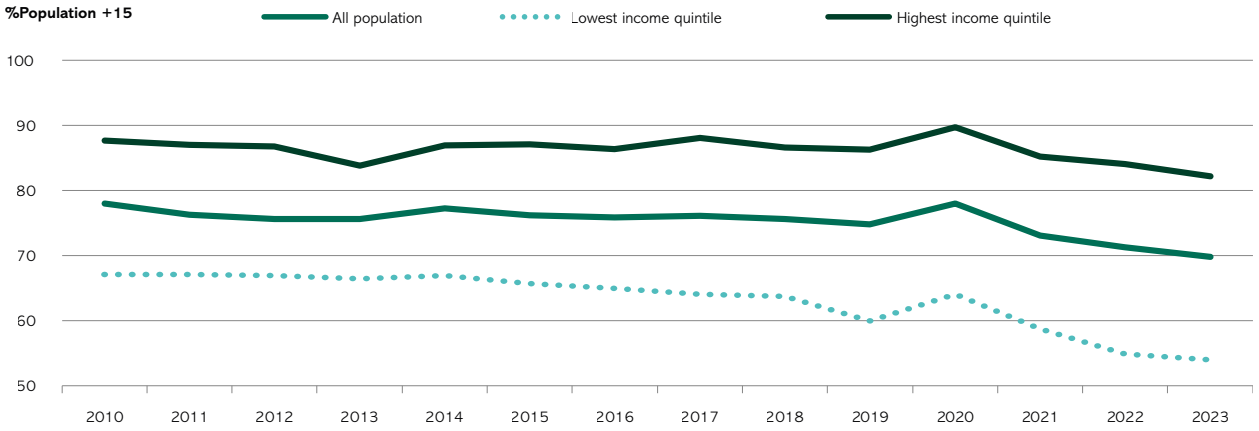
During the period 2014–2023, around 0.2% of the Dutch population over 16 reported ***unmet needs*** for medical examination for economic and access reasons (e.g. services too expensive, long waiting lists, geographic barriers). In 2023, there was no gap between the least and the most affluent reporting population. These figures are far better than the European average, where the percentage of people reporting unmet needs reached 3.8% and 1.2% among the worse and better off, respectively.

Figure 31: Percentage of the Dutch population over 16 self-reporting unmet needs for medical examination 2015–2023 in the extreme income quintile

Source: Eurostat 2024

Regarding health self-perception, there is a significant gap when comparing different income groups. People with the lowest income reported poorer health than the people with the highest. Specifically in 2023, 82% of the well-off population declared having good or very good health versus 54% of the poorest group, a 28 percentage point gap between the two groups. In 2022 and 2023, the Netherlands had the highest differences between income groups.

*Figure 32: Percentage of Dutch population over 15 declaring good or very good health 2010–2022 in the extreme income quintile**

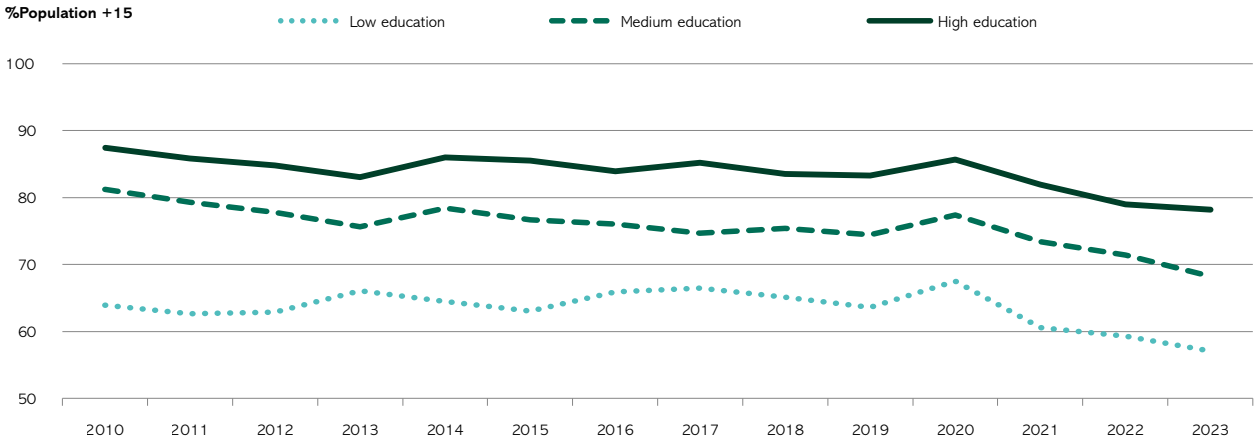


**The Y-axis does not start at zero to show the changes in the time series*
Source: OECD 2024

Educational attainment

In 2023, declaring good or very good health was more likely to happen among those with tertiary education, 78.2% compared to 57.1% of people with lower education attainment (pre-primary, primary and lower secondary education). This percentage is 68.2% among those with medium attainment (upper secondary and post-secondary).

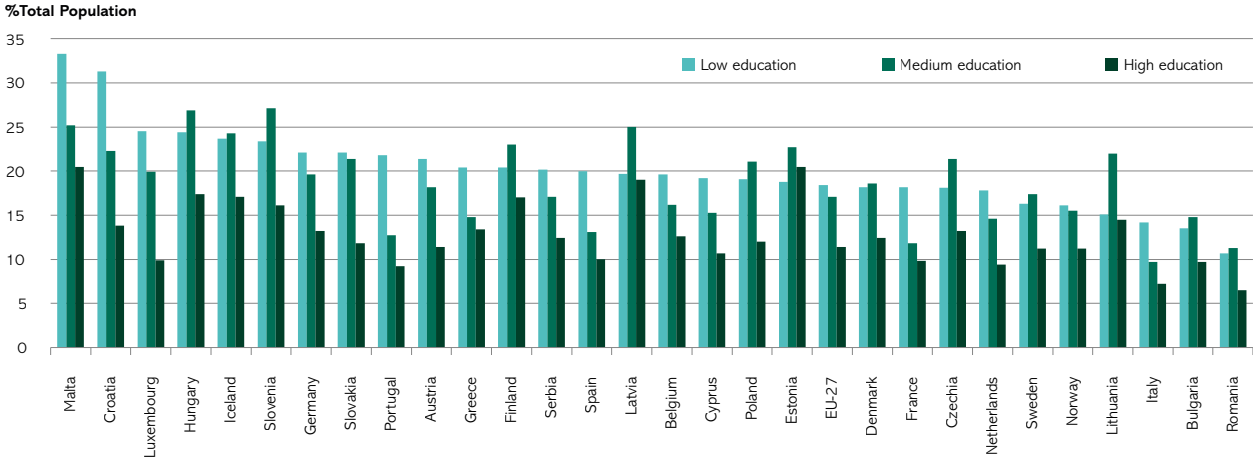
*Figure 33: Percentage of the Dutch population over 15 declaring good or very good health 2010–2023 classified by educational attainment**



**The Y-axis does not start at zero, to show the changes in the time series*
Source: OECD 2024

The obesity rate was higher in the population with a lower educational level. In 2019, 17.8% of people with lower education were obese compared to 9.4% among those with higher education. People classified in medium educational attainment presented an obesity rate of 14.6%. This distribution is similar to the average of the European countries and countries such as Germany, Portugal, Spain, France or Belgium. Interestingly, in other countries (such as Hungary, Finland, Latvia, Czechia or Lithuania) the highest percentage of obese people was found among those with medium educational attainment.

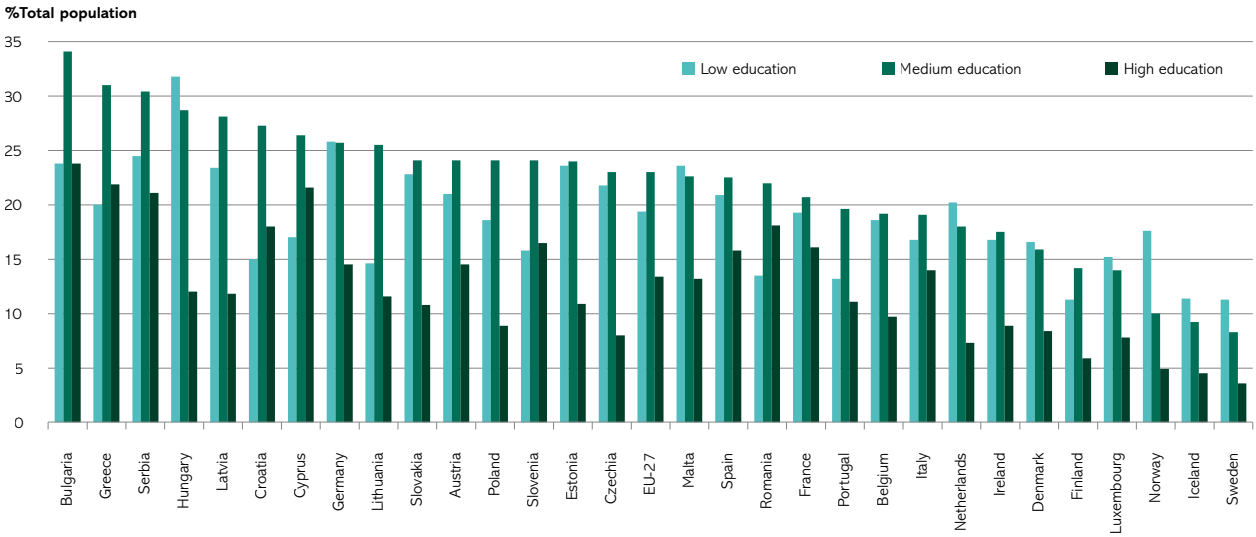
Figure 34: Obesity rate in the population over 15 according to their educational attainment in 2019



Source: Eurostat 2024

The number of daily smokers was higher among the population with lower educational attainment, 20% and 18% among those with low or medium education, far above the 7.3% found among people with higher educational level. These results differ from the European average where the highest rate of daily smokers is found among people with medium educational attainment. Other countries with a distribution of daily smokers similar to that in the Netherlands are Sweden, Iceland, Norway, Luxembourg and Hungary.

Figure 35: Percentage of daily smokers in the total population according to their educational attainment in 2019



Source: Eurostat 2024

3.4. PERFORMANCE PROFILING

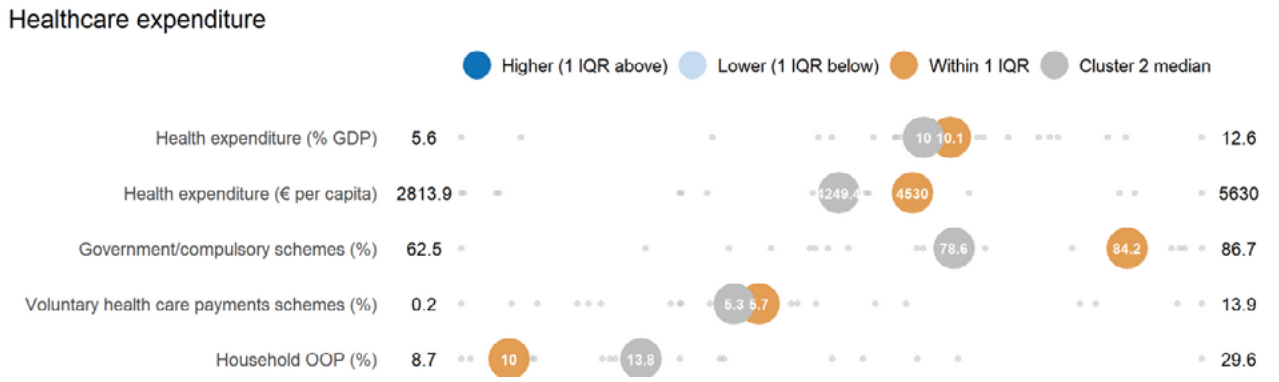
The Dutch health system performance was profiled and compared to countries sharing similar results in performance (i.e. those countries clustered in the same group of the Netherlands): Australia, Austria, Denmark, France, Germany, Italy, Portugal, Spain, Norway, United Kingdom, Slovenia, Canada, Germany, Belgium, Netherlands, Iceland, Luxembourg, Finland, Switzerland, Austria, Ireland and Sweden.

In the images, the median of the group is depicted in grey colour whereas Dutch results are displayed in orange when its value is not significantly different from the group median – within 1 interquartile range (IQR), light blue when results are below the median and dark blue if they are above the median. The small grey dots represent the other countries in the group.

Healthcare expenditure

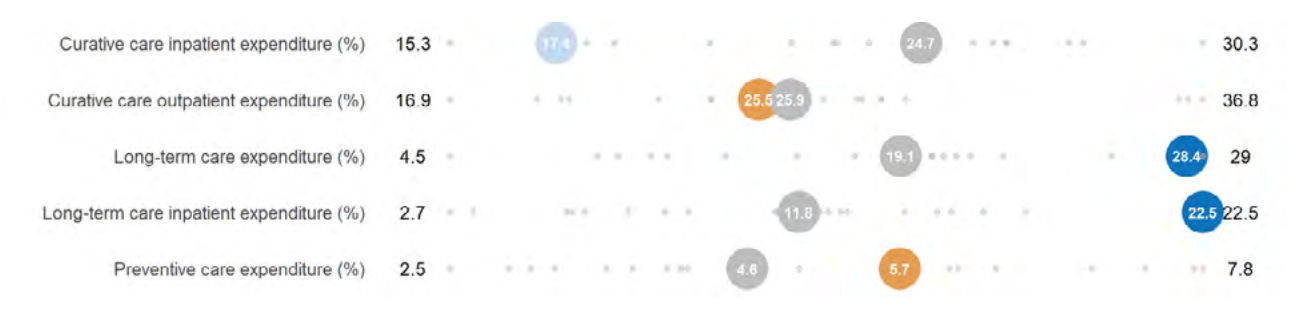
Healthcare expenditure in the Netherlands in terms of percentage of GDP is close to the median, whereas expenditure per capita is far above the median. Public expenditure accounts for the biggest share of the total healthcare expenditure (84% in 2022, a percentage significantly above the median). In contrast, the share of household out-of-pocket payments (10%) is among the lowest among the compared countries.

Figure 36: Health expenditure by financing scheme 2022 in the Netherlands and similar performance countries in 2022



By function, long-term care stands out, accounting for 28.4% of total expenditure in 2022 and having increased by 8.5% since 2015. In turn, curative/rehab care, for which expenditure has decreased in the last few years by 4.6% – consistent with the low rates of hospital discharges – is well compensated with doctor outpatient consultations.

Figure 37: Health expenditure by function and type of provider in the Netherlands and similar performance countries in 2022



Physical resources

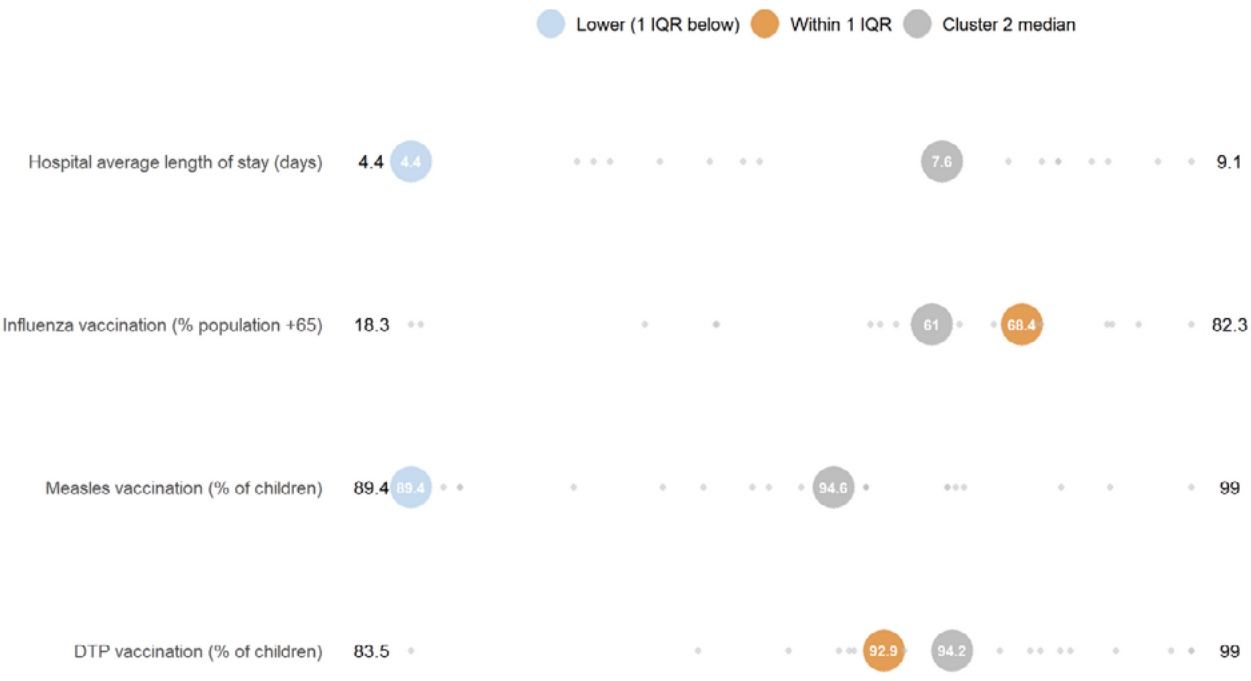
The rate of physicians in the Netherlands is below the median of the other countries in cluster 2, while nurses' rate is slightly above.

Figure 38: Healthcare human resources in the Netherlands and similar performance countries in 2022.

Outputs

Child vaccination has experienced a decrease in recent years, with measles and DTP vaccination below the median rate in 2022. On the contrary, the rate of influenza vaccination is above the median of the peer countries.

Figure 39: Healthcare outputs in the Netherlands and similar performance countries in 2022.



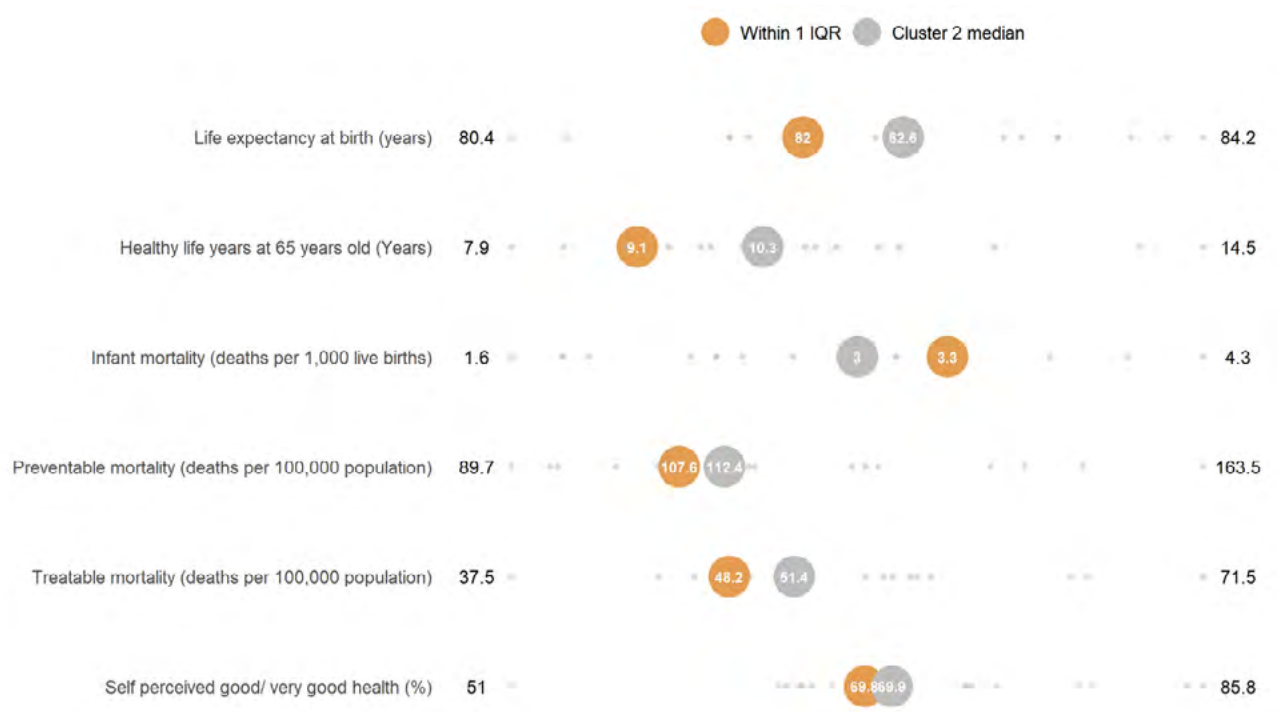
Outcomes

Life expectancy in the Netherlands is slightly below the median (82 versus 82.6 years) with a greater difference in healthy life years at 65 (9.1 years in the Netherlands versus the median of 10.1).

When comparing results in avoidable mortality, the Netherlands scores slightly better than the median in preventable mortality (107.6 deaths per 100,000 population compared to 112.4); and better in the case of treatable mortality, with 48.2 deaths per 100,000 population compared to 51.3 in the median rate of the comparable countries; infant mortality is above the median rate of Dutch system peers.

Finally, nearly 70% of the Dutch population declared having good/very good health, a figure close to the median of the sample.

Figure 40: Healthcare outcomes in the Netherlands and similar performance countries in 2022.



3.5. POLICY LESSONS

The Dutch health system shows fairly good performance in comparison with its country peers. In terms of health expenditure, public expenditure is one of the highest and OOP expenditure is one of the lowest. Notably, expenditure in long-term care – an indicator associated with preventable and treatable mortality, healthy-life expectancy at 65 and self-perception of good health is the highest among the peer countries. Interestingly, the lower number of beds is compensated by the lowest length of stay; and, when it comes to human resources, the relatively slightly lower median rate of physicians is compensated by a higher median rate of nurses. In contrast, child vaccination shows poorer performance, with the DPT rate slightly below the peers; the measles rating is the lowest among the countries, with a clear negative association with infant mortality. When looking at overall outcomes, the Netherlands ranks better than its peers in preventable and treatable mortality, and worse in healthy-life expectancy at 65, self-perception of good or very good health and, importantly, infant mortality. In contrast, the analysis of needs and risk factors shows that there are consistent gender and socio-economic gaps in healthy-life years at 65, self-perception of good health, obesity, and daily smoking or drinking. Importantly, the younger population suffers from similar gender gaps in daily smoking, heavy drinking and obesity.

The relatively good performance of the Dutch healthcare system may be partly explained by the universal access to care (broad universal healthcare coverage) and the solidarity principle derived from a compulsory approach to medical insurance (compulsory for all and available to all). In addition, the system provides access to a comprehensive basket of benefits. Likewise, the high expenditure in long-term care reflects the reaction of the Dutch public policies to meet the needs imposed by the demographic transition towards ageing populations, translating this drive into legislation (i.e. the Long-term care Act covering institutional long-term care and the Social Support Act covering social long-term care, mainly at home or in a small-scale setting (and provided by municipalities). Finally, the provision of curative care (under the Health Insurance Act) is based on regulated competition, where the insurance rules are set by the government (HFMA, 2023).

Although health outcomes depend on wider determinants of health (including measures such as tobacco taxation or cheaper access to healthier food), some elements deserve the attention of the healthcare sector. Firstly, although the percentage of people reporting unmet needs for medical examination is among the lowest in Europe, some doubts remain on the potential impact of the depth of coverage and financial design on the most vulnerable (HFMA, 2023). Specifically, there is a mandatory deductible of at least €385 per year for people aged 18 and over, and 90% of the population purchase additional insurance for services such as dental and optical care that may translate into some access barriers for those in need. Although in some services (primary care, community nursing and maternal care) the deductible does not apply and low-income population are entitled to a care allowance (a reimbursement from the government which helps to cover the monthly premium payment for health insurance whose amount depends on income level), the actual level of financial hardship experienced by the Dutch households seems to be underestimated (Thompson, 2023). Along with this, a consistent gradient between the better and the worse off is observed, with higher rates of risk factors in those with the lowest educational attainment.

Secondly, although risk selection is not allowed, the premium paid does not pose any incentives for insurers to properly address high risks (i.e. chronically ill patients) because these patients are insufficiently compensated by the current system of risk equalisation (PHSSR, 2023); moreover, financial incentives are not well aligned across national government, healthcare insurers and municipalities (PHSSR, 2023). For example, significant incentives remain for municipalities to shift responsibility for more expensive patients to be transferred out to institutional care, which translates into higher unit prices (SWD, 2024).

Thirdly, in comparison with other countries, the Netherlands has good results in amenable and preventable care with notably higher spending per capita. Given the multiplicity of actors in the Dutch regulated market operating in curative care under the Health Insurance Act, coordination and administrative costs may be part of the observed high expenditure. This raises concerns on the actual value for money of part of the public expenditure on health (HFMA, 2023); insufficient coordination between different care providers at local and national levels is driving up costs. (SWD, 2024).

[1] These analyses are shown in Annex III, and include multiple exploratory associations. The associations in the report are those that showed as statistically significant with a coefficient of determination over 10%.

Finally, structural shortages of certain health workers have become a notable challenge; although the number of doctors is compensated by the number of nurses relative to the population, nursing staff are overburdened in certain settings such as hospitals, and not all trained nurses work full-time in the profession, which may limit access to nurse care (SWD, 2024).

As a final note, compared to its peers, none of the institutional features of the Dutch healthcare system may directly explain the relatively high rates of infant mortality and low vaccination coverage in infant preventable communicable diseases, two indicators where the Dutch system performs poorly. Some underlying reason for the low vaccination rates may lie on increasing doubts in young parents about vaccinating their children (RIVM, 2023).

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3.7. ANNEX

3.7.1. Annex I. Cluster analysis

Cluster analysis

For country selection, first of all the last year with data available for the Netherlands was determined for each indicator. Then, countries having data the same year or up to three years before, and having reported consistently at least 25 indicators (48% of the 52 initially considered) were selected.

Finally, only those indicators reported by at least 20 of the 31 countries were chosen. This selection process resulted in 31 (≈90%) countries and 41 (≈79%) indicators, compared to the 35 countries and 52 indicators originally considered (the final set of indicators is listed below).

Thus, indicators with up-to-date data available for a similar timeframe remained for the comparative analysis with the Netherlands. Since not all countries had all 41 indicators for all the years included in the time series, imputation methods were applied to account for the missing data in the series. Thus, in case of missing values, the median of the indicator for the sample was imputed, resulting in 119 imputations out of 1,271total values. Finally, the data was scaled using Z-score normalisation, as a distance-based algorithm susceptible to outliers and thus suitable for eliciting potential differences, before clustering using the k-means methods. In addition, the silhouette and within sum of squares methods were used to determine the number of total clusters (k=3). The distribution of the countries in the three resulting clusters was as follows:

Cluster 1: Bulgaria, Greece and Romania.

Cluster 2: Australia, Austria, Denmark, France, Germany, Italy, Portugal, Spain, Norway, United Kingdom, Slovenia, CanadaBelgium, Netherlands, Iceland, Luxembourg, Finland, Switzerland, Ireland and Sweden.

Cluster 3: Czechia, Croatia, Estonia, Hungary, Latvia, Lithuania, Poland and Slovakia.

Indicators selected for the cluster analysis

Type	Indicator
Input	Acute care (curative) beds (per 1,000 population)
Input	Expenditure in inpatient care (share of current expenditure on health)
Input	Expenditure in inpatient curative care (share of current expenditure on health)
Input	Expenditure in inpatient long-term care (share of current expenditure on health)
Input	Expenditure in long-term care (share of current expenditure on health)
Input	Expenditure in outpatient care (share of current expenditure on health)
Input	Expenditure in outpatient curative care (share of current expenditure on health)
Input	Expenditure in preventive care (share of current expenditure on health)
Input	Government/compulsory schemes (share of current expenditure on health)
Input	Health expenditure (share of GDP)
Input	Health expenditure per capita (per capita, current prices, current PPPs, €)
Input	Household out-of-pocket payments (share of current expenditure on health)
Input	ICU beds (per 100,000 population)
Input	Long-term care beds (per 1,000 population)
Input	Practising nurses per 1,000 population)
Input	Practising physicians (per 1,000 population)
Input	Voluntary healthcare payments schemes (share of current expenditure on health)
Output	Breast cancer screening (% of females aged 50-69 screened)
Output	Cervical cancer screening (% of females aged 20-69 screened)
Output	Doctor consultations (per capita)
Output	DTP vaccination (% of children immunised)
Output	Hospital average length of stay (all causes) (days)
Output	Influenza vaccination (% of population aged 65 years old and over)
Output	Inpatient care discharges by all causes (per 100,000 population)
Output	Measles vaccination (% of children immunised)
Outcome	Amenable (treatable) mortality deaths per 100,000 population (standardised rate)
Outcome	Healthy life years at 65 total population (years)
Outcome	Healthy life years at birth, total population (years)
Outcome	Infant mortality (deaths per 1,000 live births)
Outcome	Life expectancy at birth, total population (years)
Outcome	Maternal mortality (deaths per 100,000 live births)
Outcome	Preventable mortality (deaths per 100,000 population (standardised rate))
Outcome	Self-reported unmet needs for medical examination by sex, age, main reason declared and income quintile (too expensive, too far to travel or long waiting list (percentage (EHIS))
Outcome	Self perceived good/very good health, total population 15+ (% of population (crude rate))
Health needs	Body mass index (BMI) by sex, age and educational attainment level (percentage (EHIS)) - overweight
Health needs	Body mass index (BMI) by sex, age and educational attainment level (percentage (EHIS)) - obese
Health needs	Frequency of heavy episodes of drinking by sex, age and income quintile (percentage (EHIS)) - at least once a week
Health needs	Frequency of heavy episodes of drinking by sex, age and income quintile (percentage (EHIS)) - every month
Health needs	Frequency of heavy episodes of drinking by sex, age and income quintile (percentage (EHIS)) - less than once a month
Health needs	Frequency of heavy episodes of drinking by sex, age and income quintile (percentage (EHIS)) - never or not in the last 12 months
Health needs	Tobacco consumption (% of population aged 15+ who are daily smokers)

3.7.2. Annex II. Additional tables

Table 1: Beds at hospitals (acute care, long-term care, ICU) in 2022 or last available year

Country	Acute care beds per 1,000 population	Long-term care beds per 1,000 population +65 (2021)	ICU beds per 100,000 population
Austria	4.8	2.9	21.8
Belgium	4.9	0.5	17.1
Bulgaria	6.8	1.4	no data
Canada	2.0	2.5	12.2
Croatia	3.7	4.5	no data
Czechia	4.1	9.3	44.9
Finland	2.2	1.4	
Germany	5.7	no data	28.1
Greece	3.8	2.5	20.9
Hungary	4.2	5.3	11.8
Iceland	2.3	no data	no data
Ireland	2.8	1.1	5.7
Italy	2.6	0.5	10.3
Lithuania	4.7	2.3	21.1
Luxembourg	3.1	0.7	20.4
Netherlands	2.3	3.2	5.7
Poland	4.3	0.2	no data
Portugal	3.3	no data	10.6
Romania	5.5	5.1	no data
Slovakia	4.8	4.0	no data
Spain	2.5	2.0	18.8
Switzerland	3.5	0.5	9.2
United States	2.5	0.9	21.1

Source: OECD 2024

Table 2: Inpatient care discharges by all causes per 100,000 population in 2010, 2015, 2020 and 2022 or last available year

Country	2010	2015	2020	2022*	% Δ 2010–2022
Germany	23,993	25,534	21,860	21,264	−11.4%
Austria	27,645	25,591	20,219	20,923	−24.3%
Australia	16,891	18,451	17,676	17,232	2.0%
Lithuania	no data	23,064	15,753	16,555	not calculable
Latvia	no data	16,032	13,929	16,448	not calculable
Czechia	20,071	19,324	15,945	16,389	−18.3%
Romania	no data	no data	12,989	16,207	not calculable
Switzerland	16,122	16,289	15,244	16,108	−0.1%
France	16,873	16,363	16,054	15,402	−8.7%
Slovenia	17,129	18,462	14,302	15,042	−12.2%
Norway	17,527	16,818	14,802	14,771	−15.7%
Belgium	17,051	no data	13,941	14,554	−14.6%
Poland	15,972	16,751	12,476	14,352	−10.1%
Hungary	20,649	20,061	14,675	14,313	−30.7%
Slovakia	18,649	19,575	15,480	14,286	−23.4%
Croatia	no data	no data	12,615	14,064	not calculable
New Zealand	14,847	14,968	13,344	13,977	−5.9%
Finland	18,160	16,893	14,321	13,186	−27.4%
Estonia	17,567	16,537	13,555	12,922	−26.4%
Ireland	12,925	13,528	11,444	12,062	−6.7%
Sweden	16,251	15,312	12,755	11,844	−27.1%
Spain	10,138	10,228	8,981	9,966	−1.7%
Italy	13,695	11,955	9,313	9,749	−28.8%
Iceland	no data	no data	no data	9,412	not calculable
Netherlands	11,937	9,753	7,669	7,731	−35.2%
Canada	8,277	8,466	7,242	7,691	−7.1%
Portugal	8,793	8,473	7,337	6,992	−20.5%
Denmark	16,086	14,790	no data	no data	not calculable
Greece	19,961	13,607	no data	no data	not calculable
Luxembourg	16,695	15,228	no data	no data	not calculable
United Kingdom	13,211	12,837	no data	no data	not calculable
Bulgaria	no data	no data	28,322	32,482	not calculable

**Australia, Croatia, New Zealand, Poland, Slovakia: 2021 data*
Source: OECD 2024

3.7.3. Annex III. Regression analysis

Exploratory analyses assessed which inputs and outputs showed more association with outcomes in countries in cluster 2 (Australia, Austria, Denmark, France, Germany, Italy, Portugal, Spain, Norway, United Kingdom, Slovenia, Canada, Germany, Belgium, Netherlands, Iceland, Luxembourg, Finland, Switzerland, Austria, Ireland, Sweden). Input and output variables must have been reported the same or the previous year as the outcome. Only those associations with at least 18 countries are shown.

3.7.3.1. Healthcare expenditure and outcomes

Healthcare expenditure as the percentage of GDP correlates with life expectancy (the higher the GDP, the lower the life expectancy, r^2=0.13) and preventable mortality (the higher the GDP, the higher the preventable mortality, r^2=0.11).

In turn, healthcare expenditure per capita in purchasing power parities (PPP € current prices) correlates negatively with preventable (r^2=0.09) and treatable mortality (r^2=0.13).

Figure 1: Health expenditure per capita (PPP, € current prices)) and preventable mortality

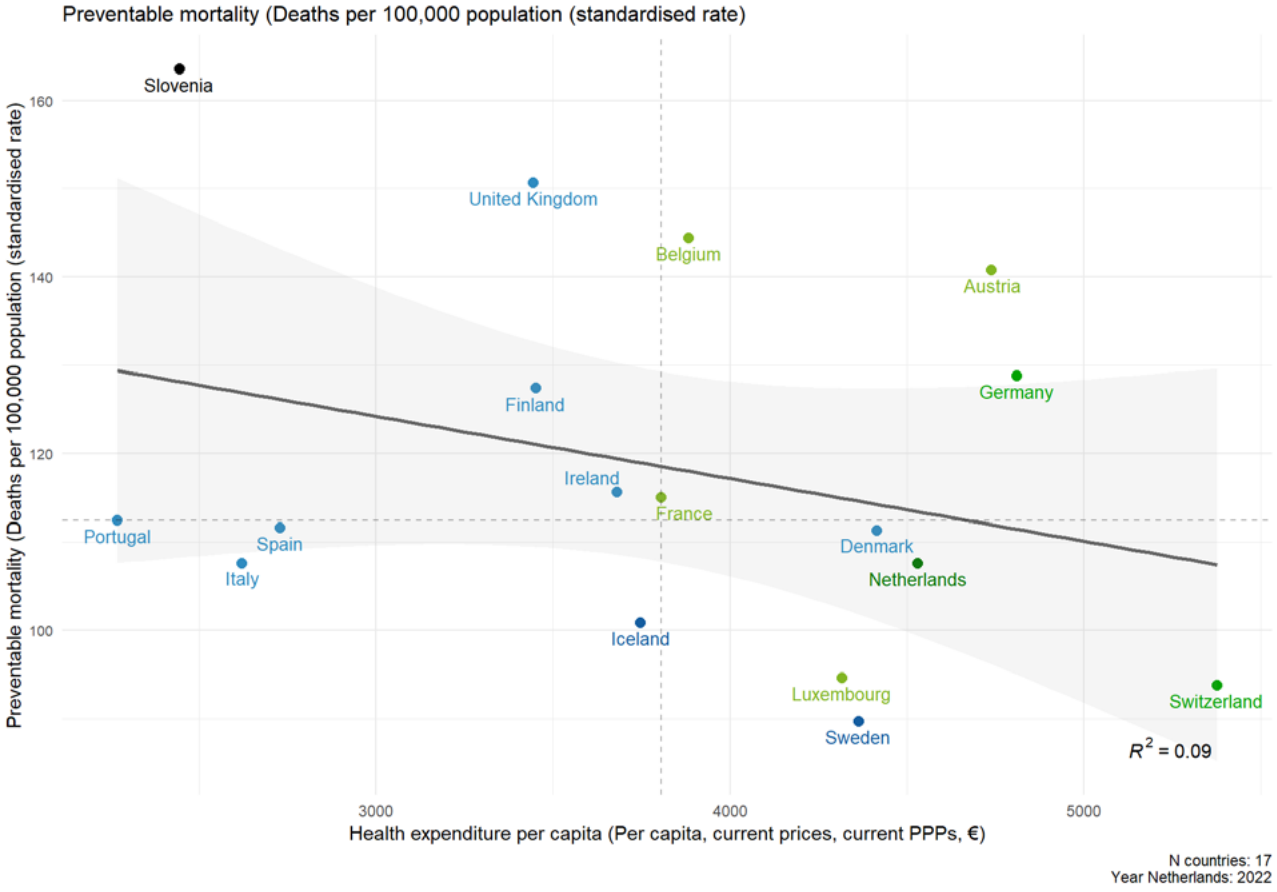
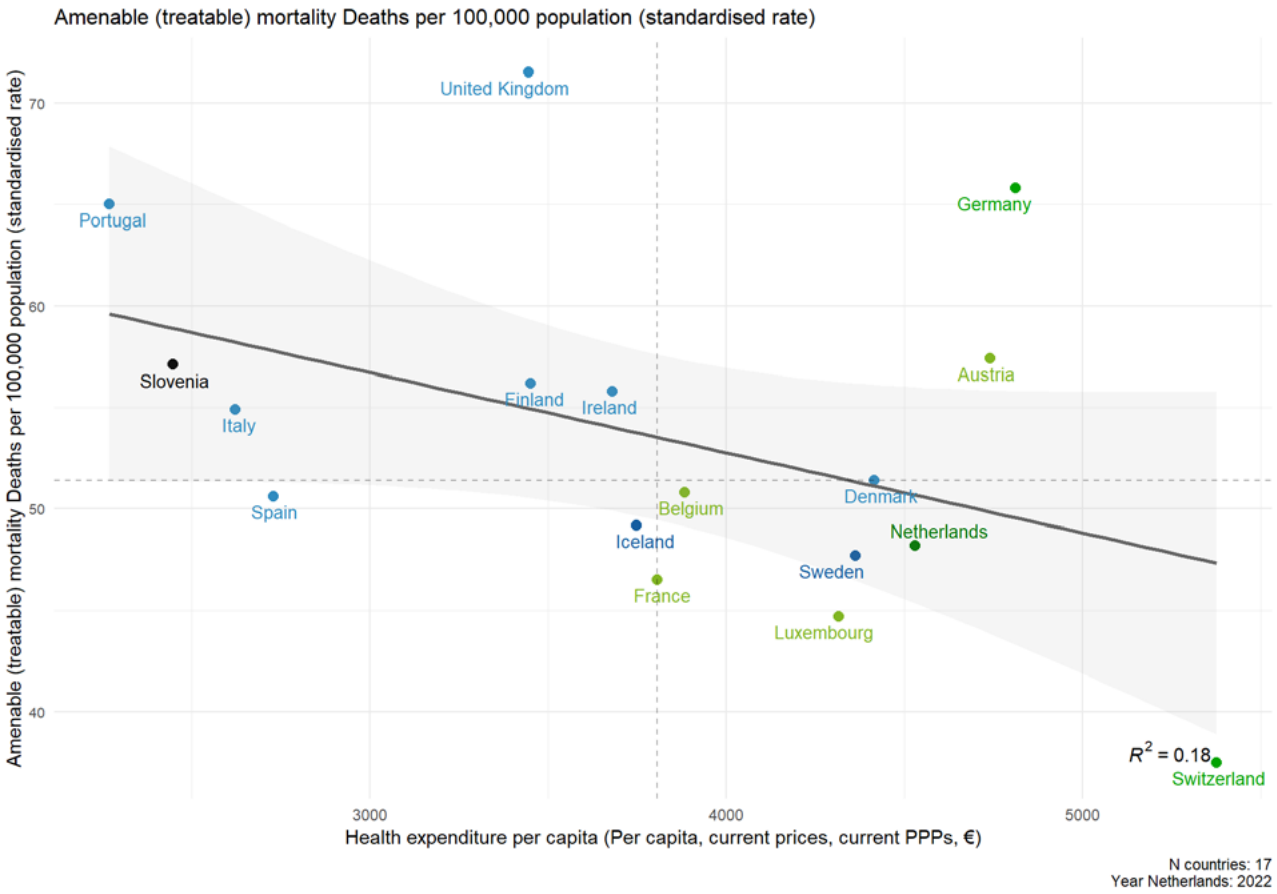


Figure 2: Health expenditure per capita (PPP, € current prices)) and treatable mortality



Public expenditure correlates positively with healthy life years at 65 (r^2=0.13).

OOP expenditure shows an association with life expectancy (the higher the OOP, the higher the life expectancy, r^2=0.1), and with infant mortality (the higher the OOP, the lower the infant mortality, r^2=0.1)

Curative outpatient expenditure correlates with infant mortality r^2=0.22, so the higher the expenditure, the lower the mortality. Interestingly, the higher the expenditure on outpatient care, the worse the population's perception of good health.

Preventive care expenditure correlates negatively with life expectancy (r^2=0.24), and healthy life years at 65 (r^2=0.26).

3.7.3.2. Long-term care (inpatient) expenditure

Similarly, long-term expenditure in inpatient care was found to be associated with treatable mortality and a good self-perceived health. The higher the amount spent in long-term care, the less the mortality rate in preventable and treatable conditions (r^2=0.11 and r^2=0.17) and the more healthy-life years at the age of 65 (r^2=0.25). Finally, the more spending in long-term care seems to be associated with a higher share of the population declaring good or very good health (r^2=0.17).

Figure 3: Long-term care expenditure (inpatient) and preventable mortality

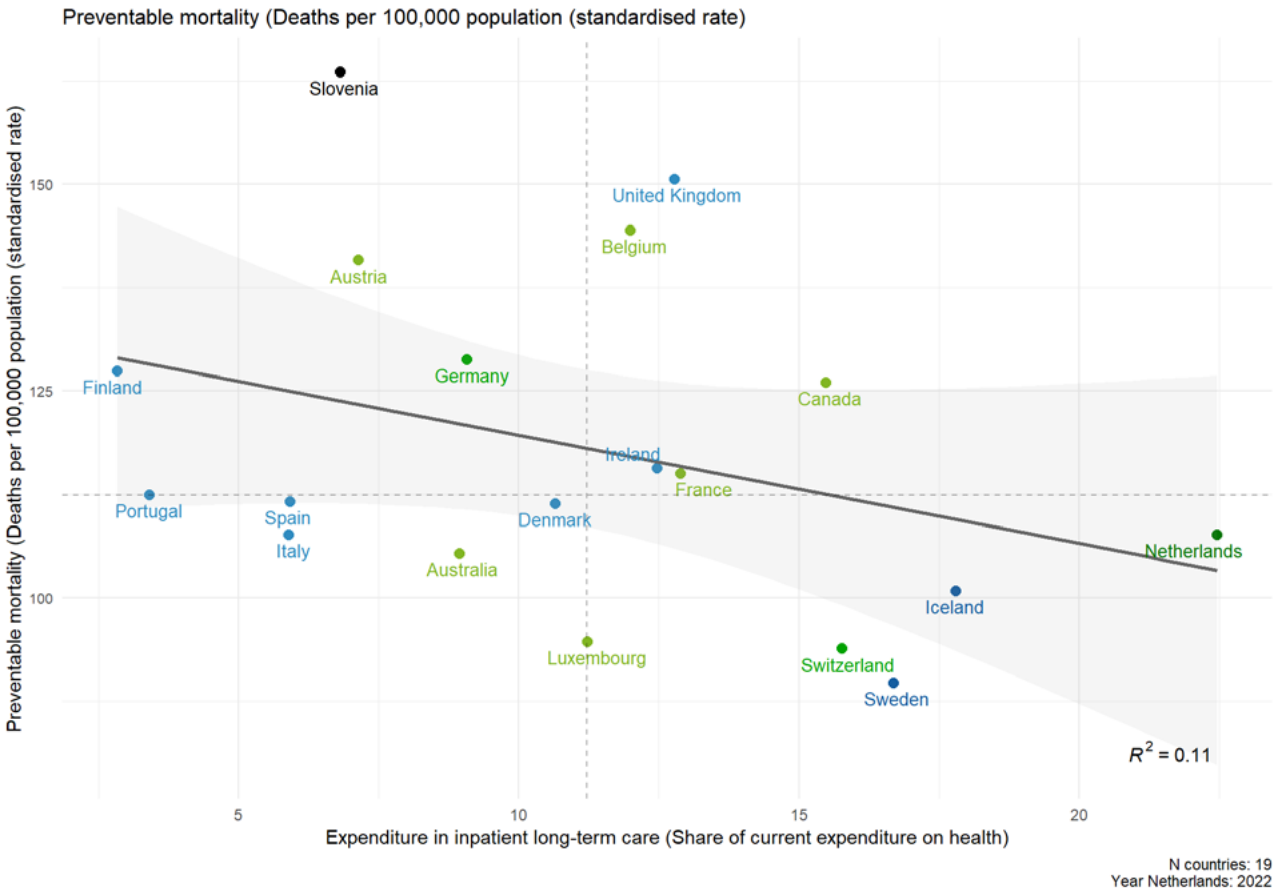


Figure 4: Long-term care expenditure (inpatient) and treatable mortality

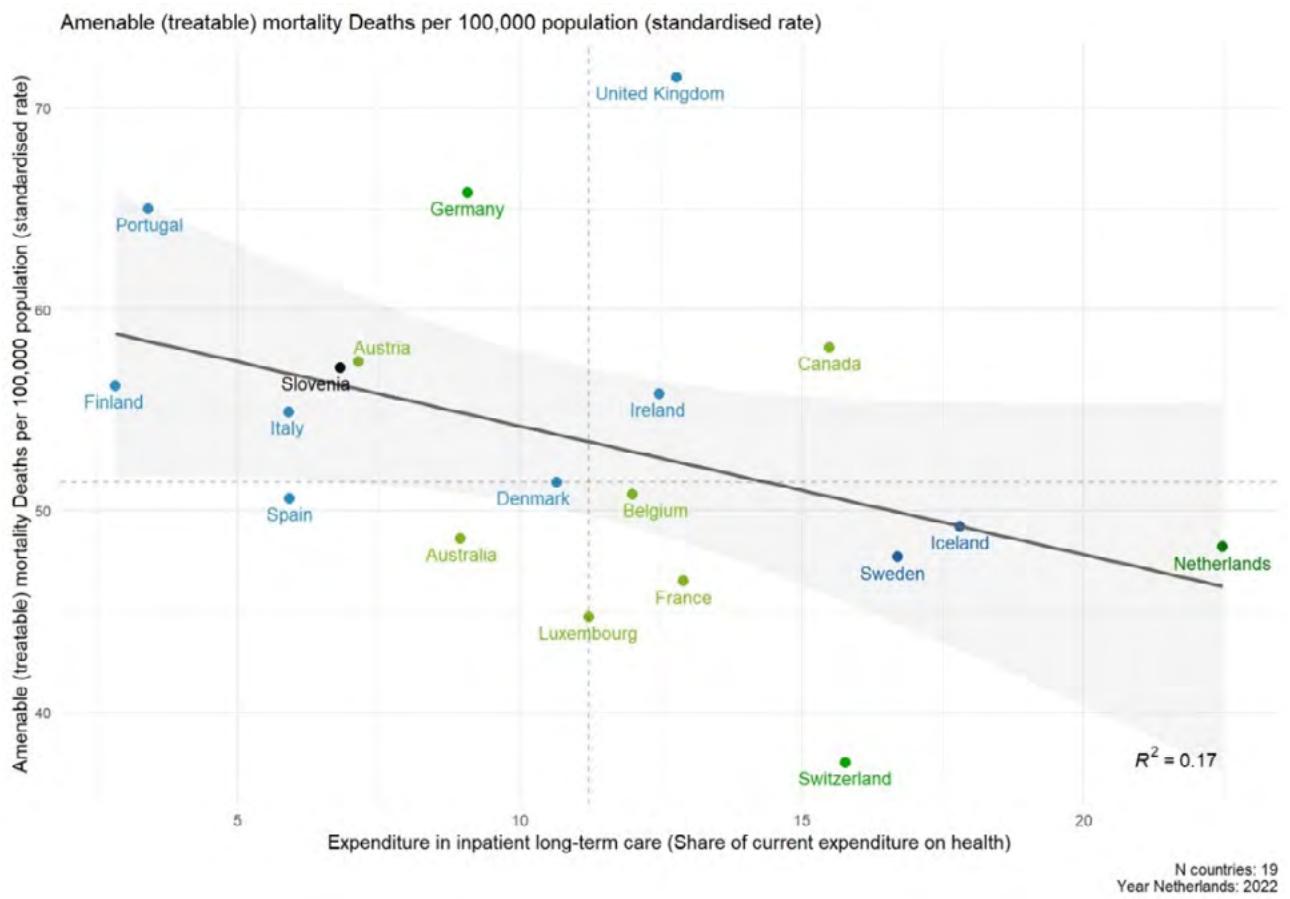
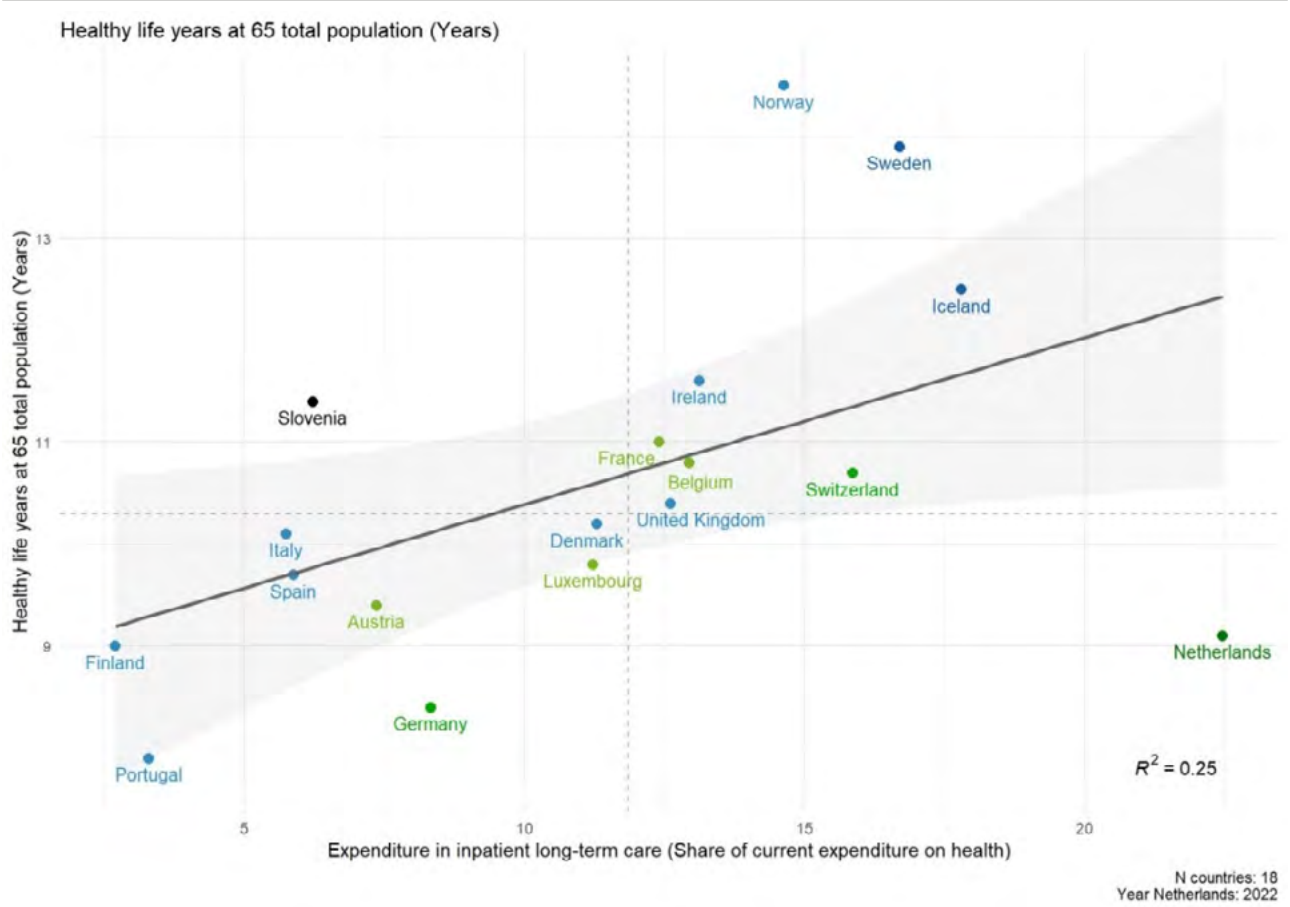


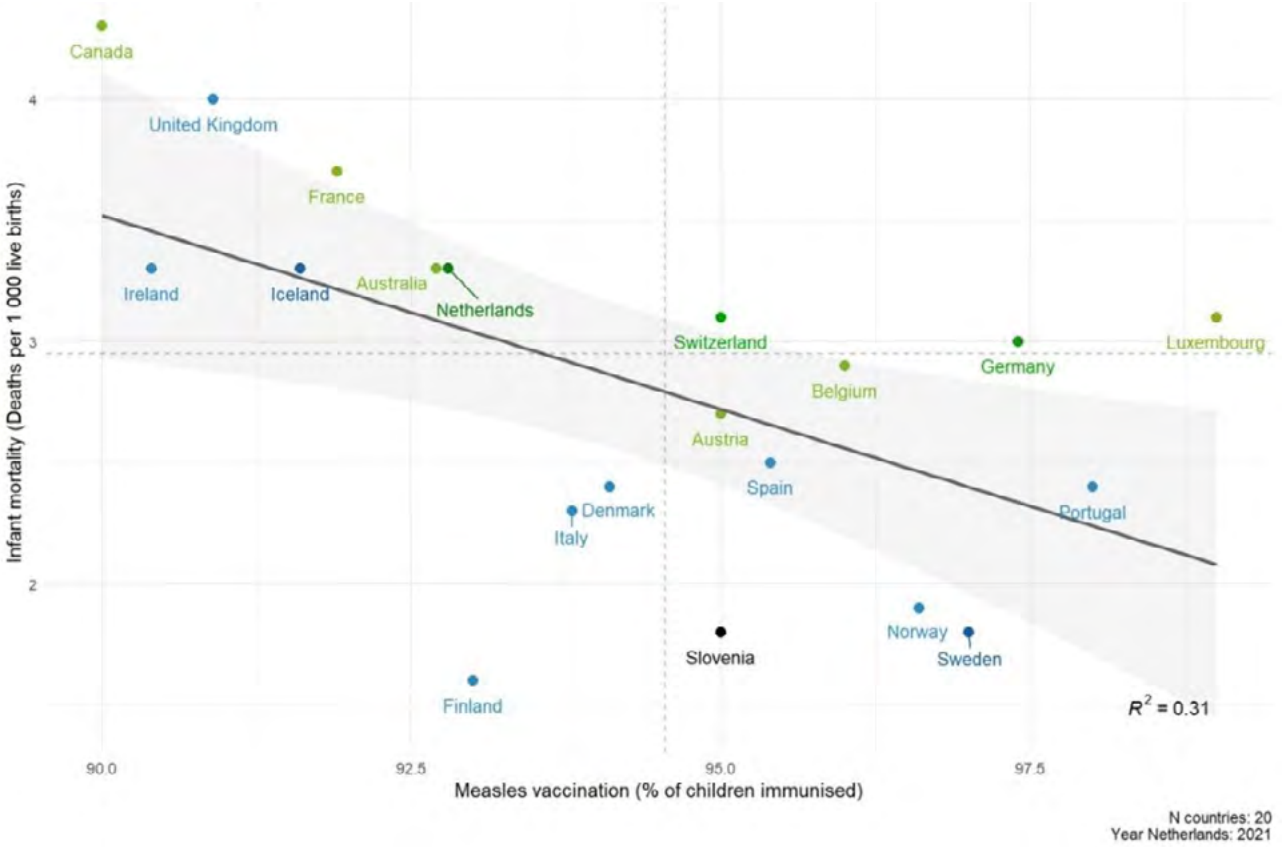
Figure 5: Long-term expenditure and healthy life years at 65



3.7.3.3. Measles vaccination and infant mortality

The coverage of measles vaccination is associated with lower infant mortality rates (r^2=0.31).

Figure 6: Measles vaccination and infant mortality



4. SPORT

4.1. INTRODUCTION TO SPORT[1]

The EIPA benchmarking study, covering the period 2022–2025, will examine the performance of the public sector in 35 countries: the 27 Member States of the European Union, the European Economic Area (EEA) countries Norway, Iceland and Switzerland and the Anglosphere countries – the United Kingdom, Australia, New Zealand, Canada and the United States.

This chapter is based on data from Eurostat/Eurobarometer, OECD statistics and the European Quality of Life Survey (EQLS). The quality of the data is variable, sufficient for a large number of indicators for EU countries, less so for the rest of Europe and rather weak for the Anglosphere countries. There is not the capacity to select and include data for each country separately; however, if one or two countries are missing from the data set, national data will be added where relevant – this is a pragmatic issue. As this is the first benchmarking study on sport, and due to the quality of the data, the focus will be on comparing countries for the most recent year of data available for the indicator. We will however, where possible, compare time series for different countries. Furthermore, the demographic cohort represented in the disparate statistical datasets encompasses individuals aged 15 or 16 and above, with the occasional inclusion of those aged 18 and above. Consequently, statistics pertaining to younger children are not included, as there is a lack of comparable data.

4.1.1. Concepts

Defining sport in this study

This chapter examines the concept of sport, its definition and the challenges of measuring it across countries. It follows the definition of the European Council from 1992, which includes both recreational and competitive sports, but excludes physical activity related to work or study, including walking or cycling to work or to study. The discussion will not address elite or professional sports[2] as a discrete issue; rather, it will focus on the broader participation in sport and exercise among the general population. It is the role of the public sector in promoting sport and physical activity and the differences in participation in sport and exercise between countries that are mainly examined.

Difficulties measuring between various countries

In an update of the COMPASS project, which compared participation in sport for seven European countries, the authors write: "The difficulties of comparing sports participation data collected in different countries have long been recognised, as have the potential benefits to sports administrators and decision makers of having access to comparable statistics" (Gratton et al., 2011: 99). Van Tuyckom et al. (2013) emphasise the same, addressing not only reliability – whether studies are conducted in the same way and ask the same questions, but also validity – what is understood by sport, physical activity and related terms, what they mean in different countries. The challenge of reliability is partly addressed here because the statistics are based on similar studies in different countries, or because it is the same study that covers all countries, but validity – the lack of equivalence of meaning – is still a challenge.

The composition of the sports sector varies, with countries such as Greece, Italy and Portugal influencing activity through sports centres, while in Denmark, the Netherlands and Austria it is through club membership (van Tuyckom, 2013). What is common, however, is that most sports activity takes place outside a specific organisational context, i.e. as self-organised sport. In a study on the characteristics of sports clubs in ten European countries (Breuer et al., 2017), no clear patterns were found based on regions or political systems. However, there are some interesting trends: sports clubs in Northern and Western Europe (including Germany and Switzerland) are larger than those in Central and Southern Europe. The latter also have a higher proportion of male members. The proportion of single-sport clubs is higher in Western Europe, apart from Germany, while the proportion of multi-sport clubs is higher in Northern and Central Europe. It is interesting to note that it is clubs in Central and Northern European countries that receive the highest proportion of their income from public subsidies, and the clubs in Central and Southern European countries (e.g. Spain) are most dependent on the use of public facilities rather than their own. The fact that only ten European countries are included suggests caution about drawing firm conclusions.[3]

[1] Many thanks to José Soares Neves and his colleagues at the Centre for Research and Studies in Sociology at the ISCTE - University Institute of Lisbon for providing and sharing data for many of the relevant indicators.

[2] The concept of "elite sport" is not straightforward to define. Most studies on elite sport focus on defining the key actors involved in the system, including policy institutions, organisations, commercial actors, scientific actors and the media. However, there is a lack of clarity regarding the specific criteria for identifying elite athletes. A practical definition would encompass professional athletes or those competing at the international level. In the context of this study, this distinction is not particularly crucial as the data is drawn from representative samples of the general population, including potential elite athletes.

[3] The countries included in the study are Spain, Norway, Poland, England, Denmark, Switzerland, Belgium (Flanders), Spain, Germany and the Netherlands.

It is also interesting to see how government involvement can vary so much, and often not in an expected way. In the social democratic welfare regimes (Esping-Andersen, 1990), e.g. the Nordic countries with large public sectors, government funding is in the upper half, as you can see in the figure below. There is still less governing of the sports sector, which is by and large driven by voluntary organisations or private fitness centres. In liberal welfare regimes such as the UK, Canada and New Zealand, the focus is on management by objectives, especially for elite sport, but also for national sport governing bodies (Bergsgard et al., 2007; Nicholson et al., 2011a).

Nicholson et al. conclude, in a volume with contributions from 16 countries within and outside Europe, "sport participation rates do not appear to be correlated to a nation's sport structure or delivery system" (2011b, p. 295). They further comment: "It is evident from the vast majority of the chapters within this book that government policies designed to increase sport participation have limited success" (p. 305). This is also supported by a study of the relationship between government and federations in 13 European countries: "In conclusion, huge cultural differences and differences in policy systems, even within the Western world, make any international comparison somewhat risky because any sport system is both culturally and contextually bound" (Willem and Scherder, 2017, p. 318).

It is therefore evident that contextual factors, such as culture, civic traditions, history, population density, and climate play a significant role in explaining the observed variations in sports and physical activities across countries. However, these factors are inherently challenging to quantify using statistical methods, and they also serve as crucial determinants of health outcomes, as evidenced by the work of Dahlgren and Whitehead (2021). Other factors that have been identified as influencing sport participation are wealth and education. However, these factors are not government inputs designed to increase sport activity; rather, they are ends in themselves. Consequently, a more limited case analysis of carefully selected countries will be undertaken with a view to gaining a better understanding of the relationship between input and outcome in light of some of these contextual factors.

4.1.2. Why sport and exercise?

Why measure leisure time activities such as sport and physical activity? The benefits of sport and physical activity are numerous – both intrinsic, such as enjoyment, well-being and belonging, and extrinsic, such as integration, community and, last but not least, mental and physical health. The extrinsic benefits, including the health factor, have been put high on the agenda by both the WHO (OECD/WHO 2023) and the EU (Council of the EU, 2013). The physical inactivity of the population is of great concern as it is linked to the increase in obesity and other non-communicable diseases.

It is therefore important to emphasise policies that promote healthier lifestyles. In a recent study of the social framing of physical activity in policy documents in EU Member States, health is the main sub-theme – mainly physical health, but also mental health (Ritchie et al., 2024). Other themes such as social and community, environment and well-being are included but are less prominent. The authors highlight the importance of the social framing of physical activity to "engage a wider range of stakeholders in [physical activity] promotion" (Ritchie et al., 2024: 7).

To sum up, the active/inactive question is a complex one involving political factors, other environmental factors, social (economic/educational) factors and cultural factors. In this chapter, there will only be the opportunity to look at some of these possible input indicators.

4.1.3. Indicators

What input factors are relevant and which of them can be measured?

The main input is government expenditure on sport. In Eurostat (based on OECD statistics) the classification is "recreational and sporting services". It is assumed that "recreational" means the facilitation of physical activity for recreational purposes (and not other types of leisure activities). Another input factor is household expenditure on sport; this does not necessarily reflect government policy in this area, but gives an indication of the willingness of the population to invest in sporting activities.

Other factors that could be relevant include, education, as it is known that the level of education corresponds to the level of physical activity. However, as pointed out above, the government input here is related to increasing the level of education as such, not as a means to increase physical activity. Furthermore, the type of jobs could be relevant since job autonomy is known to have a positive correlation with physical activity in leisure time (Wiertsema et al., 2024). Again, this is more of an unintended side effect, and not a result of a specific policy to foster sport and physical activity. Still, this underlines the importance of contextual factors on the population's participation in sport and physical activity, and thus also emphasises the limitation of sport delivery policy and systems in each country,

as underlined above. Another possible input is the facilitation of physical education in the school system. However, there is no data available that separates investment in education by subject.

The following figures are included:

Figure 1: General government expenditure on recreational and sporting services in percent of Gross Domestic Product, 2021.
Figure 2: Mean consumption expenditure of private households on sporting goods and services, 2015 – purchasing power standard (PPS).
Figure 3: The sum of public – general government – expenditure on sport and exercise per inhabitant in 2021 and private household expenditure on sport and exercise in 2015 (in Euro).

What output indicators are relevant and which of them can be measured?

In the conceptual framework for the benchmarking study output is defined to be anything that comes out of a system being the result of input processing – output might be used immediately or be readily available for use by citizens in the future. In this case, it is various kinds of facilitation for sport and physical activity as a result of both government and private spending on sport. Both the physical infrastructure and the organisational frame for the activity are of relevance here.

Membership of sports clubs/social organisations for sport as such could be an indirect measure of both activity levels – although membership is not directly related to sporting activity as such. Also social cohesion, although the effect on social cohesion of membership of fitness centres may be less than that of membership of sports clubs and social organisations. In this chapter, however, figures on membership are both seen as an "output" – that is as the structure of the field of sport and exercise – and as an indicator for trust (see below).

The following figures are included:

Figure 4: Percentage of total employment employed in the sports sector, 2022.

Figure 5: Number of enterprises in the sports sector per 1,000 inhabitants, 2022.
Figure 6: Member of a sports club, fitness/health club or social organisation for sport, 2022.
Figure 7: Neighbourhood quality and service: access to recreational or green areas, 2016.

What outcome indicators are relevant and which of them can be measured?

Outcome (or effect) is understood as anything beyond output, i.e. the social, economic and political outcomes relevant to a policy area. Increasing levels of physical activity is clearly one – and perhaps the most important – outcome of government investment in recreation and sport, because of its presumed health benefits.
Other objectives relate to social inclusion and social cohesion, although these are more difficult to measure. They are treated here as an indication of trust.

The following figures are included:

Figure 8: Taking part in sport or physical exercise, 2016.
Figure 9: Frequency of participation in sporting events in the last 12 months. 2015.
Figure 10: Exercising or playing sport at least once a week, 2022.
Figure 11: Exercising or playing sport, 2022.
Figure 12: Performing health-enhancing physical activity (aerobic and muscle-strengthening), 2019.
Figure 13: Time spent on health-enhancing (non-work-related) aerobic physical activity in minutes per week, 2019.
Figure 14: Attending a sport event at least once the last 12 months, 2007.

Satisfaction and trust

It is not easy to measure satisfaction and trust related specifically to public sectors' involvement in sport. Questions addressing the satisfaction with the facilitation for sport and physical activity, be it sport facilities or areas for outdoor life recreation, give some indications. Further, as mentioned, participation in sports clubs/organisations is interpreted as an indicator of trust, as social capital in the local community.

The following figures are included:

Figure 15: Satisfaction with sport facilities (such as sport fields and indoor sport halls in the city), 2023.
Figure 16: Satisfaction with outdoor recreation (outside / around the city, such as walking, cycling, or picnicking), 2009.
Figure 17: Member of a sports club, fitness/health club or social organisation for sport, 2022.
Figure 18: Members of a voluntary organisations in sport and recreation, 2017–2022.

Analysis

As previously stated, the horizontal quantitative analysis, designated as Type A in the EIPA study proposal, will be given particular emphasis. The principal method employed in Type A is univariate analysis, which involves a comparison of the various countries in terms of the scores assigned to the indicators. When the quality of the dataset permits it, additional longitudinal analysis (Type B) will be conducted. Performance will be analysed through ratio analyses and bivariate analyses of input indicators and performance. However, the identification of correlations between variables (independent and dependent) as causality may prove challenging due to the possible confounding variables that are not included in the analyses. Consequently, the analyses will be supplemented with a horizontal qualitative small N-case study (referred to as Type C in EIPA study proposal).

The following figures are included:

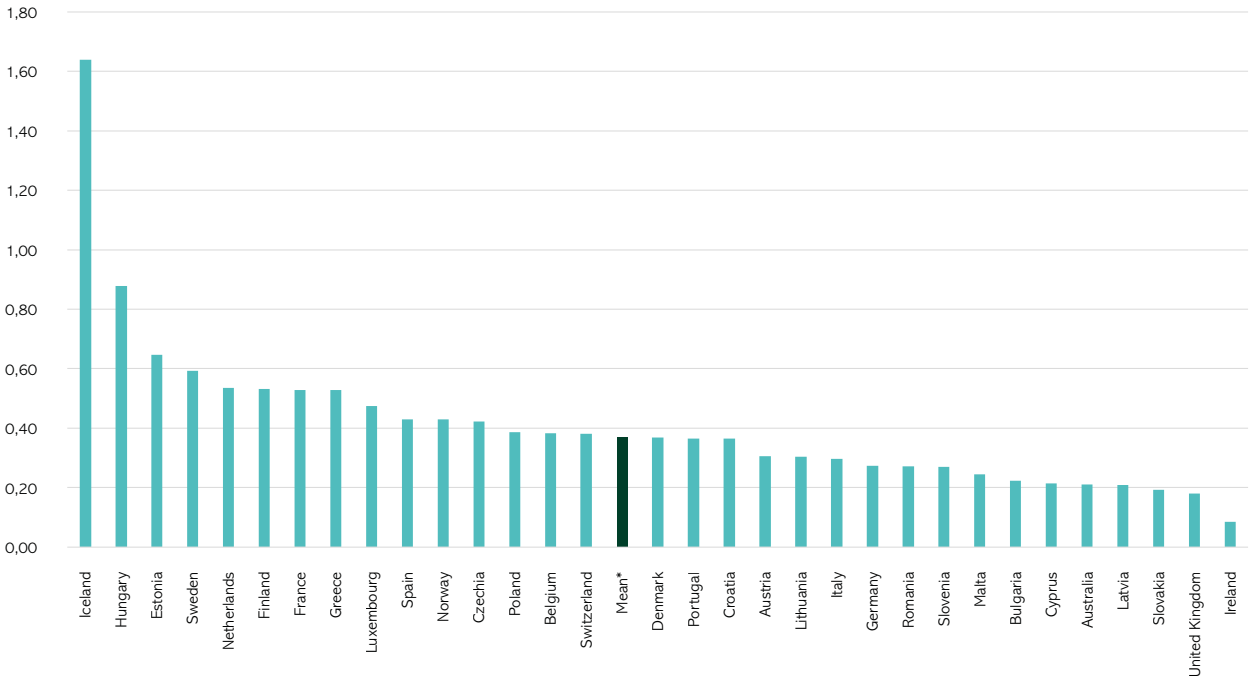
Figure 19: General government expenditure on recreational and sporting services by region and year.
Figure 20: Average household expenditure in sporting goods and services by region and year.
Figure 21: Average participation in sporting events at least once in the last 12 months by region and year.
Figure 22: Performing health-enhancing physical activity by region and year.
Figure 23: Ratio: Percentage doing exercise or playing sport at least once a week (2022) / Public expenditure on recreational and sport activity in percent of GDP (2021).
Figure 24: Ratio: Percentage taking part in sport or physical exercise at least once a week (2016) / Average household expenditure on sports goods and services (PPS) (2015).
Figure 25: The correlation between public expenditure in precent of GDP in 2021 and doing exercise or playing sport at least once a week in 2022.
Figure 26: The correlation between private expenditure on sport and exercise in 2015 and taking part in sport and exercise at least once a week in 2016.
Figure 27: Doing exercise or playing sport at least once a week in 2022 distributed by standardised European Quality Index of Good Governance in 2017.

4.2. GENERAL PERFORMANCE (SINGLE INDICATORS)

4.2.1. Input

First, we look at the amount of government expenditure on recreation and sport services as a percentage of gross domestic product (GDP) (Figure 1).[4] The data indicates that the mean value for the countries included is approximately 0.4% of GDP in 2021. It is noteworthy that Iceland exhibits a figure that is markedly higher than the mean, which has the effect of shifting the mean towards the left. This suggests that Iceland may be considered a statistical outlier (hence the mean in the figure is calculated without Iceland). Findings of previous studies on the Nordic countries show they are characterised by a pro-government and social democratic political system, and Western European countries are generally considered to be relatively wealthy. Therefore, it might be anticipated that these countries would occupy a position at the upper end of the spectrum, given that there is a greater willingness and/or greater scope within public budgets to prioritise sport and physical activity. This is only partially accurate. In comparison to the average, countries such as Belgium, Germany, Switzerland and Denmark have lower figures, while Hungary, Estonia, Spain and Czechia have higher figures. There is no evidence to suggest that political governance and economic factors exert a significant influence on the willingness of governments to fund recreation and sports services. It is clear that when the total expenditure is taken into account, the countries with a higher GDP will naturally spend more.

Figure 1: General government expenditure on recreational and sporting services in percent of GDP, 2021



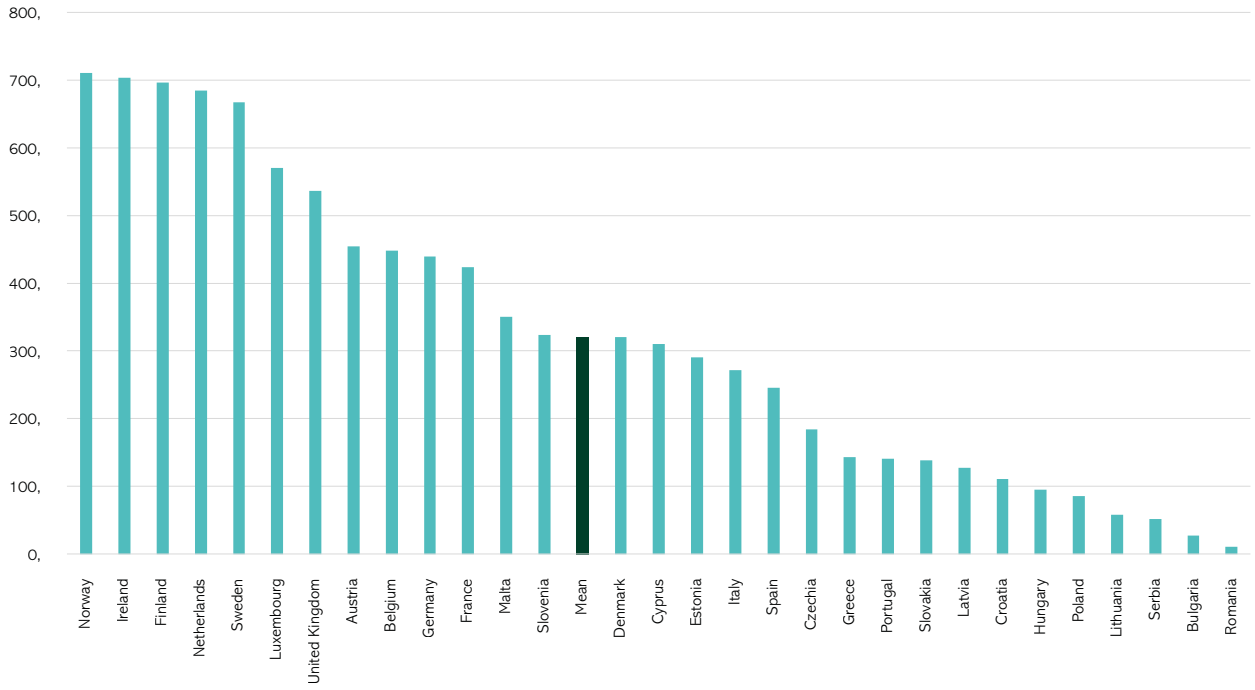
**Mean is calculated without Iceland*
Source Eurostat; OECD. Stat (COFOG) for Australia and UK (Author's calculation)

[4] The gross domestic product (GDP) is a measure of economic activity. It refers to the value of the total output of goods and services produced by an economy, less intermediate consumption, plus net taxes on products and imports. GDP per capita is calculated as the ratio of GDP to the average population in a specific year. Basic figures are expressed in purchasing power standards (PPS), which represents a common currency that eliminates the differences in price levels between countries, thus allowing meaningful volume comparisons of GDP.

It can be reasonably assumed that the mean consumption expenditure on sport of a given household is influenced by the wealth of the nation in question. This is borne out by the evidence presented in Figure 2, although this lacks data for a number of countries. The Northern, Western and, to a lesser extent, Southern European countries (Spain, Italy, Malta and Cyprus) are above average in this regard, while the Central and Eastern European countries are below.

Figure 3 is a review of input factor expenditure on recreation and sport in total (including both public and private expenditure). It illustrates that the wealthiest countries – Northern and Western European countries – invest the most, while Central and Eastern European countries exhibit the lowest levels of investment, with Southern European countries situated somewhere in between. It is conceivable that Anglosphere countries may represent an exception to this trend – wealthy countries that still do not invest a considerable amount in sport, particularly in terms of public funding. This is due to these countries being characterised by welfare regimes that are more liberal than social democratic or conservative, according to Esping-Andersen's (1990) tripartite categorisation. It should be noted, however, that this category also encompasses nations situated between an emphasis on welfare liberalism and welfare collectivism (Bergsgard et al., 2007, pp. 6–7). Unfortunately, the data for these countries are not available in the accessible datasets.

Figure 2: Mean consumption expenditure of private households on sporting goods and services, 2015[5]

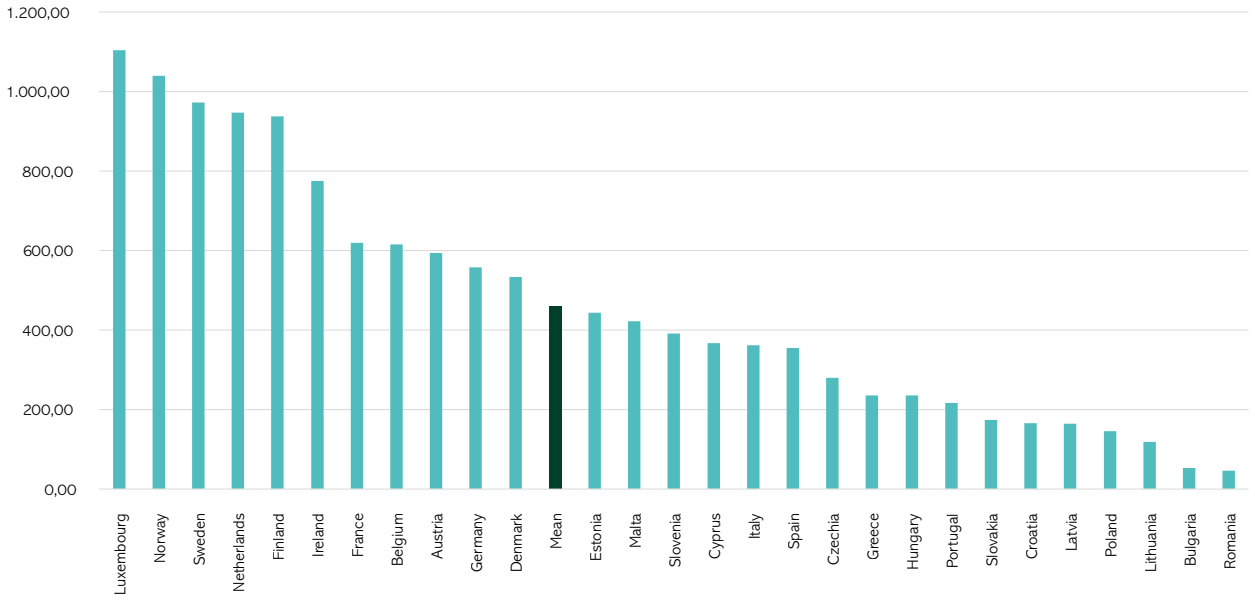


Source: Eurostat. Purchasing power standard (PPS)[6]

[5] The figure from 2015 has been used as the data from several countries are missing in the dataset from 2020.

[6] **Purchasing power parities**, abbreviated as **PPPs**, are indicators of price level differences across countries. PPPs tell us how many currency units a given quantity of goods and services costs in different countries. Using PPPs to convert expenditure expressed in national currencies into **an artificial common** currency, the **purchasing power standard (PPS)**, eliminates the effect of price level differences across countries created by fluctuations in currency **exchange rates**. PPPs make it possible to produce meaningful indicators (based on either price or volume) required for cross-country comparisons, truly reflecting the differences in the purchasing power of, for example, **households**. Currently 1 PPS equals 1 euro at the level of the EU-27.

Figure 3: The sum of public – general government – expenditure on sport and exercise per inhabitant in 2021 and private household expenditure on sport and exercise in 2015 (euro)

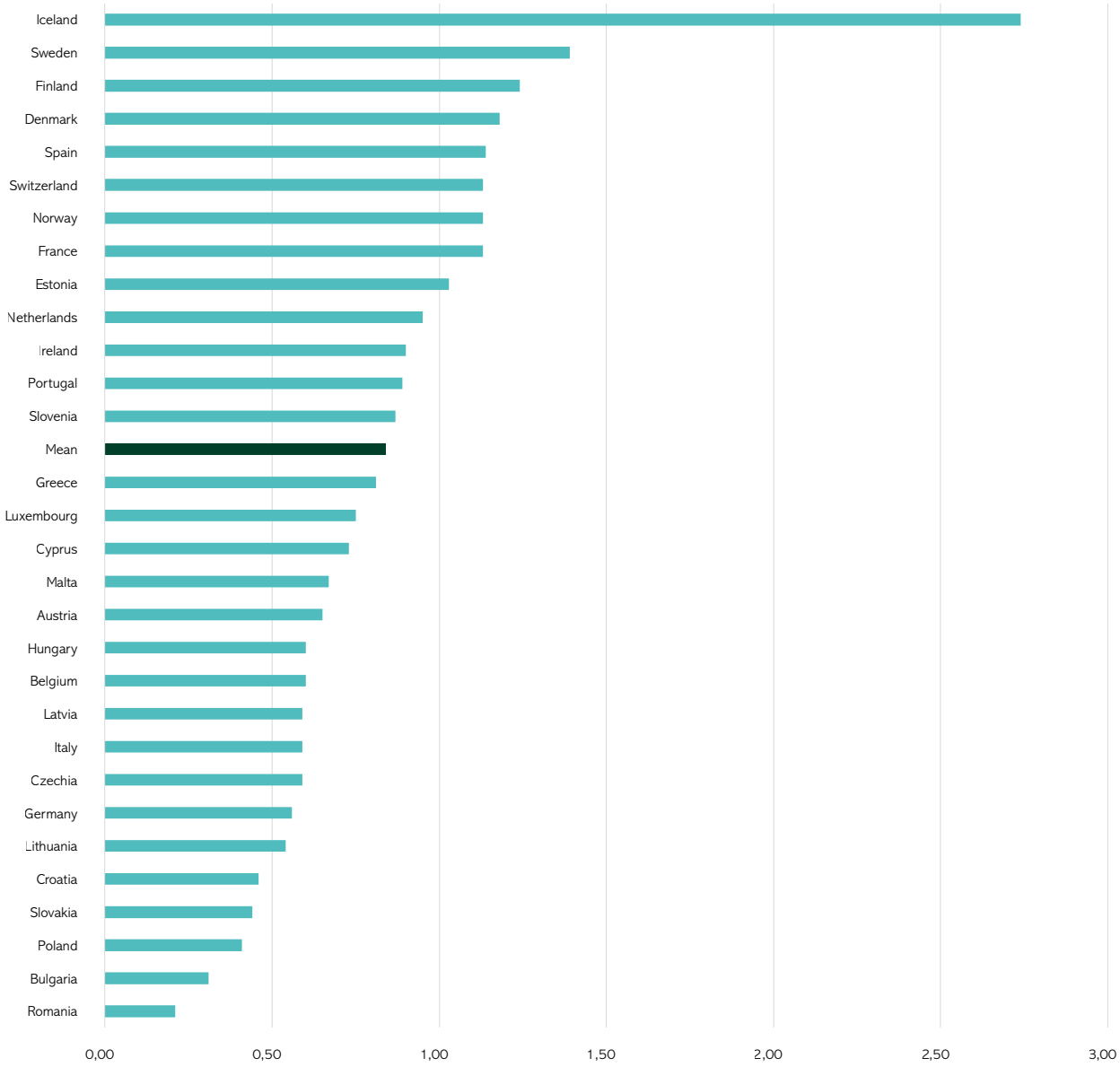


Source: Eurostat

4.2.2. Output

For the output indicators, the first category is employment in the sports sector compared to the total employment in 2022. As for government expenditure, Iceland again stands out as an anomaly in this respect; however, there is no reason to be unsure that the data are correct, given that Iceland is a small but comparatively wealthy country that has embraced sport as an essential part of its culture (Halldorsson, 2017). The pattern somewhat mirrors the input factors, where employment in the sports sector is the highest in the Northern and Western European countries, with Spain and Estonia as exceptions, while employment in Central and Easter European countries is lowest.

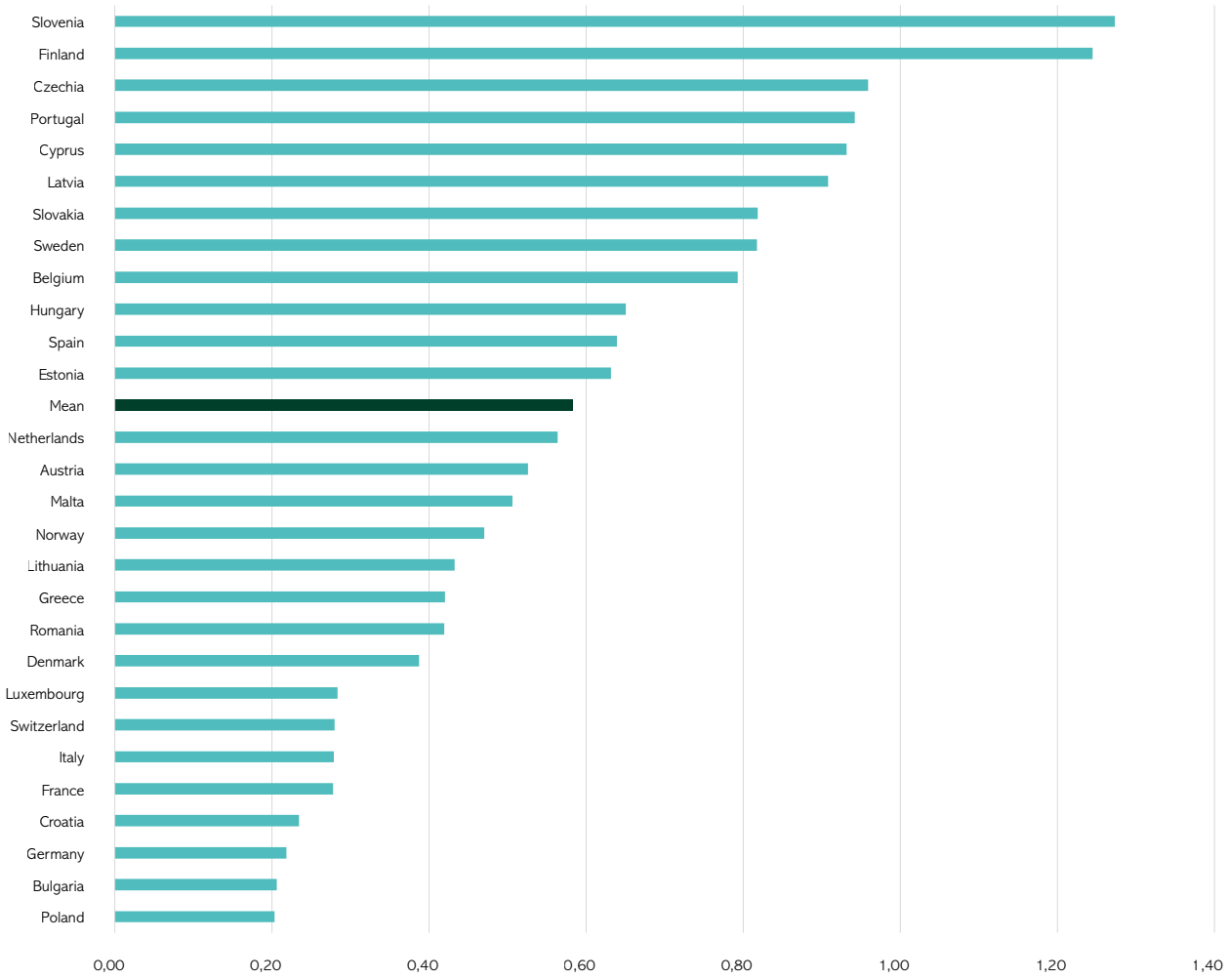
Figure 4: Percentage employed in the sports sector of total employment, 2022



Source: Eurostat

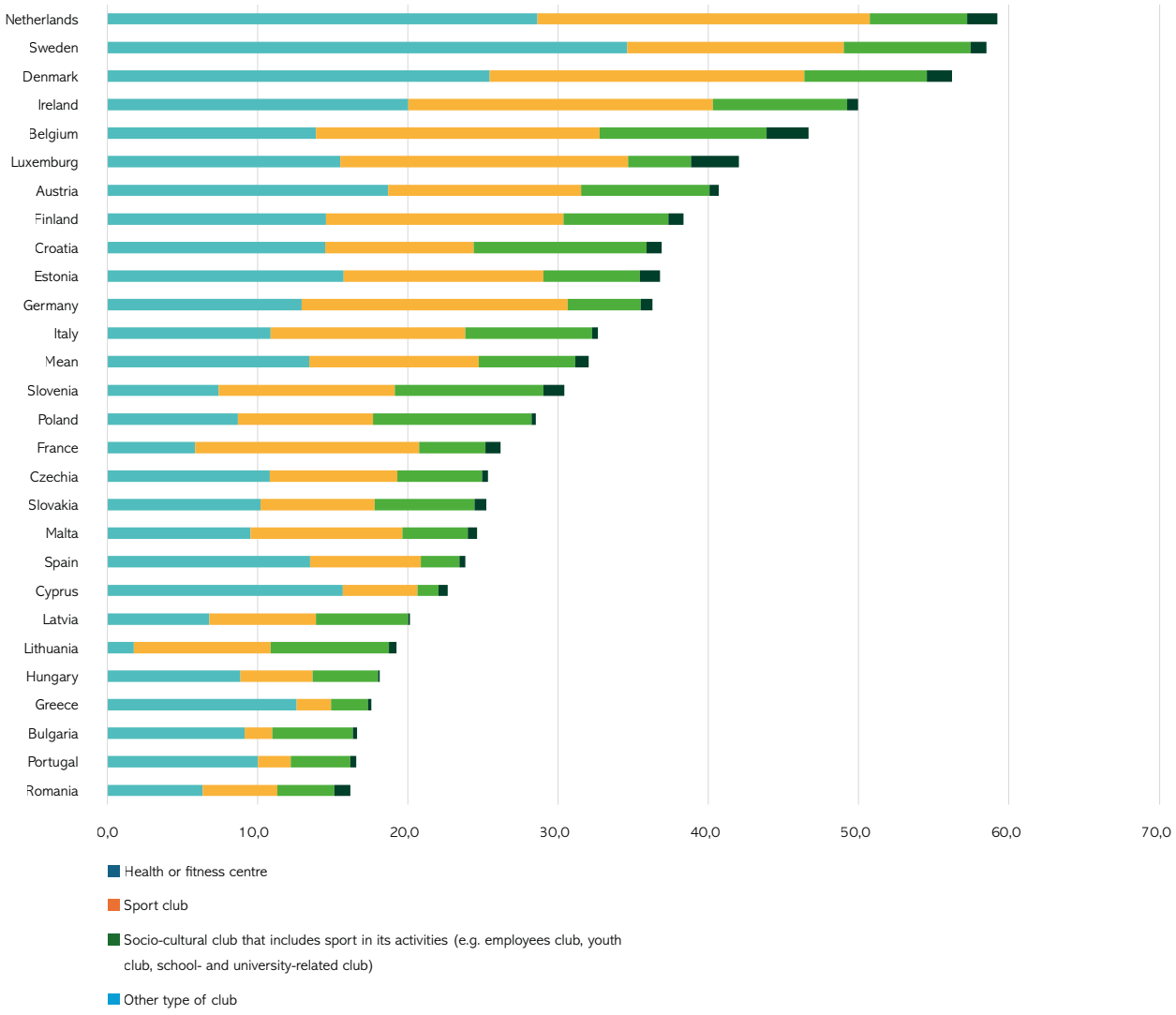
Another output measure is the number of enterprises in the sports sector. Figure 5 shows a more diverse pattern in comparison to the input factors, and thus also between regions (and also wealth) and the number of sport enterprises. Several Central, Eastern and Southern countries are located above the average, while several Northern and Western European countries are below. Three points arise: first, the data says nothing about the size of the enterprises, for instance the enterprises in Germany may be much larger than in Slovakia. Second, the contextual understanding of what is included in the sports sector may vary. Third, and in line with this, the composition of the sports sector – voluntary sports clubs, private commercial other social organisations – vary between countries (see Figure 6).

Figure 5: Number of enterprises in the sports sector per 1,000 inhabitants, 2022



Source: Eurostat

Figure 6: Member of a sports club, fitness/health club or social organisation for sport, 2022. Percentage 15+



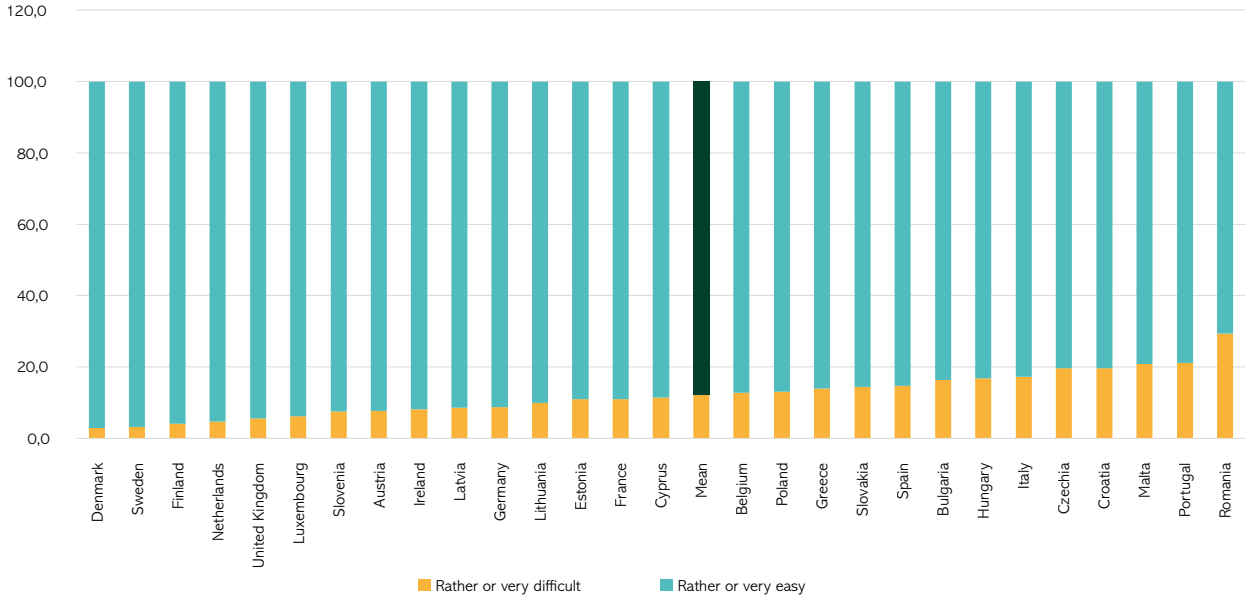
Source: Eurobarometer

***Question:** Are you a member of any of the following clubs where you participate in sport or recreational physical activity? (Multiple answers possible)*

Figure 6 illustrates the structure of sport membership between the different countries, with the total membership (based on multiple answers) serving as the basis for the structure in the figure. As indicated in the introduction (see van Tuyckom, 2011; Breuer et al., 2017), this varies to some extent between regions. The countries of Western and Northern Europe exhibit a high overall membership rate, which is largely comprised of memberships in sports and fitness clubs. Sweden displays a relatively elevated proportion of fitness memberships in comparison to sports clubs. In contrast, countries in Eastern and Southern Europe display a relatively low rate of total memberships, with a notable concentration of memberships in fitness centres (van Tuyckom, 2013). A considerable number of countries in the middle of the spectrum have a larger proportion of their memberships in social and cultural clubs that involve sport. This is exemplified by the cases of Croatia, Poland and Slovenia.

The EQLS has scores on the access to recreational or green areas in the EU countries (including the UK, but excluding the other Anglosphere countries and EEA countries). In Figure 7, the scores are ranked. Not surprisingly given the figures above and other studies, is it the Northern European countries that score the best, followed by Western and Central European countries, with Eastern and Southern European countries at the bottom.

Figure 7: Neighbourhood quality and service: access to recreational or green areas, 2016. Percentage 18+



Source: Eurofound, The EQLS

***Question:** Access to recreational or green area measured by scale (Very difficult, Rather difficult, Rather easy, Very easy, Not Applicable (service not used), Don't know, Refusal).*

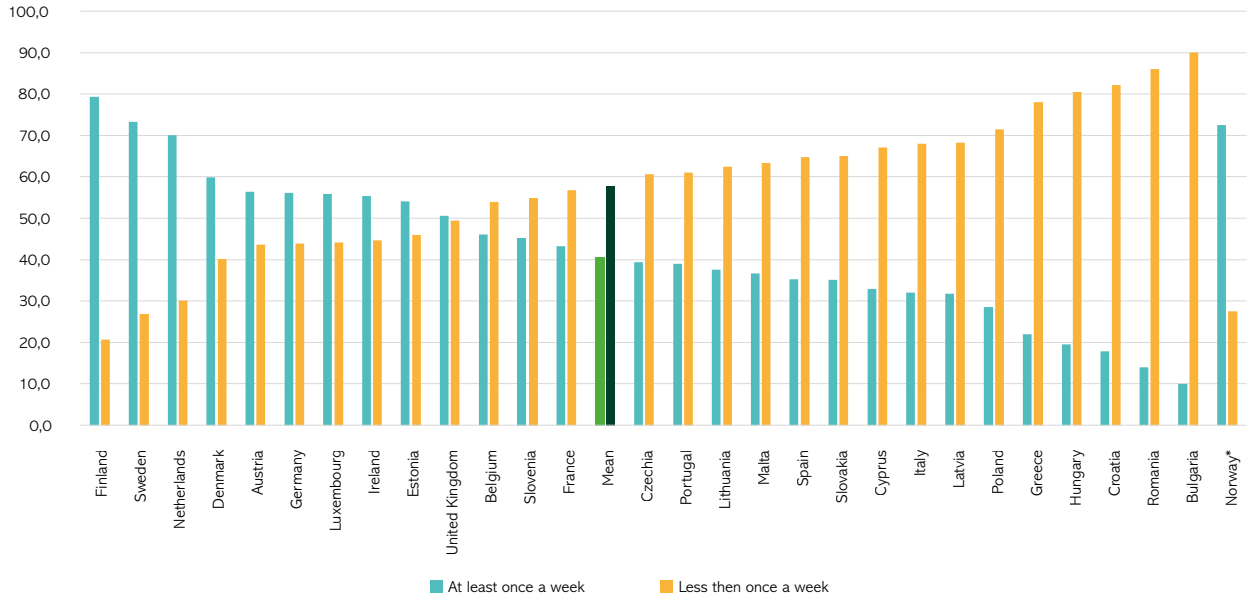
4.2.3. Outcome

Sport and exercise

This section will focus on data related to participation in sporting activities and physical exercise. The extrinsic values of social cohesion, well-being and health represent the primary objectives of sport and physical activity policies. These values posit sport and physical activity as a means to an end. It is evident that intrinsic values, such as enjoyment, companionship and achievement are also a consequence of participation. However, these values are more challenging to displace than extrinsic values, primarily due to the limitations of the available datasets.

The two statistics on participation in sport in European countries demonstrate a consistent pattern: the highest rates of participation are observed in Northern and Western countries, while the lowest rates are observed in Southern and Eastern European countries. It should be noted that there are exceptions to this trend, with Central European countries such as Czechia, Slovenia and Slovakia exhibiting participation rates that are either comparable to, or above the mean. The mean for all European countries is that 4 out of 10 individuals engage in sport and physical exercise at least once a week. This figure is relatively low in light of the challenges associated with physical inactivity and obesity, which in turn lead to non-communicable diseases.

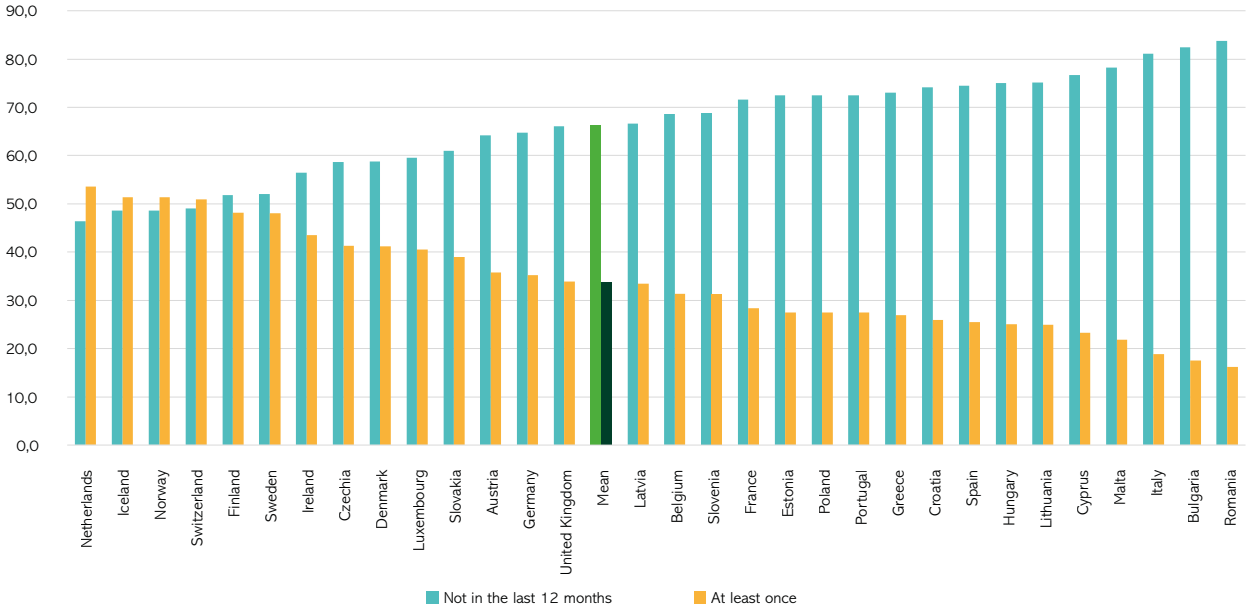
Figure 8: Taking part in sport or physical exercise, 2016. Percentage 18+



Source: Eurofound, EQLS
(EQLS has scores on taking part in sport or physical exercise in the EU countries including the UK, but excluding the other Anglosphere countries and EEA countries.)

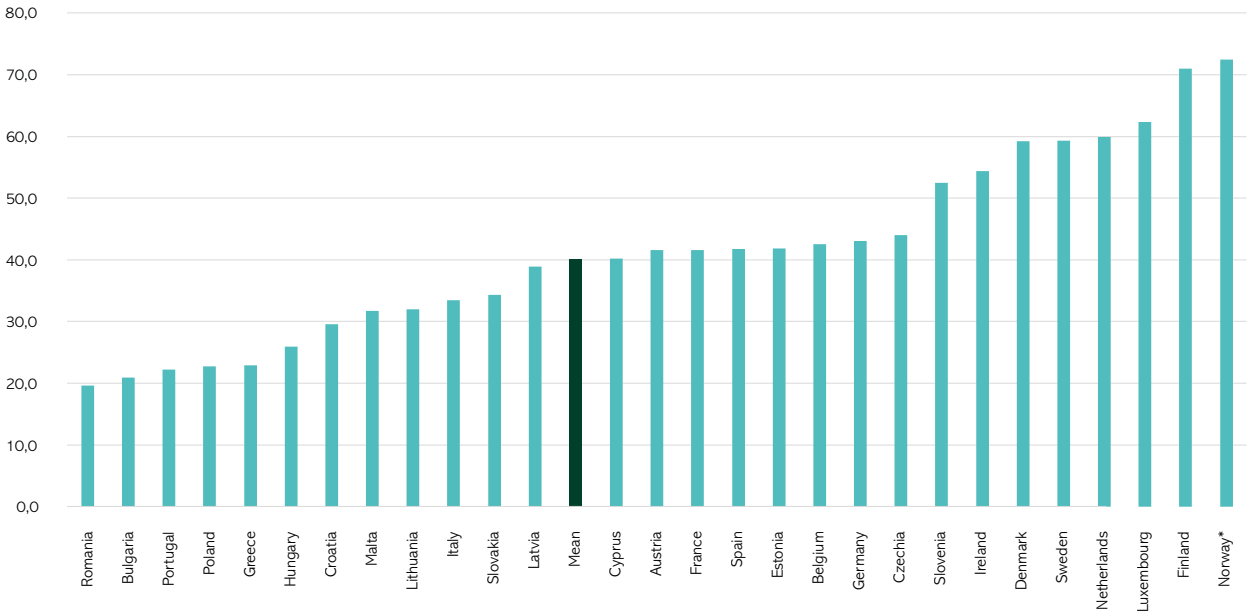
The identical pattern is illustrated in Figures, 9, 10 and 11. In Figures 10 and 11, Norway is included based on an independent calculation of data from Statistics Norway that are not fully comparable. However, it is evident that Norway, along with its neighbouring Nordic countries, displays a considerable degree of involvement in physical activity, with a prevalence of approximately 60% who engage in exercise or sporting activities at least once a week. These rates are consistent with those observed in Western European countries and, to a lesser extent, in the Anglosphere (specifically the UK and Ireland). In contrast, countries in Central Eastern and Southern Europe display lower rates of engagement in physical activity. It is important to note that there are exceptions to this trend, with countries such as the Czechia, Slovakia, Estonia, Latvia and, to a lesser extent Slovenia, exhibiting levels of engagement with physical activity that are above or around the mean.

Figure 9: Frequency of participation in sporting events in the last 12 months. 2015. Percentage 16+



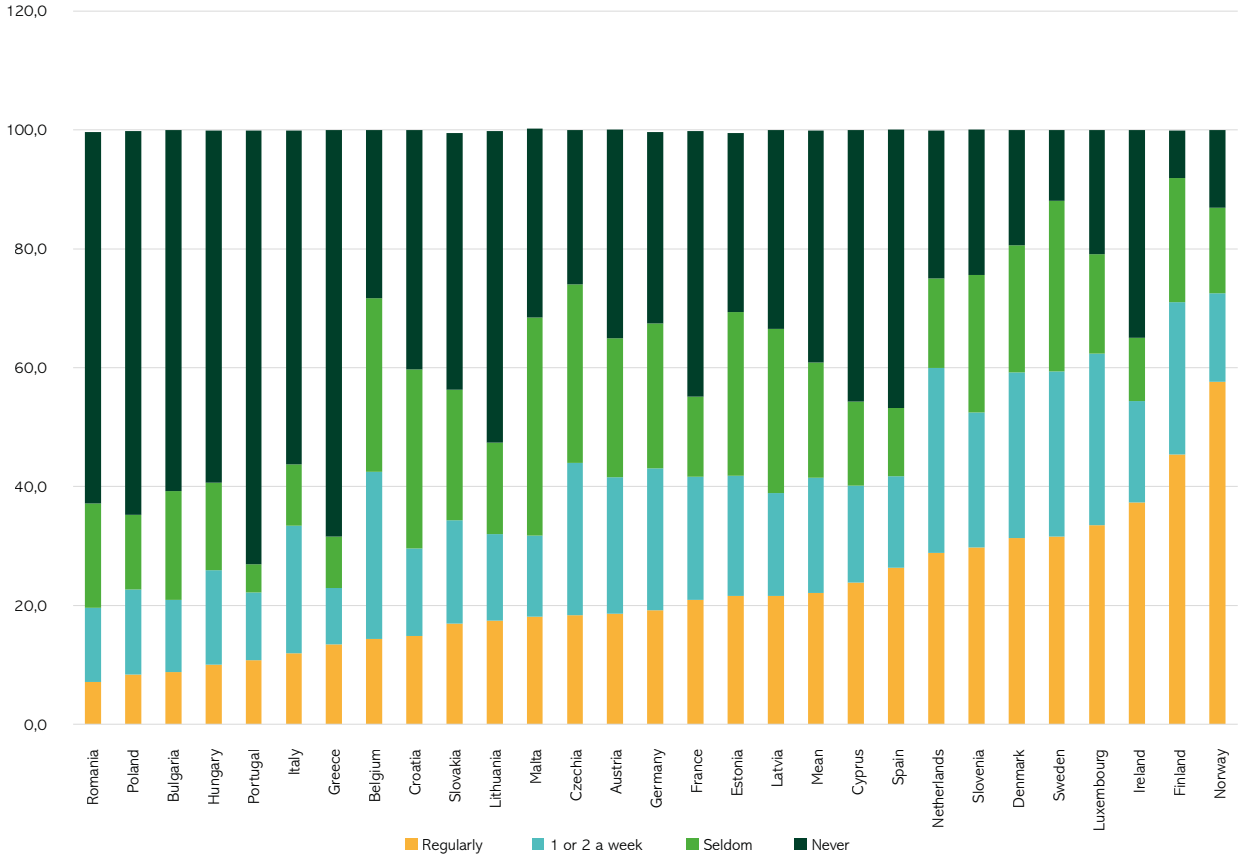
Source: Eurostat

Figure 10: Exercising or playing sport at least once a week, 2022. Percentage 15+



Source: Eurobarometer
"Exercise" is defined as any form of physical activity undertaken in a sport context or sport-related setting, such as swimming, training in a fitness centre or a sport club, or running in the park.
** Own calculations based on statistics from Statistics Norway*

Figure 11: How often do you exercise or play sport? 2022. Percentage 15+

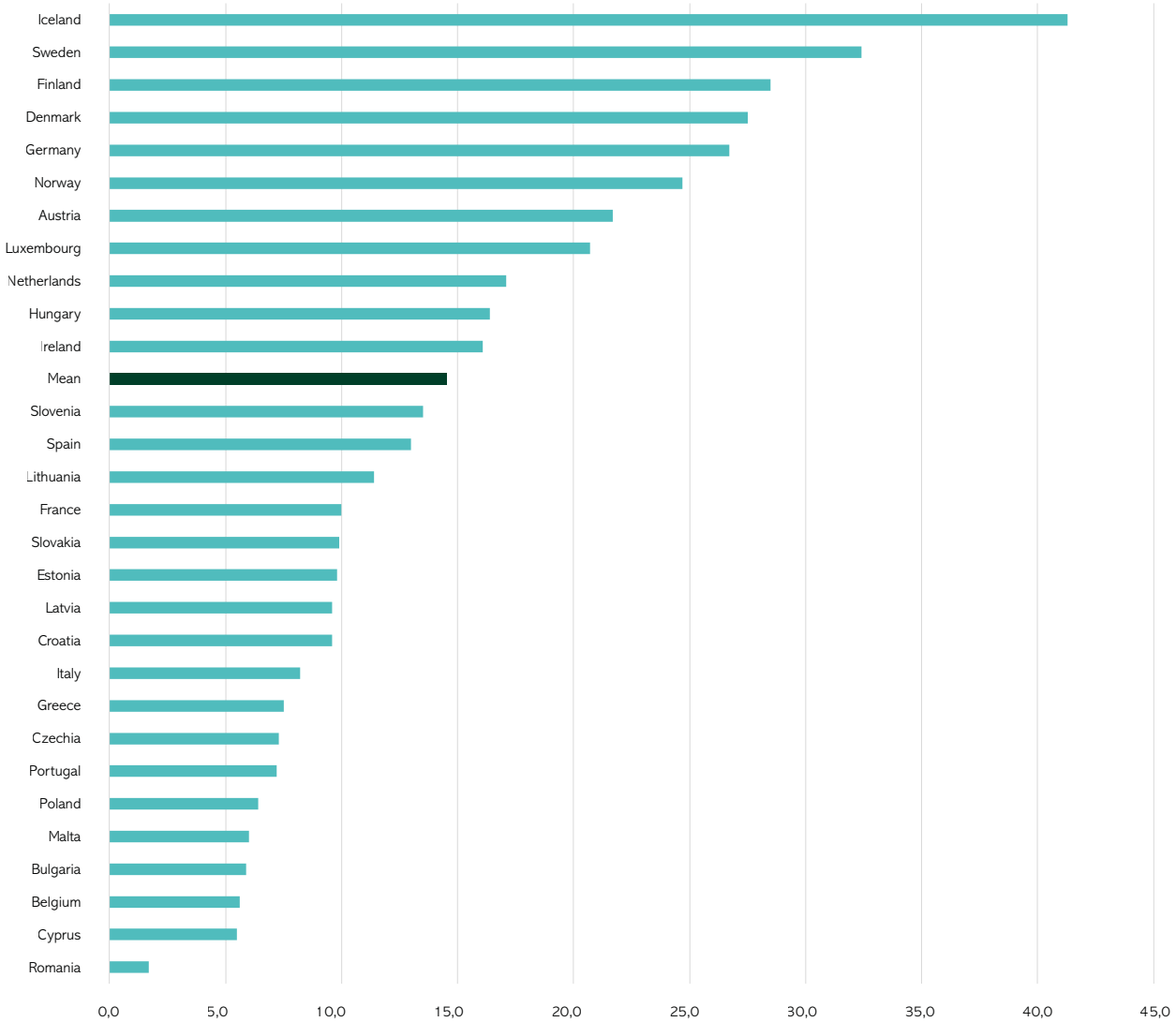


Source: Eurobarometer, Sport and Physical Activity.
** Own calculations based on statistics from Statistics Norway*

Physical activity

A comparable pattern is observed when other parameters pertaining to participation in sport and exercise are taken into account, including participation in health-enhancing physical activities and the time dedicated to such activities. The Nordic countries are at the forefront of participation in health-enhancing activities and time spent on such activities. In these countries, approximately 50% of the population engages in health-enhancing aerobic physical activities for a minimum of 150 minutes per week. Western European countries follow with approximately 30%–40% of their populations spending more than 150 minutes on health-enhancing physical activity, which is then followed by Central Eastern and Southern European countries. It is important to note that there are some exceptions. Perhaps the most striking example is that of Hungary, which exhibits a higher than average score on health-enhancing physical activity but a lower than average score on the other variables pertaining to participation in sport and exercise (see above). Furthermore, the Netherlands exhibits a relatively lower score than that observed in the figures, in which they were among the four highest-performing countries. The formulation of the question may be a factor here, as the question "performing health-enhancing physical activity" is more precise, but also in some ways broader than whether or not a person "exercises or plays sport", since this implies a specific sport setting. As illustrated in Figure 13, when the question is time spent on health-enhancing (non-work-related) aerobic physical activity, the Netherlands moves up to third place. It is also relevant to consider the issue of the validity of self-reported physical activity.

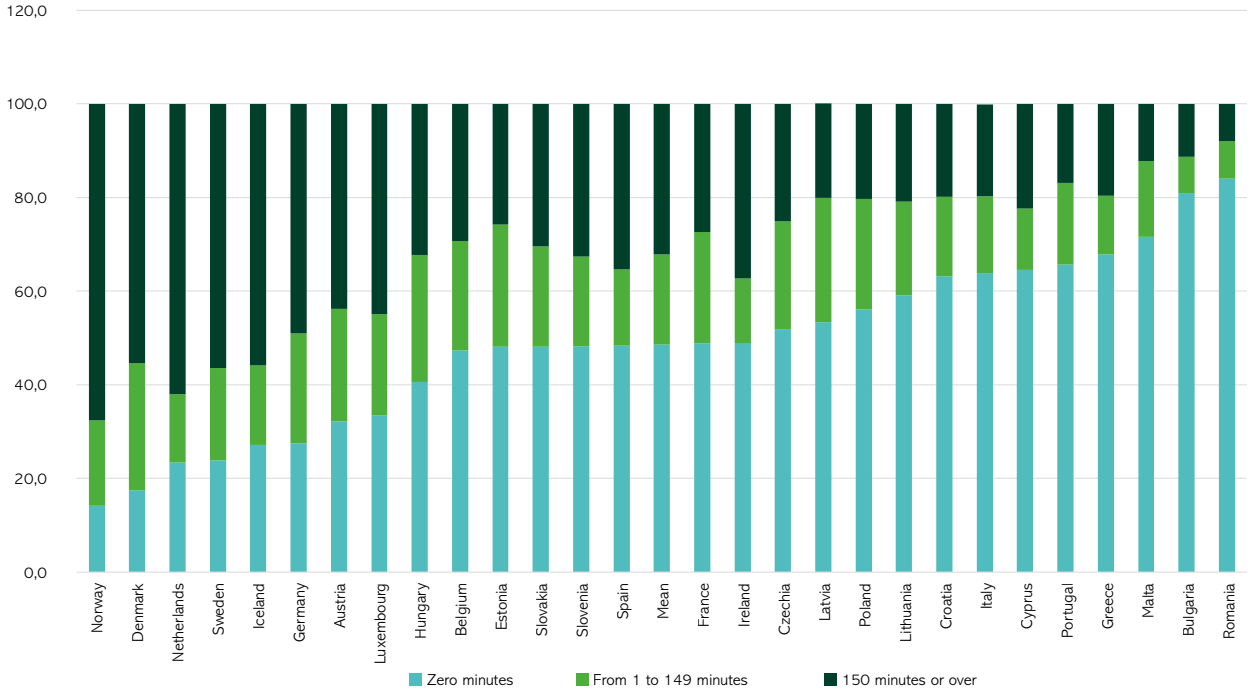
Figure 12: Share of the adult population (aged 18 and over) who performed health-enhancing physical activity. 2019. Percentage 18+



Source: Eurostat

Health-enhancing physical activity includes both aerobic physical activities of moderate intensity for at least two and a half hours per week and muscle-strengthening activities for at least two days per week.

Figure 13: Distribution of persons aged 18 and over according to the average time spent per week on health-enhancing aerobic physical activity, 2019. Percentage 18+

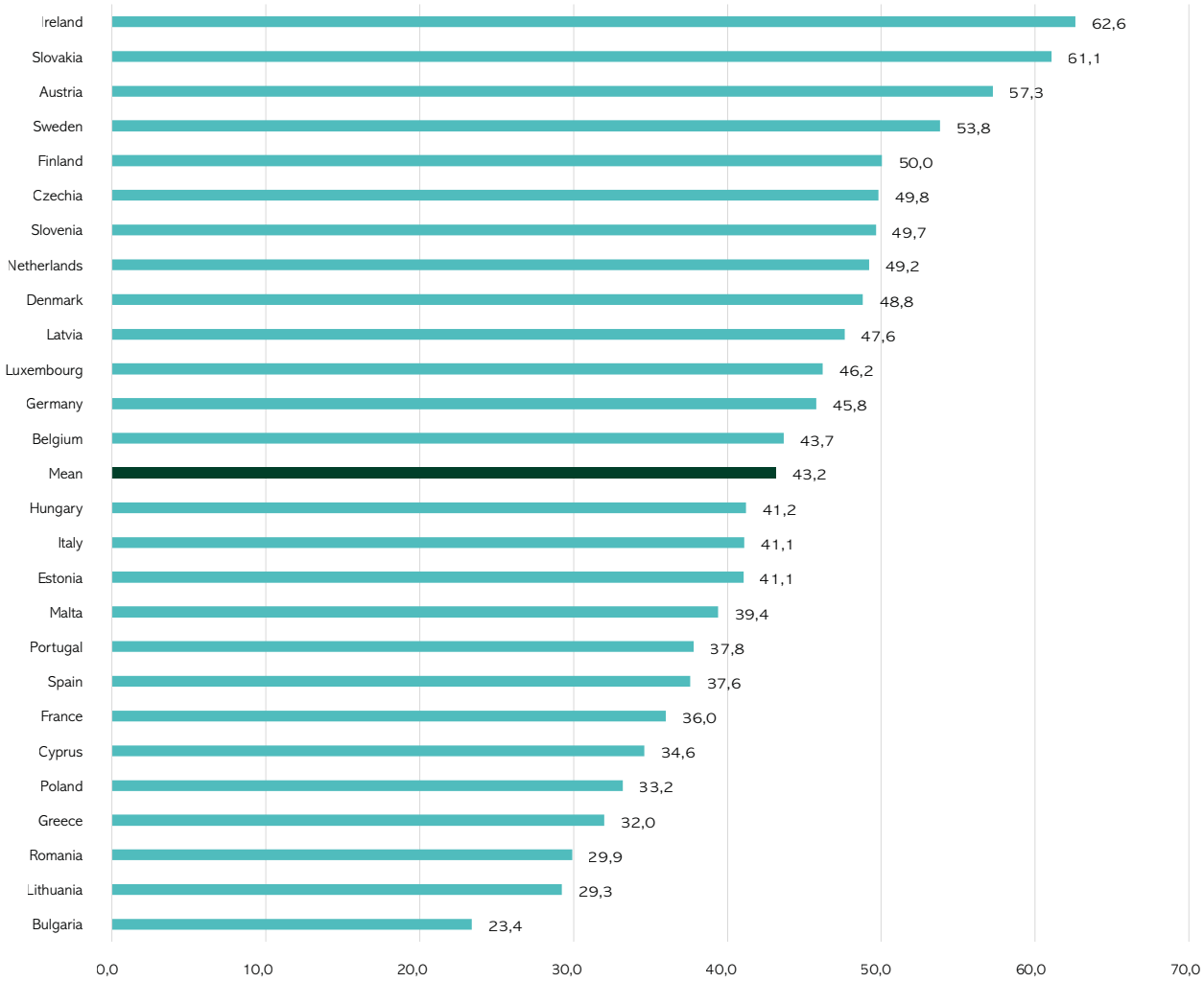


Source: Eurostat
The modalities used are: Not performing the activities, 1 minute to less than 150 minutes, 150 to less than 300 minutes, 300 minutes and more.

Attending sporting events

Attending sporting events is not a physical activity in itself. However, as attendance at cultural events including theatre, concerts and exhibitions represents a significant objective of cultural policy, it is also possible to incorporate attendance at sporting events within the remit of a government's sport policy. It is regrettable that the most up-to-date data available is from 2007. Figure 14 illustrates the proportion of the population in each country who have attended a sporting event over the past 12 months. Ireland, Slovakia, Austria and Sweden are at the top of the list, with between 54% and 63% of the population between 25 and 64 years of age having attended a sporting event in the last year. Bulgaria, Lithuania, Romania and Greece are at the bottom of the list, with between 23% and 32% of this age group having done so. The data indicate that countries in Eastern Europe have the lowest attendance rates, which is not unexpected given that their average incomes are considerably lower than in other European regions. However, it is noteworthy that countries in Southern Europe such as Italy, Spain and Portugal, also have relatively low attendance rates. It is also possible that cultural values may be a relevant factor in this context. This could include the traditions around attendance at sporting events. However, there are no data available to explore this possibility.

Figure 14: Attending a sport event at least once in the last 12 months, 2007. Percentage 15+



Source: Eurobarometer: European cultural values

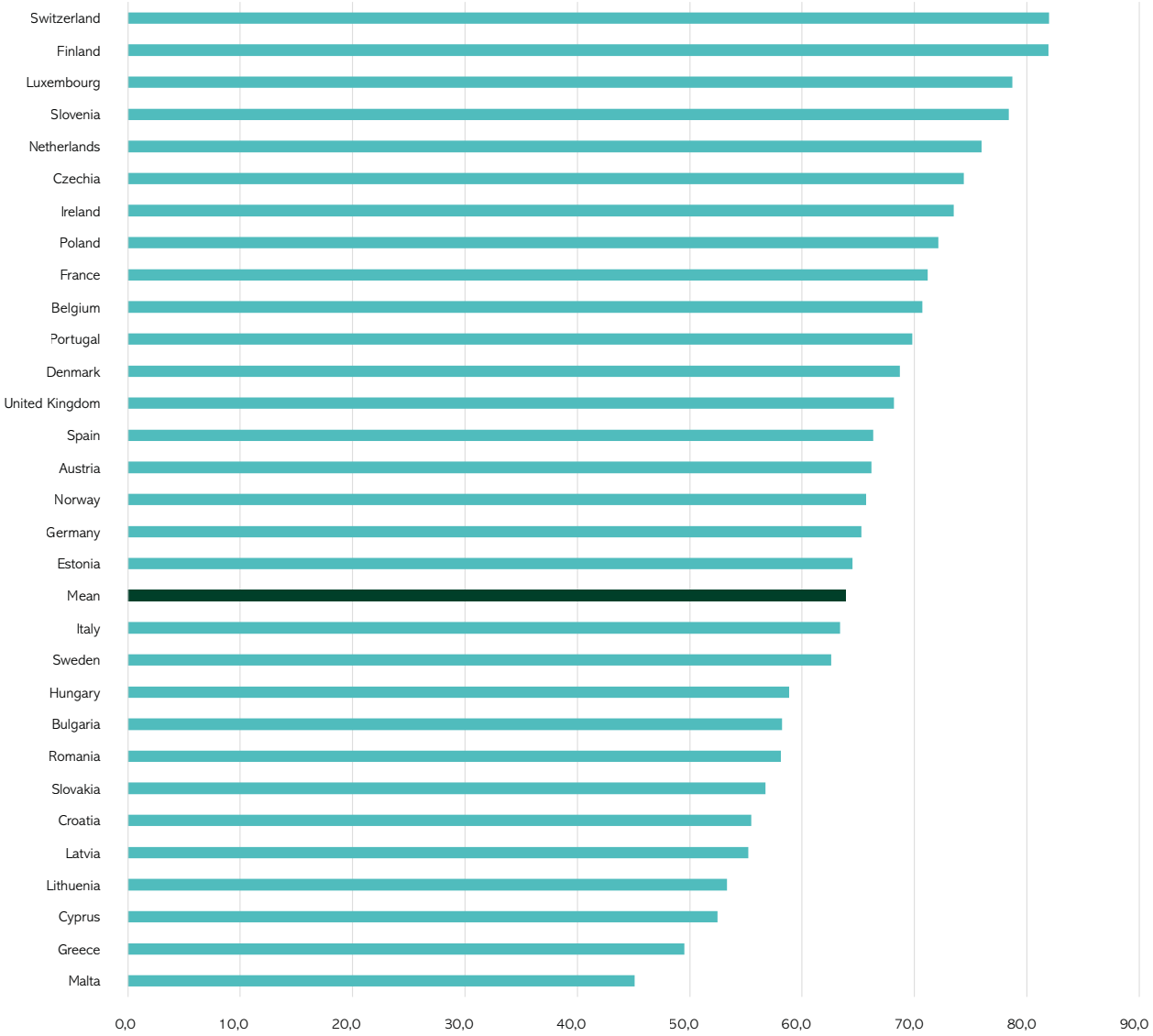
Question: *"How many times in the last 12 months have you been to a sport event?"*

4.2.4. Satisfaction and trust

Eurostat provides data from the city statistics on the satisfaction of urban residents with the quality of sports facilities and outdoor recreation areas in their city, and in the surrounding region. The data have been transformed into statistics that enable comparisons to be made between countries. The country score is calculated as the average of the responses for each city in the country. In the event that only one city from a country is included, the country score is taken to be that city's score. It is therefore imperative to be cautious when interpreting these figures. However, when considered in conjunction with other statistical data and relevant studies, they can still provide valuable insights. No comparable statistics from organisations such as the OECD, UN or the World Bank that include the Anglosphere countries have been found, so they are not included in these comparisons. These figures can be regarded as an output, representing the consequence of public (and private) investment in sport; they serve as a basis for the outcome in terms of physical activity. However, as the question concerns residents' satisfaction rather than the number of facilities, they have been included in the satisfaction subsection.

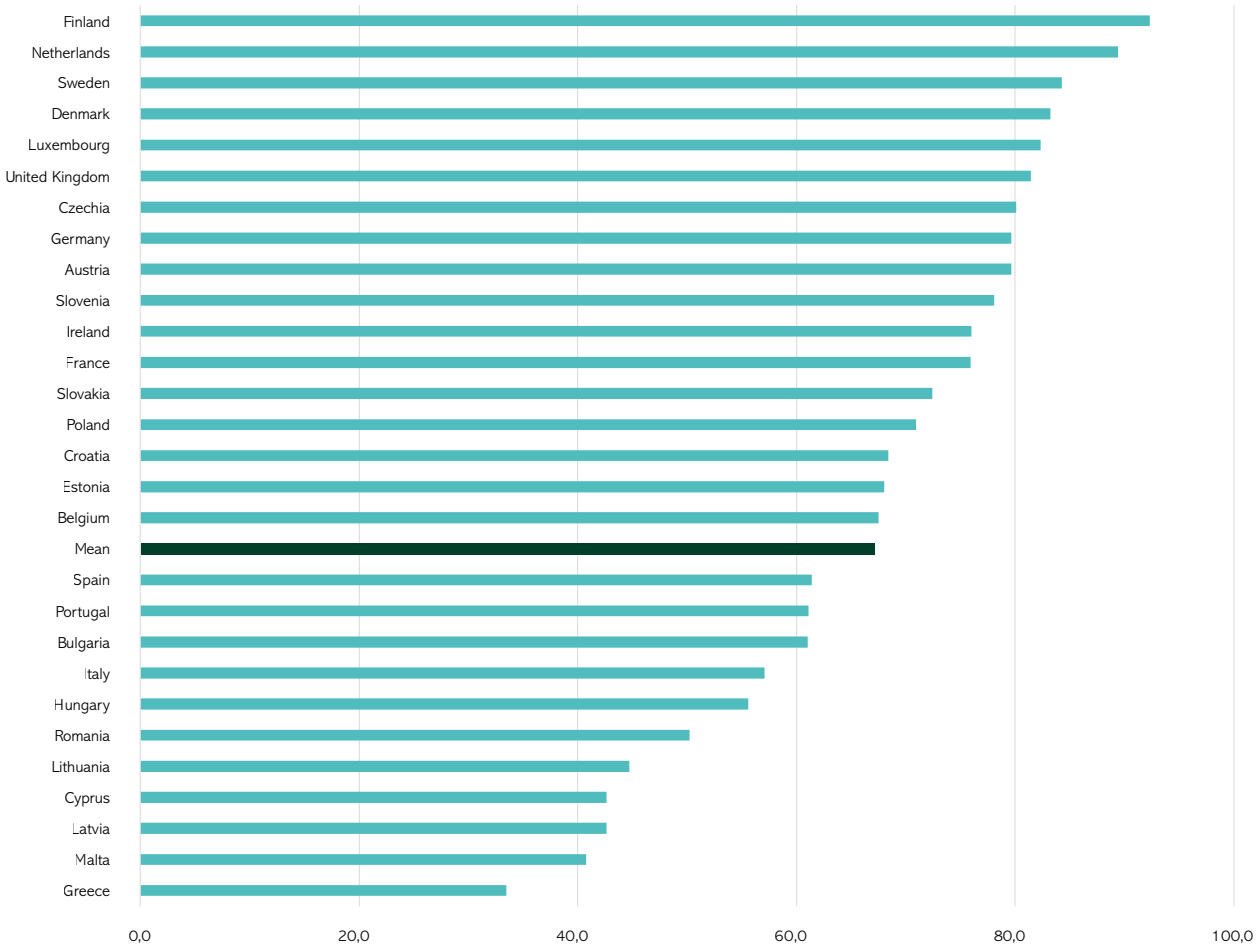
As previously stated, these findings should be evaluated with caution, as they relate to urban areas within specific countries and not to the countries as a whole. For instance, in Norway, only the capital and the most populous urban area, Oslo, is included. Additionally, the accessibility rate of facilities is presumed to be somewhat lower in Oslo relative to the rest of the country. Despite this, in Oslo as well, approximately 66% of respondents expressed satisfaction with the city's sports facilities, a percentage that exceeds the average. A comparable outcome is observed when the analysis is limited to the young population (Bergsgard et al., 2024). In light of the government spending on sport and recreation, the results appear to be reasonable. It is in countries in Northern, Western and Central Europe where individuals express the greatest satisfaction with the availability of sports facilities. Conversely, individuals residing in Southern Europe (Greece, Malta and Cyprus) and Eastern Europe exhibit the greatest levels of discontent. In general, however, people in European countries express satisfaction with the structure and coverage of sports facilities. A similar pattern emerges when examining satisfaction with access to outdoor recreation areas outside or around the city (see Figure 16).

Figure 15: Satisfaction with sport facilities (such as sport fields and indoor sport halls in the city), 2023



Source: Eurostat
Share that are satisfied (very or rather). Own calculation of country score based on response on various European cities.

Figure 16: Satisfaction with outdoor recreation (outside / around the city, such as walking, cycling or picnicking), 2009



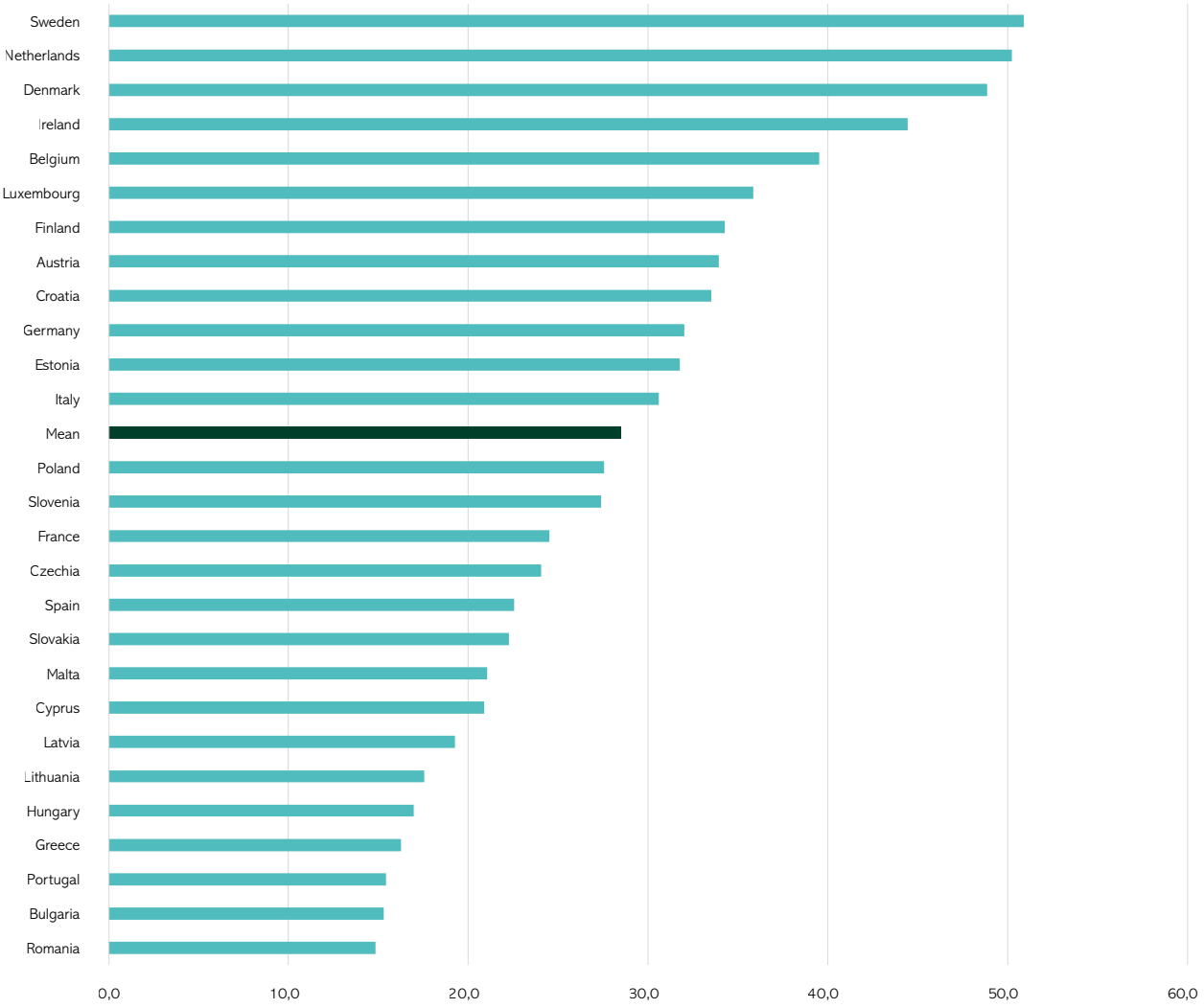
Source: Eurostat
Share that are satisfied (very or rather). Own calculation of country score based on response on various European cities.

As previously stated, the level of satisfaction with sports facilities and outdoor recreation areas can be considered an indicator of satisfaction with the country's sport policy. In the output section, the membership structure was interpreted as a conduit through which government and private expenditure on sport and recreation affects the outcome of sport participation and physical activity; the membership structure can be regarded as an indicator of trust. Engagement in civic society is a key indicator of social cohesion, which in turn is a significant determinant of generalised trust in society. Figures 17 and 18 are presented here for consideration. Figure 17 depicts the total membership in all types of clubs for sport in the countries under examination, Figure 18 illustrates the membership figures for voluntary organisations in sport and recreation, which includes Anglosphere countries.

Figure 17 once again illustrates consistency, with countries from Northern and Western Europe exhibiting the highest membership rates, with the exception of Croatia, Estonia and Italy. France and Spain are observed to have membership rates that are below the EU average. A comparable pattern is observed when examining members of voluntary sports and recreation organisations (Figure 18). It can be observed that Anglosphere countries in the Eastern Hemisphere are situated at the pinnacle of the ranking with New Zealand and Australia. In contrast, Anglosphere countries in the Western Hemisphere are situated approximately at the mean, with the United Kingdom, the United States and Canada.

By interpreting membership rate and composition as an indicator of trust, it becomes evident that the level of trust in communities and government policies is higher in Nordic and Western European countries, and Anglosphere countries in the east. It is lowest in Eastern and Southern European countries. This can be related to the high levels of civic engagement observed in the Nordic countries regarding leisure activities and in Western Europe with respect to welfare provision. Furthermore, traditional liberal countries (Anglosphere) also score relatively highly on membership and thus trust, especially those that are most welfare oriented. In contrast, in former communist countries, the tradition of civic engagement is weak. The same is true in Southern European countries, where the family is the cornerstone of civil society (Ferrera, 2000).

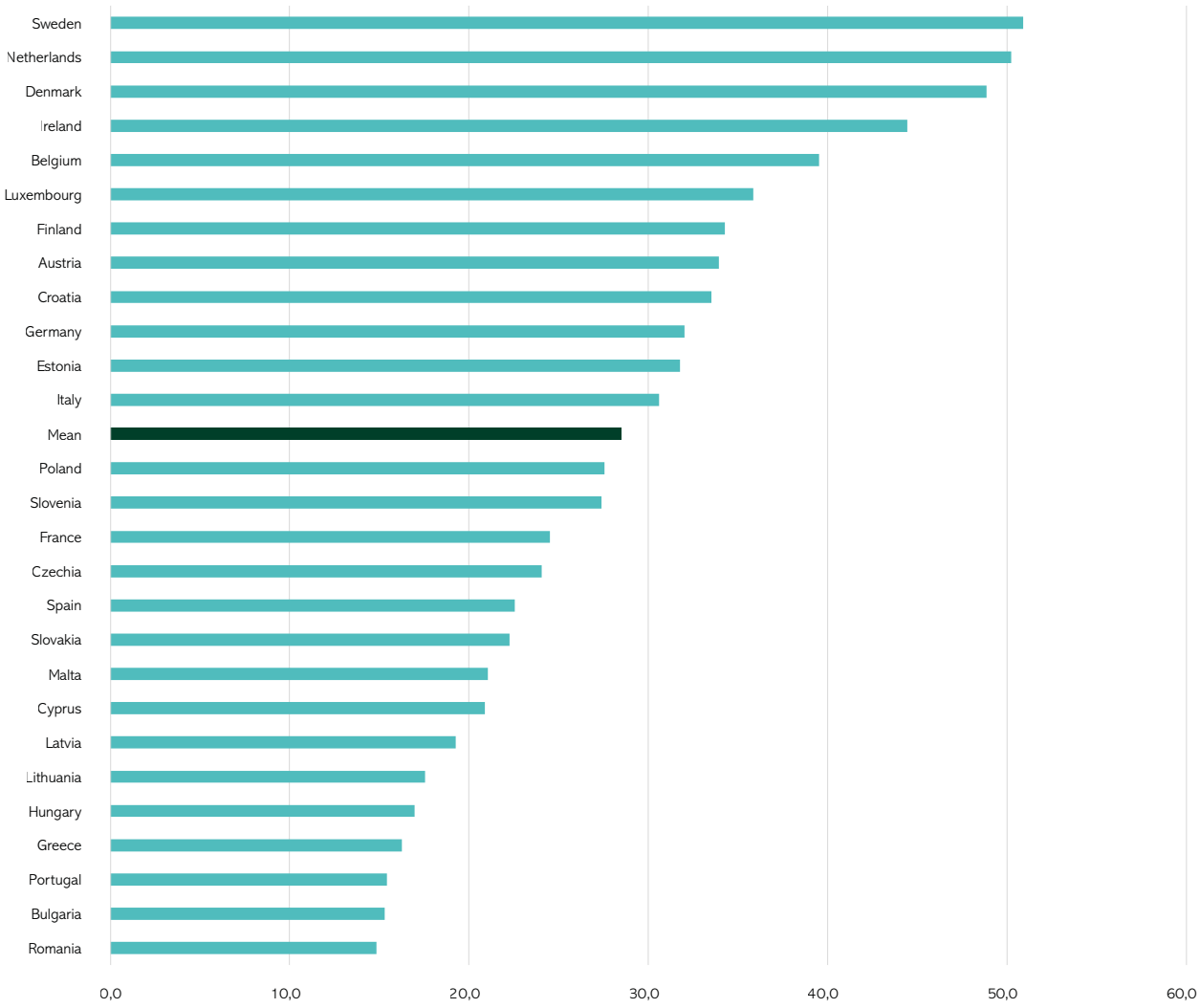
Figure 17: Member of a sports club, fitness/health club or social organisation for sport, 2022. 15+



Source: Eurobarometer

Question: *Are you a member of any of the following clubs where you participate in sport or recreational physical activity? (Multiple answers possible)*

Figure 18: Members of a voluntary organisations in sport and recreation, percentage, 2021/2022. Joint EVS/WVS 2017–2022 Dataset. Percentage 18 +



Source: EVS/EWS

4.3. PERFORMANCE ANALYSIS

This subsection analyses the performance of countries according to three different measures: differences between regions/welfare systems, development over time and effectiveness, which is defined as the ratio of selected input factors to outcome factors and as correlations between these factors. The first two – regional differences and development over time – are considered together in a three variate analysis.

The use of region as a measure of welfare system (and wealth) requires further elucidation. Esping-Andersen's tripartite categorisation of Western welfare regimes was originally proposed in 1990 and subsequently refined (for further details, see Bergsgard et al., 2007, p. 6–8; Ferrera, 2000; Leibfried and Mau, 2008; Arcanjo, 2011). According to this, it can be reasonably asserted that there is a degree of overlap between the characteristics of welfare regimes and the geographical regions in which they are situated. The liberal welfare regime, which is characterised by limited state involvement and an emphasis on market-based solutions and residual social guarantees, consists of the Anglosphere countries. The conservative welfare regime, which is characterised by the linkage of welfare benefits to occupation and corporatist status division, and in which the non-profit/voluntary sector provides a significant proportion of welfare services, is a prominent feature of many Western European countries. The social democratic welfare regime is typified by a dominant state role in providing welfare services and social guarantees, as well as universal and generous social benefits; this is characteristic of Northern European countries.

The localisation of countries as conservative (advanced Christian Democratic) or social democratic welfare regimes, is not straightforward. Arcanjo (2011), for example, in line with Esping-Andersen's methodology locates the Netherlands, Belgium and Austria as social democratic, while Finland is conservative. Further, what is here seen as Anglosphere countries with liberal welfare regimes due to the quality of the data, includes only the UK and Ireland in the figures below, thus these countries are included in the Western European categorisation in line with the other chapters in this benchmark study. The Latin Rim may be considered a hybrid of liberal and conservative regimes, with an emphasis on the family as the cornerstone of welfare provision. It encompasses the countries of Southern Europe.

The designation of the former Eastern Bloc countries, which are grouped here as Central and Eastern European countries, is not clear. In previous research, these countries have been described as "state-bureaucratic welfare regimes", a term that refers to the former communist ideology (Bergsgard et al. 2008: 7). However, these countries have followed disparate paths over the past three decades, with some pursuing a liberal trajectory and others a more national conservative one. Consequently, it is not pertinent to identify their welfare regimes with a single label; on average, they exhibit a lower GDP per capita than the other regions, although there are variations (Slovenia, for instance, has a higher GDP per capita than several countries in Southern Europe).

Table 1: Welfare regimes and GDP per capita in the different geographical regions

Region	Welfare regime	Average GDP per capita (PPS)
Northern Europe	Social democratic	49,400
Western Europe	Conservative	52,600
Central and Eastern Europe	Varies	29,800
Southern Europe	Latin Rim	33,600
Anglosphere countries	Liberal	47,000

4.3.1. Over time and region

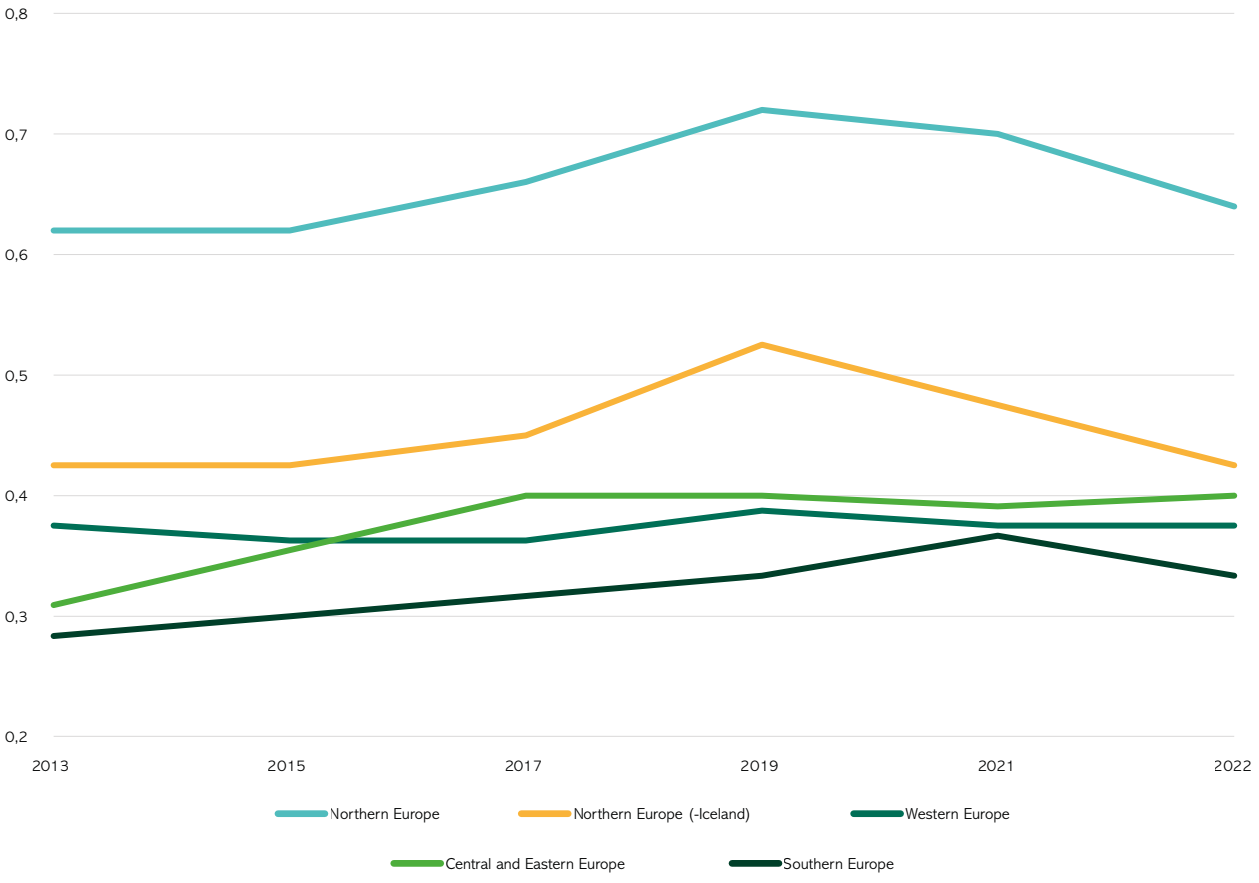
Input indicators

Figures 19 and 20 present a visual representation of the data on public and private expenditure on sport, disaggregated by region and over time. It is important to note that some data are missing, particularly for household expenditure, although the figures provide a reasonable indication of differences and trends. As illustrated in the preceding graph, the Nordic countries exhibit the highest levels of public and private expenditure on recreation and sport services, even when Iceland, which is a statistical outlier, is excluded from this analysis. For government expenditure, it is evident that the remaining European countries exhibit minimal variation, particularly towards the conclusion of the period under consideration, where expenditure ranges between 0.3% and 0.4% of GDP.

However, there is an intriguing trend of a decline in government expenditure in the Nordic countries from 2019 to 2022, which is not observed in the other countries. Consequently, in 2022, the Nordic, Western, and Central and Eastern European countries collectively allocated a similar percentage of GDP to sport and recreational activities. One potential explanation for this phenomenon is that government support for the sports sector in the Nordic countries is primarily directed towards the construction of sports facilities, an endeavour that was partially deferred during the pandemic. Voluntary organised sport is a substantial beneficiary of government expenditure, and this activity was also affected by the pandemic (Bakken and Strandbu, 2023). When examining the Anglosphere countries, which are included in the category of Western European countries in the figures, they show low government expenditure but high household expenditure on sport, given that they represent liberal welfare regimes. However, only Ireland is included in the figure on government spending; the UK and Ireland are included in the figure on private spending.

The general trend is a modest increase in both government and private expenditure on recreation and sport over the past 10–15 years. However, this trend is less pronounced in Southern European countries; in Western European countries, government expenditure has remained stable, while there has been a substantial increase in household expenditure.

Figure 19: General government expenditure on recreational and sporting services in percent of GDP by year and region



Source: Eurostat

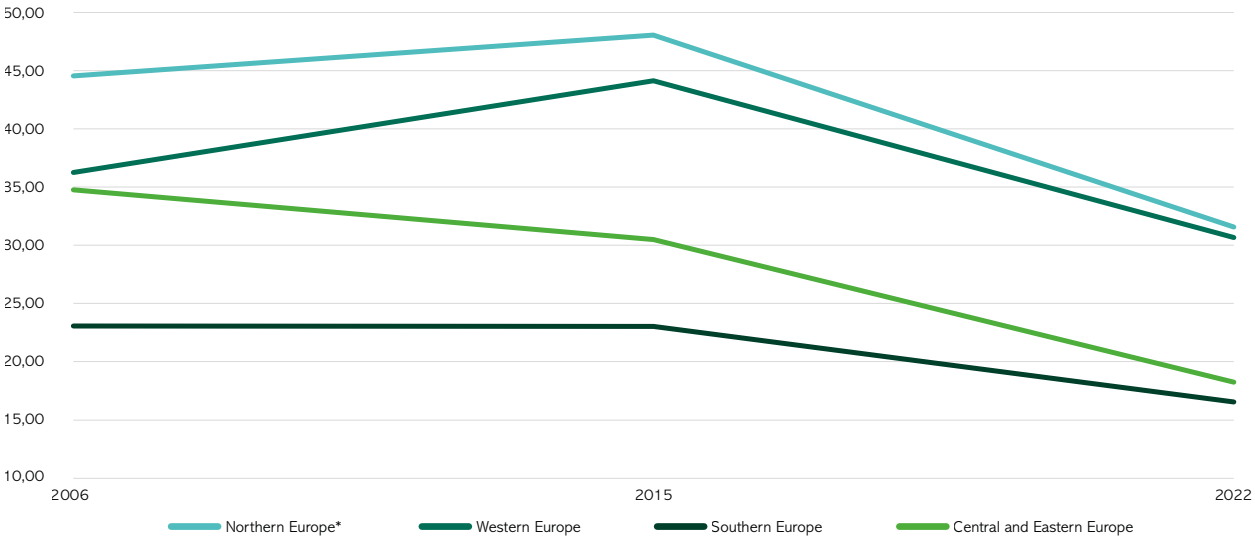
Figure 20: Average household expenditure in sporting goods and services by region and year[7]

Source: Eurostat
EU harmonised indices of consumer prices for main sporting goods and services (2015 = 100). PPS = Euro.
**In 2020 only data from Denmark were available in the Northern region, and since the household expenditure in Denmark was below the average for the Northern region in 2010 and 2015, data from 2020 from this region have not been included.*

Outcome indicators

An examination of the two indicators on sport and physical activity reveals some interesting, albeit contradictory trends. For participation in sporting events, there has been an increase in the Northern and Western European countries between 2006 and 2015, followed by a steep decline between 2015 and 2022.[8] In contrast, Central and Eastern European countries have experienced a decline throughout the entire period, while Southern European countries have seen a similar decline between 2015 and 2022. It seems reasonable to conclude that the pandemic is the probable explanation of the steep decline observed between 2015 and 2022.

Figure 21: Average participation in sporting events at least once the last 12 months by region and year. Percentage 16+



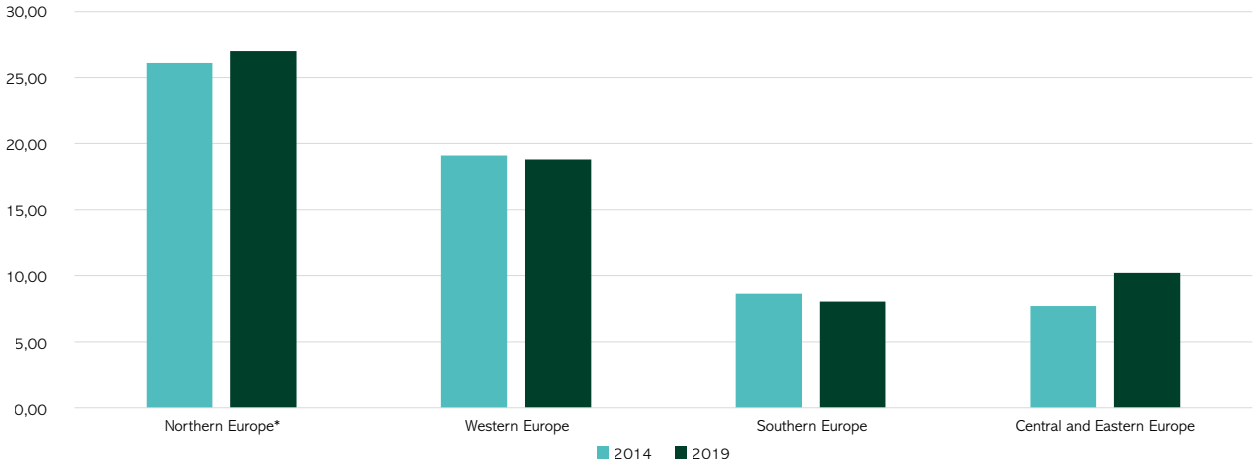
Source: Eurostat
Adjusted for missing data for some countries in some years.

[7] It is recommended that the findings be treated with caution due to the absence of data, particularly in 2020 and in the Nordic region, as well as the presence of estimated figures. However, they offer some insight into the level of household expenditure between regions and the trends that emerge.
[8] If the Anglosphere countries are separated no such decline is evident, although the quality of the data in this region is poor.

Figure 21 presents a narrow measure – participation in a sporting event. In contrast, Figure 22 employs a broader measure – performing a health-enhancing physical activity. A review of the data from 2014 to 2019, which was not affected by the pandemic, reveals a number of different patterns. There was an increase for countries in Northern, and Central and Eastern Europe, while a (very) slight decrease was observed for countries in Western and Southern Europe. The discrepancy between the observed increase in Central and Eastern European countries between 2014 and 2019, as illustrated in Figure 22, and the subsequent decrease from 2015 to 2022 can be attributed to the impact of the pandemic. It is similarly conceivable that the disparate indicators may be a contributory factor.

A joint examination of the input and outcome factors reveals that the rise in government expenditure on recreational activities and sports between 2013 and 2022 has not been accompanied by a corresponding increase in activity levels. However, this does vary between regions. It could be argued that the rise in health-enhancing physical activity in Central and Eastern Europe between 2014 and 2019 is linked to the increase in government spending in these countries between 2013 and 2019. Conversely, the rise in government spending in Southern Europe during the same period has led to a decline in health-enhancing physical activity. It is therefore unclear whether it can be stated with certainty that a social return on investment has been achieved. A more thorough examination of the effectiveness is provided below.

Figure 22: Performing health-enhancing physical activity. Percentage 16+



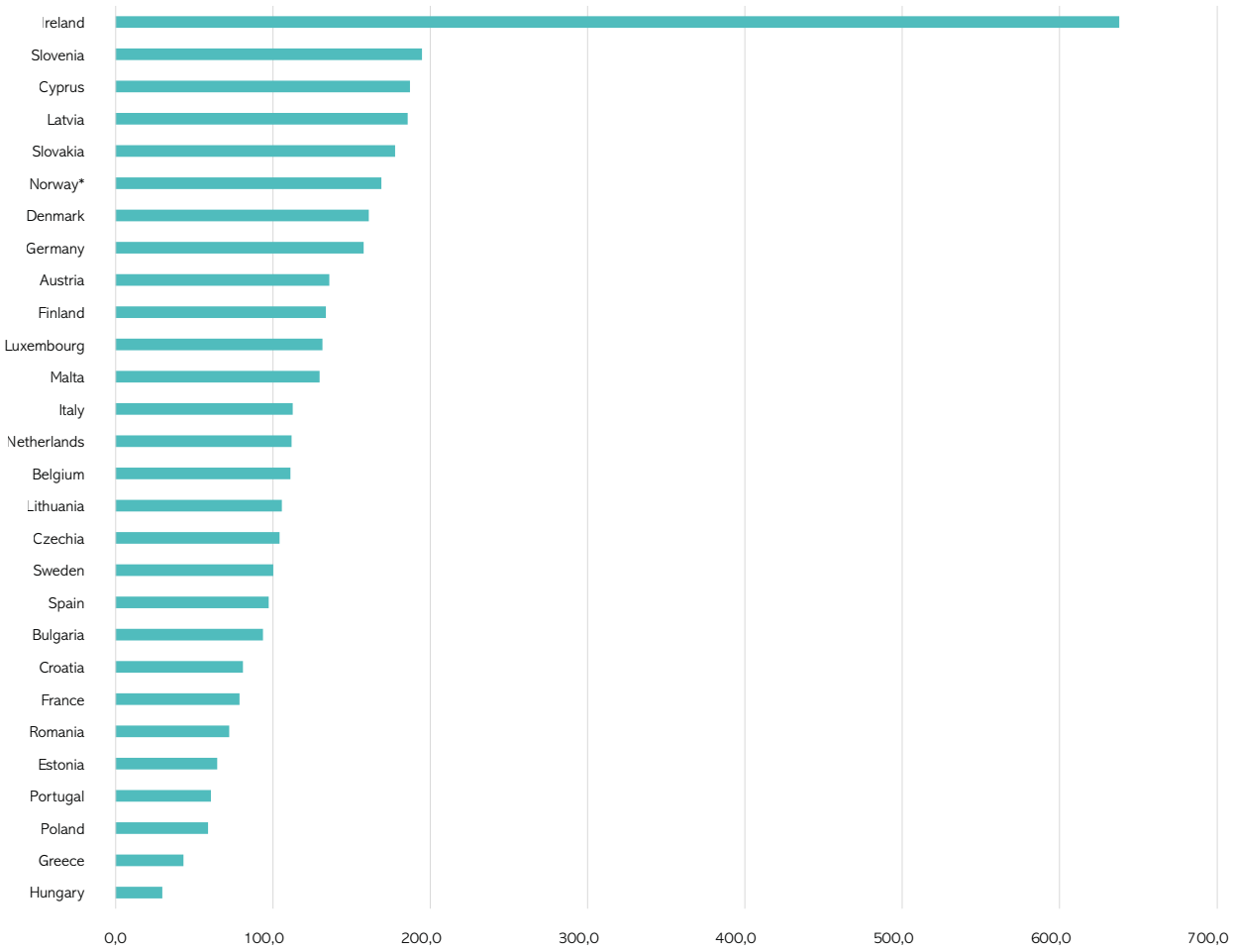
Source: Eurostat
Proportion of people reporting taking part in a health-enhancing physical activity at least once a week. Physical activities considered include aerobic and muscle-strengthening activities.

4.3.2. Effectiveness

One straightforward method for evaluating the efficacy of the policy in relation to sport and physical activity is to calculate ratios between input and outcome indicators. Figures 23 and 24 present the ratio between the percentage of the population engaging in sports at least once a week in 2022 and the percent of GDP allocated to sports and recreation by governments in each country in 2021 (Figure 23). In Figure 24, the ratio is between the percentage of individuals engaging in sport or physical exercise at least once a week in 2016 and the average household expenditure on sports goods and services in purchasing power standards in 2015. The data from 2015/2016 are used here since they are the most complete. These scores should not be read literally, but they provide some insight into the social return on investment associated with sport and exercise.

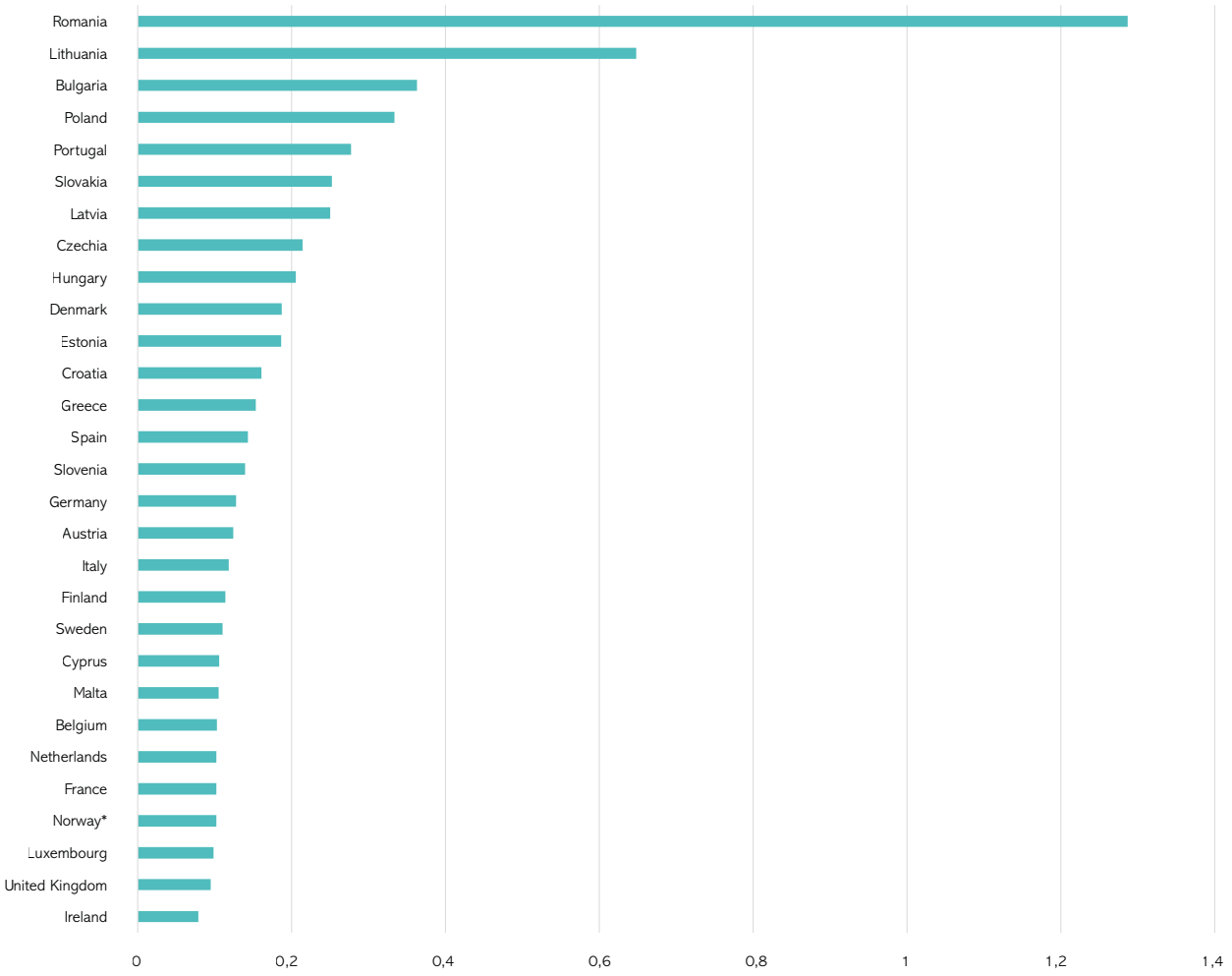
The first result to consider, is that Ireland has the highest ratio on government spending, whereby for every euro spent, a greater return is received in terms of physical activity. Conversely, the lowest ratio of private household spending is observed, whereby for every euro spent by private households, relatively little is gained in terms of physical activity. This result can be attributed to the fact that Ireland has a minimal government expenditure on sport and recreation, coupled with a relatively high expenditure by private households. Secondly, some of the countries that have demonstrated suboptimal performance in the indicators are now in a favourable position due to their minimal expenditure on sport and recreation, at the governmental level and particularly at the private household level. Consequently, they are able to achieve a high ratio without a high score on the participation level. Thirdly, the traditionally high performing countries of Northern Europe (Norway, Denmark, Finland) and Western Europe (Germany, Austria, Luxembourg) show relatively high ratios for government spending (although this is less evident for private spending).

Figure 23: Ratio: Percentage that exercise or play sport at least once a week in 2022/Public expenses on sport and exercise in percent of GDP in 2021



Source: Eurobarometer/Eurostat

Figure 24: Ratio: Percentage taking part in sports or physical exercise at least once a week in 2016/Average household expenditure on sports goods and services (PPS) in 2015



Source: Eurofound (EQLS)/Eurostat

Figure 25: The correlation between public expenditure of percentage of GDP in 2021 and doing exercise or/and playing sport at least once a week in 2022

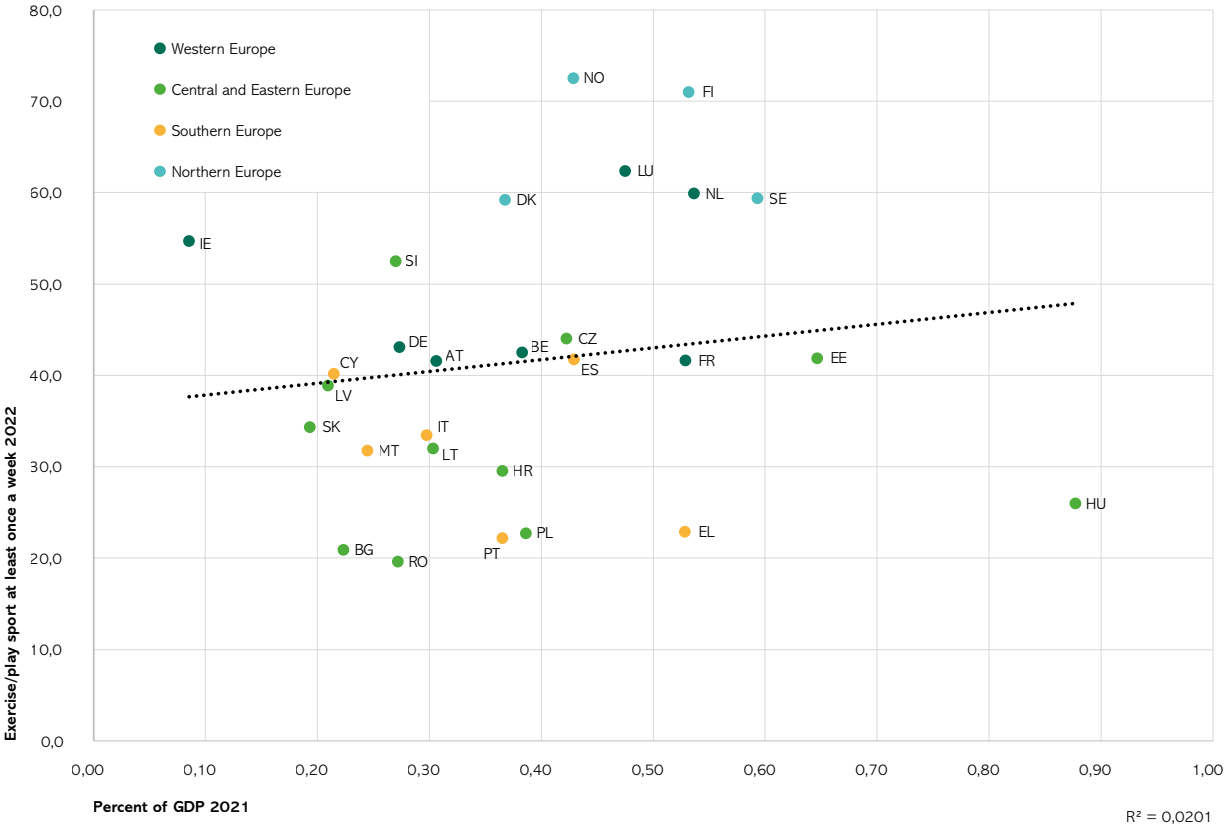
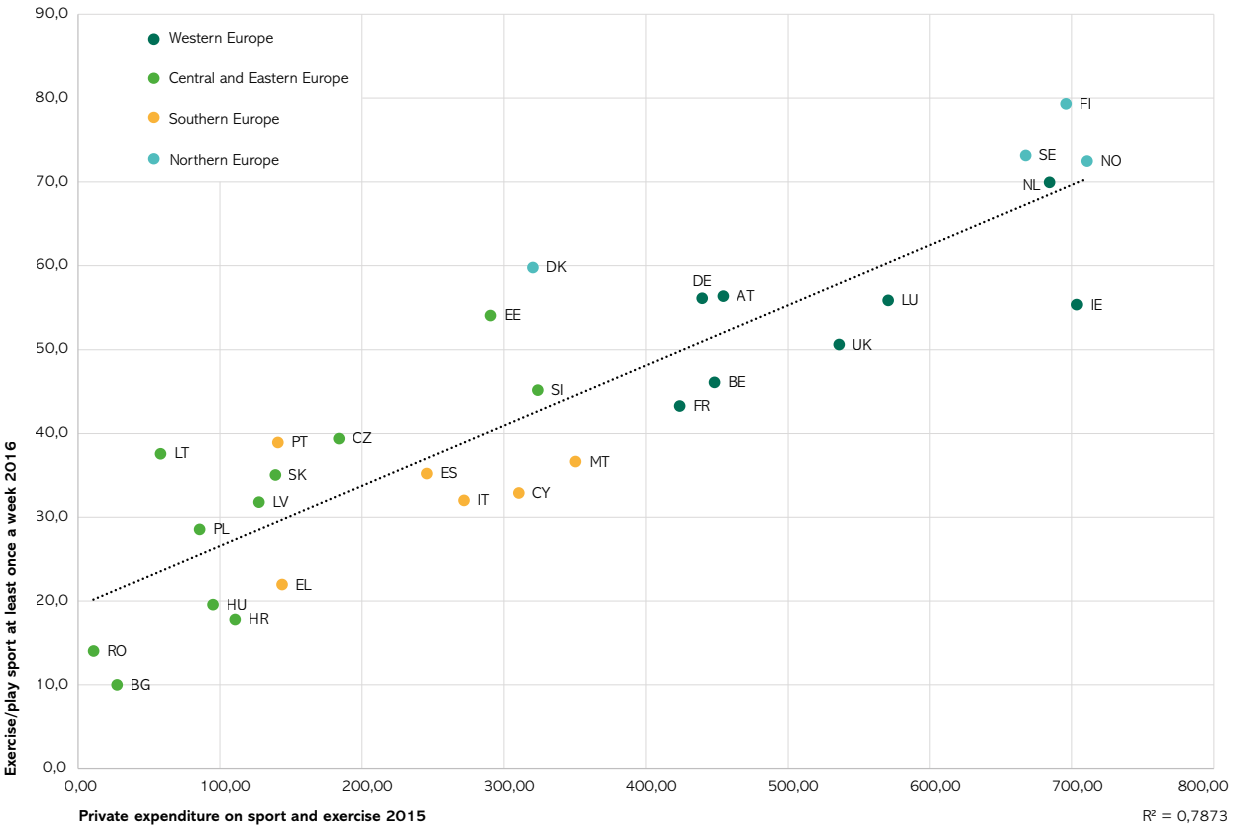


Figure 26: The correlation between private expenditure on sport and exercise in 2025 and taking part in sport and exercise at least once a week in 2016



In conclusion, the correlation between government spending and sport and physical activity is relatively weak (r = 0.14), whereas the correlation between private spending and sport and physical activity is considerably stronger (r = 0.89). Figures 25 and 26 illustrate this point. One direct interpretation of the adjusted R^2 is that an increase in public expenditure on sport and exercise of 0.1 percentage points of GDP is predicted to result in an increase in the level of sport and exercise participation in the population of 0.2 percentage points. Furthermore, an increase in household expenditure of €100 is predicted to result in an increase in activity levels of nearly 8%.

However, it would be prudent to be cautious in making such direct interpretations and to refrain from concluding that it is preferable to leave the funding of sport in the hands of the private sector. The government's role is primarily that of facilitating sports activities that benefit the entire population, an area that is not typically funded by private entities. However, these activities are essential prerequisites for the broader engagement in sports. Conversely, it is clear that private households bear the financial responsibility for engaging in sports and exercise activities, including membership in sports clubs, fees at training centres, equipment acquisition and travel. Therefore, there is an obvious correlation between household spending and sporting activities. One question might be whether the social return on public investment is, in fact, relatively low. For example, it is unclear whether the government is adequately building or supporting the construction of facilities that are beneficial to the general public.

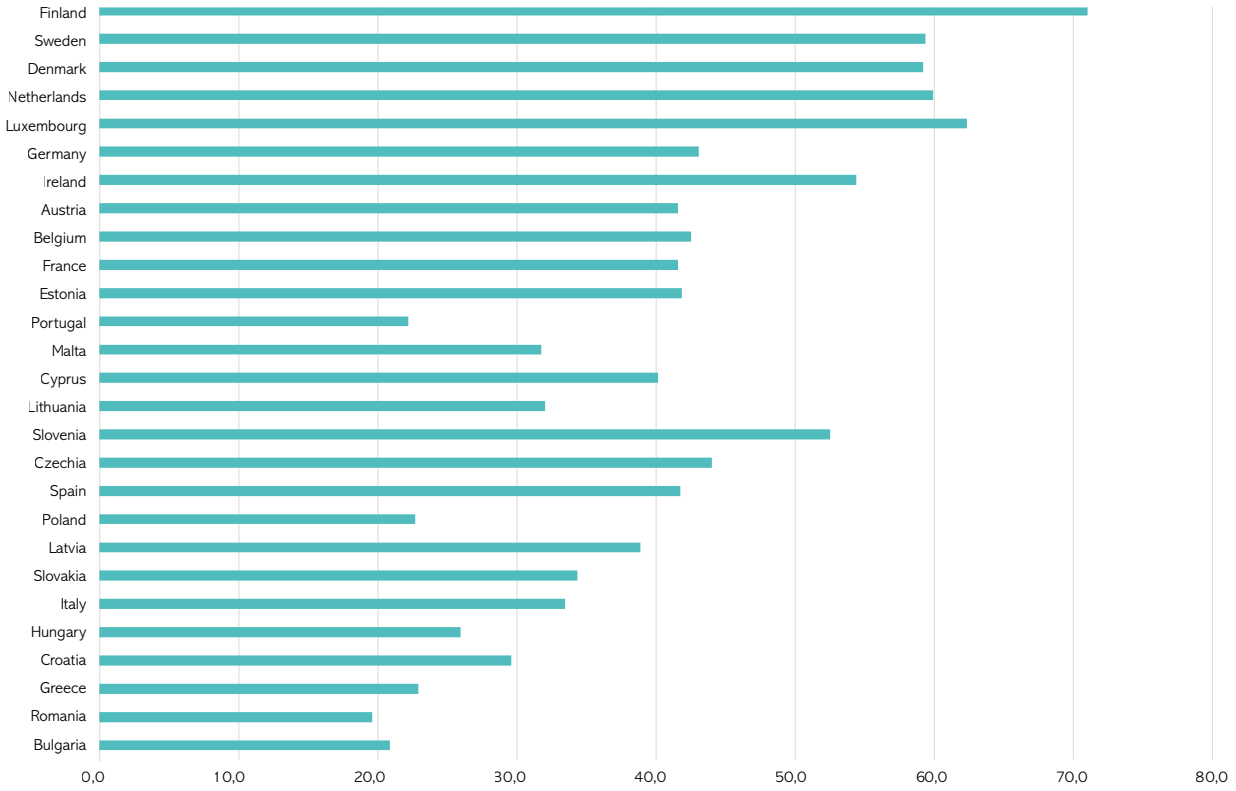
This assertion is supported by a study of the efficacy of public expenditure on sport in EU countries conducted by Nessel and Kościółek (2022). The same input factors are employed as in this study, but two output factors are included: mass sport participation and Olympic medals won are both measured. The study finds that only Sweden, Slovenia, Slovakia, Malta, Lithuania, Ireland, and Finland are performing efficiently, indicating that the other 20 countries in the study are inefficient. This implies that the latter group could decrease their sport-related spending "without reducing their sporting output" (Nessel and Kościółek, 2022, p. 842). Inclusion of household expenditure in the model results in the addition of Denmark, Hungary and Romania to the group of well-performing countries. There is a notable degree of overlap between the countries that score highly in this analysis, and those identified in the more straightforward ratio analysis (see above).

The primary conclusion, still, is that government and private expenditure on sport and recreation represent only two of numerous potential variables that may influence the physical activity levels of the population.[9] Therefore, Figure 27 in Section 3.3 is a bivariate analysis of the quality of governance and level of sport and exercise.

4.3.3. Quality of governance (QoG) and performance in sport and exercise

A strong positive correlation exists between the quality of good governance and performance in sport and exercise (r=0.84). However, some variation in the data should be addressed. It can be observed that the countries which achieve high scores on the QoG index – those in Northern and Western Europe – also demonstrate high levels of participation in sport and exercise. However, countries in Central and Eastern Europe, such as Slovenia, the Czechia and Latvia, exhibit relatively high levels of participation, despite relatively low scores on the QoG index. Countries in Southern Europe, including Malta, Cyprus and Portugal, demonstrate average scores on the QoG index while exhibiting relatively low levels of participation. The correlation between governance quality and participation rates in sport and exercise is evident although it remains unclear whether this is a causal relationship or if other variables, such as wealth, culture and educational level, are confounding factors that influence both.

Figure 27: Participation in exercise or play sport at least once a week in 2022 distributed by standardised European Quality Index of Good Governance in 2017



Sources: Eurobarometer/The Quality of Government Institute, https://www.gu.se/en/quality-government

[9] A more extensive multivariate regression analysis, which includes other potential confounding variables (such as education level, wealth, quality of government and population density), would undoubtedly yield more robust results regarding which factor has the greatest effect on the outcome – the level of sport and physical activity in the countries. However, such an analysis is not feasible within the constraints of this study.

4.4. CASE STUDIES

Below some case studies are presented that may help to deepen understanding of contextual factors on sport policy and participation rates. These are largely based on several books and edited volumes such as *Sport Policy and Politics – A Comparative Analysis (Houlihan. 1997), Sport Policy – A Comparative Analysis of Stability and Change (Bergsgard et al., 2007), Participation in Sport – International Policy Perspectives (Nicholson et al., 2011a), Characteristics of European Sports Clubs (Breuer et al. 2017) and Sport Policy Systems and Sport Federations* (Scherder et al., 2017).

4.4.1. Hungary

As illustrated, Hungary is situated within the Central and Eastern European countries. However, regarding the development of its welfare regime, it is not straightforward to ascertain the trends that have emerged in the wake of the dissolution of the Eastern Bloc. The political system is a unitary, parliamentary republic, in which the National Assembly elects both the president and the prime minister, with the latter holding executive power. In the area of sport, it is reasonable to assert that the legacy of the socialist era is evident in the prevailing structure and organisational framework, which is influenced by the state (Földesi, 2011). This is applicable to all voluntary organisations that have been politicised and encumbered by bureaucracy in the post-Eastern Bloc era. The autonomy of the non-government sports sector is more nominal than real; in practice, it is subservient to state institutions (Földesi, 2011, p. 77).

As previously seen, Hungary exhibits relatively high public expenditure and low private expenditure on sport and exercise, resulting in a total expenditure that falls below the average of the included countries. Hungary is situated alongside Latvia, Lithuania and Poland in terms of the institutionalised structure of participation in sports (van Tuyckom, 2013). This cluster is distinguished by a positive influence of school/university and not to average levels of participation in sport. This point reflects the figures above, where Hungary scores below the average with a considerable margin on the different measures of outcome. In addition, there is a huge social bias on participation in sport, a tendency found in most Western countries, however this may be more profound in Hungary, where high income and high education indicates high activity level and vice versa, the percentage that never participates in sport is highest among those with low income and education (Földesi, 2011, p. 83).

Földesi asserts that the sport culture in Hungary is characterised by a tendency for consumption over practice. The figures illustrate this phenomenon to a certain extent, with Hungary scoring around average in terms of attendance at sporting events and, as previously mentioned, below average in terms of practice. Historically, there are reasons for this. The introduction of sport in the late 19th century was not intended to promote it to a larger audience. Furthermore, sport was class-based in the 20th century, and it was not until much later that the goal of "sport for all" was put on the agenda. As Földesi (2011, p. 79) notes, "People at large were socialised to be spectators rather than participants". This was further reinforced during the challenging socialist era of the 1950s and 1960s, when consuming sport became a predominant pastime in Hungary. Both the ease of access and possibly the fact that excellence in elite sport was seen as a means of promoting the socialist regime (although this was particularly evident in the Soviet and East German contexts, as discussed by Houlihan and Green (2008)) can explain this development.

As previously stated, the government plays a significant role in the sports sector in Hungary. To illustrate, the restructuring of the sports sector in the first decade of the 21st century saw the establishment of three intermediate umbrella organisations on the initiative of the Ministry of Sport and Youth. These were the National Sport Association (competitive sport), the National Leisure Sports Association (sport for all, school sport/university sport) and the National Association for People with Special Needs. The Hungarian sport policy has adopted a paternalistic approach to voluntary sports organisations over the past three decades; these organisations have been willing to relinquish their autonomy in exchange for financial support from the state (Földesi, 2011, p. 86).

This phenomenon is observed in the study of sports clubs in ten European countries, where Hungarian sports clubs are found to be the most reliant on public subsidies (Breuer et al. 2017). Furthermore, the study indicates that Hungarian sports clubs rely more heavily on public facilities than their counterparts in the other nine countries. Additionally, they possess fewer facilities of their own and perceive the lack of suitable facilities as a more significant challenge than the average club in the countries under study. Furthermore, they exhibit the lowest revenue and expenditure, so they perceive financial issues to be a significant challenge. They are, on average, among the smallest clubs and a high proportion (approximately half) were established after 2000. The primary emphasis has consistently

been on competitive sports, a trend that persists despite the National Sport Strategy from 2007, which identified sport for all as one of two major objectives, the other being maintaining Hungary's high status in international sport. This is also reflected in the study of sports clubs (Breuer et al., 2017, 32), where it was found that clubs in Hungary place a high value on sporting success and competition, more so than the average of the other clubs in the study. These findings are very similar to those observed in the UK, with the Dutch clubs demonstrating a higher level of competitiveness and drive for success.

4.4.2. The Netherlands

As previously observed, the Netherlands exhibit characteristics of both conservative and social democratic welfare regimes. The significance of a densely populated nation that places emphasis on consensus-based policy, political coalitions and stability, with a high level of trust, a large voluntary sector, the presence of religious movements, both Protestant and Catholic, lends itself towards a conservative model. However, the structure and policy of sport in the Netherlands, in which citizens organise their sporting activities in voluntary organisations, while the government, especially at the local level, facilitates these activities, resembles that of the Nordic countries (Bottenburg 2011; Breedveld and Hoekman 2017; the same can be said of Germany, see Bergsgard et al., 2007). The Netherlands is grouped with Denmark and Austria in a cluster of active club sporting countries (van Tuyckom 2013, 449). The other two Nordic countries included in the study, Sweden and Finland, are classified as countries with high levels of participation, however more in fitness centres than in club sports.

The voluntary sports clubs are in large part affiliated with 76 national sports federation/national sports associations.[10] These are united within an umbrella organisation following the merger of the National Olympic Committee (NOC) and the Netherlands Sports Federation (NSF) in 1993, which resulted in the formation of NOC*NSF. This structure bears a resemblance to that observed in the Nordic countries, particularly in Norway, where a merger of the NOC and the Norwegian Confederation of Sports has also occurred. In Sweden, the Swedish Olympic Committee and the Swedish Sports Confederation remain distinct entities, while in Denmark, three national confederations exist.

In the study of sports clubs in Europe (Breuer, 2017), the following characteristics were identified as being typical of Dutch sports clubs: the average size of the clubs is larger than that of clubs in the other 10 countries, and most of the clubs are single-sport clubs. Furthermore, most of these clubs (93%) were established before 2000. The utilisation of public facilities is the lowest among the clubs studied, and the highest proportion of clubs have their own facilities. Consequently, the perception of facility availability as a problem is below the average. The revenue and expenditure of Dutch clubs is slightly below the average, while the level of public subsidy is also relatively low. Consequently, the financial situation is not perceived as a significant issue.

Notwithstanding the structure's continued dominance of Dutch activity patterns, the commercial sport providers (such as fitness centres and health clubs) are experiencing a notable increase, a trend observed in other Western countries. In contrast, educational institutions and community centres play a relatively minor role in the sporting activities of the Dutch population, in contrast to their prominence in Anglosphere countries (Bergsgard et al., 2007). As previously indicated, the Dutch population exhibits a higher level of engagement in sport and exercise activities than the European average. They have the highest percentage of the population belonging to sports clubs in the EU, the highest satisfaction with sports facilities among its citizens, and rank second in terms of volunteering (Breedveld and Hoekman, 2017).

The emergence of a Dutch sport policy was not until the post-war period (Breedveld and Hoekman 2017). This was accompanied by an increased level of governmentalisation – funding and involvement from the government, and politicisation – politicians becoming more interested in the sport and exercise sector, viewing sport as a means to achieve other goals. This is particularly evident from the mid-1990s onwards, with the introduction of policies that sought to harness the power of sport to achieve a range of societal goals, including promoting health, fostering inclusion and enhancing national pride and prestige. This is exemplified with the inclusion of sport in the name of the relevant ministry in 1994 – the Ministry of Health, Well-being and Sport, and the Netherlands is above average for public expenditure on sport as a percentage of GDP. The instrumentalisation of sport was predicated on two factors: firstly, the advocacy of sport organisations themselves for the instrumentalisation of sport to prioritise it on the political agenda; and secondly, the increased interdependence of sport associations with government funding. However, the sports clubs were unable to achieve these external goals, resulting in policy changes and the establishment of the Netherlands Institute of Sport and Physical Activity.

[10] In their respective works, van Bottenburg (2011), and Breedveld and Hoekman (2017) employ the terms "national sport association" and "national sports federation" respectively, to designate the national governing bodies of specific sports.

There has been a notable shift in Dutch sport policy on elite sport over the past three decades, characterised by an increase in government funding and involvement. In this regard, the Netherlands performs relatively well in international comparisons (De Bosscher, 2016). It is reasonable to conclude that the Netherlands is a relatively recent entrant among Western European countries in this endeavour (Bergsgard et al., 2007; Houlihan and Green, 2008).

In conclusion, the sport policy and politics of the Netherlands can be defined as a system of governance, characterised by a high level of collaboration between the government and the voluntary sport structure at all levels, supplemented with a network of other actors such as the Association for Sport and Municipalities. This implies an increased governmentalisation and politicisation of the sport policy, yet the government is dependent on the voluntary sport structure to implement this. Local government plays the most significant role in funding (up to 90%), as it is responsible for facilitating sports and exercise activities. In contrast, the central government provides financial support to national sports associations through lottery funds. This approach entails a direct allocation of funds to the associations, which consequently entails a reduction in political control. As previously stated, the Dutch sport policy system, along with those of Germany and Austria, is more akin to the Nordic model than those of other conservative welfare regimes, such as France and Switzerland.

4.4.3. Spain

Spain is a constitutional monarchy with a parliamentary system of government (Llopis-Goig, 2017), a political structure that is similar to that of many other European countries, including the Netherlands and Norway. A considerable degree of authority is allocated to the 17 autonomous communities, which also exhibit variations in their distribution of power and structural organisation, bearing a resemblance to the federal states in Germany. Furthermore, the country is subdivided into 50 provinces, which are responsible for implementing state activities and over 8,000 autonomous municipalities, which constitute the local level. The sport structures are broadly analogous to the government structure, with voluntary sports clubs at the local level that are members of regional and national federations. However, the professional sport structure is in many ways distinct from the voluntary sport structure, in contrast to the situation for instance in the Nordic countries. Furthermore, there is no umbrella organisation at the national level that comprises all federations.

Llopis-Goig (2017) highlights that following the transition from Franco's dictatorship to the reinstallation of democracy in Spain, there has been a notable increase in the governmentalisation of sports. This has involved an expansion of the public sector's role in providing sporting opportunities. Therefore, Spain's sport policy can be situated within the typology of a bureaucratic configuration, albeit with a dispersed administrative policy that bestows considerable authority upon subnational levels. This is also evident in funding, where the local level accounts for a significant portion of funding at 0.19% of GDP, followed by the autonomous communities with 0.03% of GDP and the national state level with 0.01% of GDP (Llopis-Goig, 2017, Table 3). In total, Spain's expenditure on sport and exercise was slightly above the European average, while private household expenditure was slightly below, resulting in a total expenditure per capita that was slightly below the European average.

The national government provides financial assistance to high-performance sports, as well as to educational and research initiatives related to sports. Furthermore, the national government provides financial assistance to national federations. However, this support represents only 14% of the total resources available for the federations. The facilitation of sport and exercise occurs at the regional and local levels, facilitated by the construction of sports facilities and the support of sports organisations. However, the activity is conducted by voluntary sports clubs and federations. In this regard, the Spanish sport policy system is analogous to the concept of shared responsibility (Llopis-Goig, 2017; Houlihan, 1997), which relates to the division of responsibilities between the government and the voluntary sector. This model is analogous to that observed in other countries, including those in the Nordic region, Germany and the Netherlands.

The voluntary sports clubs in Spain are distinguished by their relatively modest scale and recent establishment, with nearly 75% having been founded after 2000. Furthermore, a minority of these clubs have their own facilities and they receive less public funding than clubs in other comparable countries (Breuer et al., 2017). Therefore, both facility coverage and financial resources are identified as significant challenges for these clubs. The Spanish sports clubs exhibited an average revenue and expenditure per member comparable to that of clubs in the included countries, indicating a reliance on alternative sources of income (such as commercial or membership) in addition to scarce public subsidies.

As previously observed, Spain exhibits a relatively low membership rate in sport organisations, particularly in the context of voluntary sports clubs. This suggests that a significant proportion of the population's physical activity occurs in training centres and other structured settings, as well as in self-organised sporting activities. Consequently, the concept of sport has expanded beyond its traditional boundaries to encompass these additional forms of engagement (Llopis-Gope, 2017, p. 245). It is therefore reasonable to conclude that van Tuyckom's (2013) assertion that Spain is situated within a cluster of active multi-context sport countries, alongside Germany, France and Belgium, is well founded.

This is an indication of the significance of the commercial and professional aspects of the sports sector in Spain. The data indicated that Spain exhibited a relatively high level of employment in the sport and exercise industry, as well as a notable number of sport enterprises. On the various indices of participation in sport and physical activity, Spain exhibited a performance that was approximately aligned with the mean.

In conclusion, the efficacy of Spanish sport policy, defined as the ratio between the participation rate in sport and exercise and government spending on these activities, is average. However, the correlation between government spending and participation is typically weak, indicating that a high or low ratio should not be attributed to the sport policy system as such. The relatively low participation rate in sports clubs and organisations, where the clubs are small and relatively newly established, may be indicative of a less robust civic tradition, potentially inherited from the Franco regime. Consequently, to achieve an activity level that is closer to the average, a greater reliance has been placed on the private and commercial sectors. Once more, it is challenging to ascribe this phenomenon to any specific political regime. There appears to be a discrepancy between the welfare regime in Spain and the characterisation of the sport policy regime, which is described as bureaucratic. This may align more closely with former Eastern Bloc countries or conservative welfare regimes.

4.4.4. England/UK

The United Kingdom has been identified as a liberal welfare regime, where the state has traditionally played a limited role in providing welfare, including in the context of sport policy. Before World War II, the sports sector was predominantly operated by voluntary organisations, with local authorities providing basic facilities. In the contemporary era, however, the government plays a significant role in the realm of sport. This "division" between a traditional liberal ideology and government involvement has resulted in the emergence of a complex government system, comprising quangos (quasi-non-governmental organisations) that are responsible for implementing policy at arm's length. Additionally, serving the four home countries contributes to the complexity of the structure (Bergsgard et al., 2017).

In 1997, the Department of Culture, Media and Sport was established, and the remit of the department was expanded to include the formulation of sport policy. Additionally, other significant governmental departments, such as the Department for Communities and Local Government, and the Department for Education and Skills, exert considerable influence on the formulation of sport policy. Sport England, which is responsible for mass sports and infrastructure development, has witnessed a transformation in its relationship with the government. Over time, it has evolved into a government agency that is primarily utilised for regulating sport. This has resulted in a notable shift in the distribution of power within English and UK sport policy. The consequence is a more centralised policy, including the management of objectives by the governing bodies, which derive between 60% and 70% of their income from the government, primarily through Sport England (Girginov, 2017). This has also resulted in increased control by regional and local authorities.

Consequently, the primary objective of regional-level governmental and quasi-governmental organisations is to facilitate the implementation of national sport policy and to oversee the coordination between policy implementation and policy formulation. UK Sport bears responsibility for matters requiring attention at the UK level, particularly those pertaining to elite sport. It oversees the implementation of programmes designed to provide support to talented athletes and their respective governing bodies, as well as to facilitate investment in organisations that have expressed interest in hosting and organising major international sporting events.

The governance of sport in the UK is characterised by a complex and multifaceted structure, comprising a combination of public, voluntary and private sectors. It is the local authorities that bear the primary responsibility for the facilitation of sport and exercise. They operate or are in possession of a considerable number of sports and leisure facilities throughout England. Furthermore, in recent times there has been a notable increase in the number of commercial sports clubs, which have become an important platform for physical exercise. The growth of the commercial sector is indicative of an increased commercialisation and individualisation of sport. Notwithstanding budgetary constraints, local authorities continue to constitute the primary source of financing, with a proportion of between 60% and 88%

of total public expenditure on sport, as corroborated by a number of studies conducted in the first decade of the 2000s (Bergsgard et al., 2007, pp. 117–118). The next notable public expenditure is that of Sport England, which is primarily financed through lottery funds. As previously demonstrated, the overall expenditure on sport and exercise in the UK is considerably lower than the European average. Conversely, private household expenditure is considerably higher than the average. It could be suggested that UK funding maintains the liberal tradition of minimal government involvement in sport while relying on large private investments.

The English education system, encompassing both private and public schools, has historically served as a primary conduit for organised sport. The government has allocated funds to physical education and sport within the curriculum, with the objective of reversing the decline in the amount of time dedicated to these activities and enhancing their quality. In 2002, approximately 42% of all young people in England engaged in extracurricular activities outside school, representing a notable increase from around 34% in 1994 (Bergsgard et al., 2007). This can be attributed primarily to the substantial government funding provided through the School Sport Partnership programme. Furthermore, universities serve as a significant conduit for facilitating access to sport opportunities, both for students and the surrounding communities.

Voluntary clubs constitute the foundation of sports development outside the educational system. Most of these clubs are single-sport organisations, with a significant proportion (72%) established before 2000. Many of them possess their own facilities, which they perceive as a key advantage, and their size is comparable to that of clubs in other European countries (Breuer et al., 2017). They receive minimal public support, yet generate considerable revenue and expenditure per member, suggesting a reliance on alternative financial resources.

A variety of actors play a significant role in the delivery of sport at the local level. These include local authorities with sport centres, voluntary clubs, fitness centres and, not least, schools. As illustrated in Figure 9 and 10 above, the United Kingdom scores slightly above the European average for participation in sporting activities. This aligns with the findings of van Tuyckom (2013), who identified the United Kingdom as an "active multi-context sporting country", a designation that encompasses nations with relatively high rates of participation in various forms of physical activity.

It would be prudent to exercise caution in attributing this to the general welfare regime, given the significant differences between the sport policy regime and the liberal welfare regime. It is important to note that government funding represents a significant factor, although it constitutes a relatively low proportion of GDP in comparison to other European countries. The government plays a more directive role, with a considerable number of specific targets and goals that must be met. This is in contrast to countries such as Norway, where government funding is more substantial, yet the objectives for sport policy are set at a higher level (Bergsgard et al., 2007).

4.4.5. Norway

Norway is constitutional monarchy and a unitary state with a parliamentary political system (Bergsgard et al., 2007). In this system, only the national parliament (Storting) is empowered to pass laws and acts. Subordinate levels of government are required to implement policy according to the directives set out by the central government. However, at the county and local levels, budgets are also derived from transfers from the state and income from taxes. In the context of sport policy, this is a significant consideration given that municipalities represent the primary source of funding for the sports sector, as illustrated in the sections below. Consequently, Norway may be defined as a decentralised unitary system in the context of sport policy.

At the national level, the responsibility for sport has been attributed to the Ministry of Culture, subsequently renamed the Ministry of Culture and Equality, for the past 50 years. The Department of Civil Society and Sport is the executive arm of the ministry. The ministry is responsible for formulating policy in the area of sport, which is often presented in the form of white papers to parliament. Additionally, it is tasked with the distribution of lottery funds to the sports sector; most of the funds are allocated to local sports facilities. A considerable proportion of the funds is also allocated to the Norwegian Confederation of Sports (NIF),[11] which subsequently distributes a portion of the funding to national sports federations. The primary responsibility at the county level is the distribution of lottery funds to local sports facilities.

[11] The full name is The Norwegian Confederation of Sports and Olympic and Paralympic Committee.

As previously stated, the municipality plays a significant role, particularly in facilitating sporting activities. A significant proportion of public funding for sport facilities, in excess of 80%, is derived from municipal sources (Bergsgard, 2024). This encompasses both capital support for the construction of facilities and revenue support for the operational costs associated with their maintenance. However, the overarching national directive for the disbursement of lottery funds to sporting facilities largely determines the nature of local infrastructure development. It is therefore reasonable to conclude that in neighbouring countries such as Denmark and Sweden, municipalities assume a more prominent role in determining facility policy (Bergsgard et al., 2017).

There has been a notable increase in public expenditure over the past two decades, both at the central government level (in the form of lottery funding) and, in particular, at the municipal level. In 2007, Bergsgard et al. estimated that 55% of public expenditure on sport originated from municipal sources. This figure has since increased to a proportion approaching three quarters (Bergsgard et al., 2024). As illustrated above, public expenditure in Norway in 2021 as a percentage of GDP is slightly above the European average, but they demonstrate a relatively high level of effectiveness, largely due to a high participation rate (see Figure 23). Conversely, the highest level of private household expenditure indicates a lack of efficiency (Figure 24).

A clear demarcation exists between the public and private sectors in the Norwegian sport policy. The government fulfils a facilitating role through providing funding for facilities, supporting sport organisations, implementing various projects and, in some cases, directly supporting the activity itself. However, it is the voluntary sports movement that bears the primary responsibility for the operation and management of the activity. This assertion is only partially accurate, as the Norwegian population – at least those aged 15 and above – is increasingly engaged in sporting activities and exercise outside traditional organised sport. Furthermore, an increasing proportion of these activities is occurring in fitness centres (Bergsgard and Tangen, 2011).

Most public funding is allocated to the voluntary sport movement, which encompasses organisations and clubs under the umbrella organisation NIF. The structure of NIF is analogous to that of the government, comprising central, regional and local levels, a configuration that is reflected in the 55 national sports federations. The NIF is dependent on financial support from the central government, which accounts for around 90% of its total revenue. The national federations are dependent on government funding, although to a lesser extent than NIF. There is a notable discrepancy between the smaller, more dependent federations and the larger, more independent ones. Still, the activity is conducted within local sports clubs.

In comparison to their European counterparts, Norwegian sports clubs are distinguished by a greater average size (Breuer et al., 2017). The financial status of these clubs is typified by a considerable revenue and expenditure. A total of 17% of their revenue is derived from public subsidies, which is in line with the average for clubs in the other countries included in the study. However, they do not identify financial concerns as a significant issue. The club structure is well established, with around 66% having been established before 1990, and the utilisation of public facilities is comparable to that of the average European club. However, they possess a greater number of their own facilities (although these are supported by public funding) and do not perceive the availability of facilities as a significant issue; however, it is the municipalities that are the proprietors of the biggest proportion of facilities and the largest facilities.

It is notable that in 1996, the Norwegian Olympic Committee was incorporated into the NIF. This integration of elite and mass sport within a single organisation is also evident at the national federation level and even at the club level, where leading professional clubs engage in activities for mass participation. However, these activities are frequently legally distinct from those of the elite clubs, among other reasons because commercial clubs are not eligible to receive lottery funds. It is also significant that the relationship between the government and the NIF organisation is corporatist-like, particularly at the central level but also at the local level. Over the past three decades, there has been a growing inclination towards a more pluralistic approach, with the involvement of a diverse range of actors and other ministries included in the broad sport policy. However, despite this shift, the relationship between NIF and the ministry remains strong.

In conclusion, the Norwegian sport policy system can be considered an anomaly within the context of the social democratic welfare regime. Despite the substantial funding from the public sector, the objectives of the sport policy are set at a relatively high level, with few specific goals related to mass participation and elite sport. The responsibility for establishing specific targets is delegated to the sports organisations themselves, and a significant proportion of the funding is allocated at the local level, which is a distinctive feature when compared to other sectors in Norway (Bergsgard et al., 2007). Thus, it could be argued that the local level bears the financial burden, while the central level is responsible for formulating and directing the sport policy.

4.3. CONCLUSION

This chapter presents an examination of the role of sport and exercise in European countries, with the occasional inclusion of Anglosphere countries where possible. The primary focus has been on mass participation, as the presumed benefits of engaging in sports and exercise are emphasised – the social and health benefits. As the financial input for sport and exercise and output for the facilitation of sport and exercise are evaluated in light of participation rates and satisfaction and trust, it is the government's policy for sport and exercise – and the population's willingness to spend money on sport and exercise – that is subjected to scrutiny.

It should be noted that there are several additional external factors that may influence the level of physical activity beyond sport and exercise among a population. These include access to motor vehicles, proximity to work, educational institutions and commercial establishments, among others. These factors are not included in the present analysis as they fall outside the scope of policies relating to sport and exercise. However, it is interesting to note that when physical activities such as walking and cycling to and from places are included in the Eurostat statistics,[12] Norway scores well below the EU average, while it scores well above average for aerobic exercise (at the top) and muscle-strengthening exercise. Sweden, for example, with the same geography and climate, scores high on all four measures.

Due to the poor quality of the data on the development over the past 10 to 15 years, only a few figures have been presented. The most notable finding is the potential impact of the Coronavirus pandemic on the participation rate, which exhibited a decline between 2015 and 2022 across all regions. A discernible pattern emerges when the participation rate (outcome) in physical activity among the countries is subjected to examination. Scores above the average are exhibited by Nordic and Western European countries, while Central Eastern and Southern European countries demonstrate scores below the average. A comparable pattern is observed when the overall expenditure on sport and exercise is examined, encompassing both public and private sectors. However, when public expenditure as a percentage of GDP is considered as an indicator of the government's prioritisation of sport and exercise, no consistent pattern emerges. When the efficiency of public funding is considered – that is, the ratio of the share of public funding allocated to sport and exercise from GDP and the participation rate in the country – Central Eastern and Southern European countries are found to exhibit both the highest and lowest rankings. There is a near-zero correlation between these two variables, which could indicate a poor social return on investment.

It would be premature to draw any definitive conclusions at this stage, given that most public funding is directed towards the infrastructure (facilities, community centres, organisational support) for sport and exercise, rather than the activity itself. The significant relationship between participation in sport and exercise, and private expenditure can be attributed to the direct correlation between the purchase of memberships, equipment, transportation and other related expenses, and the activity itself. However, the general wealth in Northern and Western European countries may be regarded as a crucial factor, rather than the government's prioritisation of sport and exercise in comparison to other sectors. Output factors, such as employment in the sports sector, overall membership rates in sports clubs and health and fitness centres, and facility structure, including satisfaction with facilities for sports and exercise, can be conceptualised as intermediate variables between funding and the outcome – the participation rate in sport and exercise.

The indirect measurement of satisfaction and trust with public policy for sport and exercise serves to consolidate the connection between input, output and outcome factors. The highest levels of social cohesion and satisfaction are observed in Northern and Western European countries, while the lowest levels are observed in Eastern and Southern European countries. A robust civic society can be viewed as an outcome of diverse welfare policy regimes. However, it can also be considered a necessary precursor to the establishment of such regimes. The substantial voluntary sector comprising sports clubs and other social and cultural organisations that incorporate sports and high-quality governance, lends support to this conclusion.

12 Eurostat: Dataset: Performing (non-work-related) physical activities by sex, age and educational attainment level [hlth_ehis_pe3e$defaultview]. 2019: age 16+.

It is therefore unclear whether it is the specific characteristics of the welfare regime that are the most significant factors for the participation rate. It is possible that other factors, such as a strong civic tradition or cultural values, have played a more prominent role in shaping these outcomes. For instance, the social democratic regime in the Nordic countries is a relatively recent phenomenon, yet the region has long been characterised by a strong civic tradition and cultural values that may have contributed to its success in promoting sport and exercise. The Anglosphere countries with a liberal welfare regime spend comparatively less public money on sport, yet achieve relatively high participation rates. It is important to be cautious when interpreting correlations as causality. However, in light of other comparative analyses of sport, it is reasonable to conclude that factors such as wealth, culture, educational attainment, civic traditions and others play a significant role in explaining participation levels between countries, while various policy regimes account for a relatively smaller proportion of the observed differences.

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4.5. APPENDIX – LIST OF FIGURES

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5. INTERNATIONAL BEST PRACTICES IN SOCIAL SECURITY SYSTEMS

SUMMARY

This report studies six potential best practices in social security policies and their implementation from a selection of OECD countries, focusing on social assistance, housing benefits, family benefits, healthcare and fiscal policies aimed at low-income households. Tax credits in New Zealand stand out in terms of operational efficiency and high take-up rates, and Danish activation policies for social assistance recipients stand out in terms of positive labour market outcomes. A general trade-off, particularly witnessed in New Zealand and the United Kingdom, is that relatively successful policies are more difficult and costly to start. Another general trade-off, particularly observed in Denmark and Germany, is that targeted policies involve more administrative burden. Finally, we find that more effective income support correlates with a low administrative burden for the applicant.

The goal of this research is to identify international best practices in the organisation of social security. The report starts with a broad scan of social security systems in Australia, Canada, Demark, Finland, Germany, the Netherlands, New Zealand, Norway, Sweden and the United Kingdom, focusing on benefit regulations, the organisations involved and the application processes. The broad scan covers social assistance, housing benefits, family benefits, healthcare and fiscal policies aimed at low-income households.

Based on this broad scan, the study continues with the analysis of six specific case studies which could be inspiring policies for other countries. These are: the focus on schooling in Denmark, the 225-hour rule in Denmark, the separation of social assistance, and housing and child benefits in Germany, refundable tax credits in New Zealand, social assistance and housing benefits in Sweden and Universal Credit in the United Kingdom. These six cases are assessed with respect to their administrative burden, the effectiveness of income support, targeting, labour market and education outcomes, income security, the financial position of the recipients and feasibility of implementation (Table S.1). The assessments are based on both empirical findings and theory.

Focus on schooling in Denmark

A primary goal of social assistance for young people (under 30 years) in Denmark is to have as many of them as possible start and complete an education. Young social assistance recipients who have not previously completed at least a vocational education programme, but should be able to do so, are steered towards education and receive lower social assistance (comparable to a student grant). In theory, the policy targets those who are expected to be able to start and finish an education, but this categorisation proves to be difficult in practice.

The focus on schooling in Denmark leads to improved labour market and education outcomes on the one hand, and an increased administrative burden for implementing organisations and a worse financial position for those who do not comply on the other. The lower social assistance rates increase the share of young unemployed people and young social assistance recipients in education by about 20 per cent, and there are small positive effects on the share of young unemployed people and young social assistance recipients that find employment.
The administrative burden is increased, because caseworkers must first assess whether the social assistance applicant is ready for schooling, and if so, set up an education plan. Employment is increased through two mechanisms.
First, the policy incentivises social assistance recipients to follow an education, and the improved educational outcome leads to an improved labour market outcome. Second, the lower social assistance rates incentivise young people to leave social assistance and accept paid work more often. However, this leads to a worse financial position for those who do not enrol in education or find employment.

225-hour rule in Denmark

Danish social assistance recipients who are not in an education programme and are able to work 225 hours per year, are expected to work at least this number of hours in unsubsidised employment. Individuals who do not comply, face a benefit reduction of up to 50 per cent. There are some exemptions, although it is not always clear for whom. Caseworkers seem to make some arbitrary choices, leading to different implementations of this policy in practice. Thus, in theory the policy targets those who are able to work, but this categorisation proves to be difficult in practice.

The 225-hour rule seems to improve labour market outcomes for social assistance recipients, but worsens the financial situation of those who do not comply and increases the administrative burden for implementing organisations.

After the introduction of this policy, the percentage of social assistance recipients performing paid work rose from about 5 per cent to 8 per cent, and the outflow out of social assistance increased. About 12 per cent of all social assistance recipients were sanctioned because of the 225-hour rule. A significant share of social assistance recipients is not aware of how they can prevent being sanctioned, which reduces the effectiveness of the policy and leads to worse financial outcomes. The administrative burden mainly relates to the caseworkers who determine whether or not someone should be exempted from the 225-hour rule.

Table S.1: Important differences between the relative performances of the six case studies

	Focus on schooling (Denmark)	225-hour rule (Denmark)	Separate social assistance and benefits (Germany)	Refundable tax credits[a] (New Zealand)	Two housing benefits (Sweden)	Universal Credit (UK)
Administrative burden implementing organisations	—	—*	—	+	—	0
Administrative burden households	0	0	—*/ +	+	—	+*
Effectiveness of income support (a.o. take-up rates)	0	0	—*	+*	—	+
Targeting of activation programmes and incentives	+	+	+	0	0	0
Labour market and education outcomes	+**	+*	0	0	—	0
Income security	0	0	—*	—*/ +	+	—*/ +
Financial position recipient	—*	—*	0	0	+*	0
Feasibility of implementation	0	0	0	—	0	—

Source: SEO Amsterdam Economics

*Note: The impacts are assessed as if this case was implemented in another country where this specific policy is currently not part of the social security system. + indicates a positive impact, — indicates a negative impact, 0 implies no impact, —/+ indicates both negative and positive impacts, for different groups, 0/+ indicates no or a positive impact, for different groups. * indicates documented evidence and ** indicates causal evidence. The impacts do not indicate any magnitude of effects. Also, importantly, the impact depends on a country's institutional context.*

[a] When the eligible credit amount is higher than the tax owned, a refundable tax credit ensures that the difference is paid as a refund.

Separation of social assistance and benefits in Germany

In Germany, social assistance on the one hand and housing and child benefits on the other, are mutually exclusive. Households receiving social assistance are not eligible for housing and child benefits and vice versa. In this manner, both social assistance and reintegration policies can be targeted at the lowest incomes. In addition, (near) zero income households only need to go through one application process to receive all available income support and as a consequence, face little income uncertainty.

However, the mutual exclusiveness implies a cut-off income level at which households should switch between schemes. This creates an administrative burden for both the households and the implementing organisations, particularly when the household income fluctuates around this cut-off point. This decreases income security for households around the cut-off point. Households need to switch benefits when their income crosses the cut-off point. They need to work out which scheme to use and often seem to make suboptimal choices. Roughly 8 to 14 per cent of the households that use a benefit scheme are in a suboptimal scheme.

Refundable tax credits in New Zealand

In New Zealand, all family benefits are paid through the tax system. The refundable tax credit depends on household income, the number of children and the ages of the children. If the household prefers to receive the tax credit as a lump sum at the end of the fiscal year, the amount is based on actual income. If a weekly or fortnightly payment is preferred, the tax credit is based on the estimated household income.

Organising family benefits through the tax system increases operational efficiency, decreases the administrative burden, increases take-up rates and can improve income security. The administrative burden for the implementing organisation is relatively low, because the tax office already possesses income data and does not need to retrieve it from other organisations. The administrative burden for households is also low, as they do not need to take any other action than filing their tax returns. Tax filing in New Zealand is relatively simple and is done automatically for

households on social assistance or unemployment benefits, and for households with only wage income. This low administrative burden, and the fact that in principle everybody files their tax returns, results in high take-up rates. The income security for households receiving the lump sum is increased, because the amount that is paid out is based on actual income. However, households receiving weekly or fortnightly payments still run the risk of having to make repayments; in 2023, one to two per cent of individuals aged 15 to 65 had to repay tax credits. A limitation of this policy is that its initial implementation is complicated.

Social assistance and housing benefits in Sweden

In Sweden, social assistance includes a housing supplement in addition to the regular housing allowance, which ensures full coverage of housing costs for all social assistance recipients. The combined social assistance and housing benefits are therefore relatively generous.

The full coverage of housing costs through two different schemes leads to a relatively high administrative burden for both implementing organisations and households. Households need to apply twice, and different implementing organisations must verify similar documents. The housing allowance is ineffective for income support to social assistance recipients, because a change in the housing allowance will cancel out the housing supplement. The substantial benefit amounts may lower work incentives for social assistance recipients. Finally, the full coverage of housing costs reduces the need to find cheaper housing and hampers housing market allocations.

Universal Credit in the United Kingdom

The United Kingdom has combined six different means-tested benefits into one payment, called Universal Credit. Households need to apply only once to receive this combined payment. The amount is based on the eligibility criteria for each benefit separately, and depends on the actual income earned in the previous month.

Universal Credit reduces the administrative burden for households and increases take-up rates. A main advantage is the simplified and combined application process. Calculation of the benefit based on the actual income in the previous month leads to greater income security, as there are fewer repayments. However, a change in income directly leads to unexpected benefit changes, which results in difficulties for household budgeting. Therefore, it remains uncertain whether Universal Credit has positive effects on income security. This policy has opportunities for high operational efficiency, but it is too early yet to determine if that will be realised.

5.1. INTRODUCTION

This study uses desk research to gain insight into ten diverse social security systems. At first, the social security systems regarding social assistance, housing benefits, family benefits, healthcare and fiscal policies in ten countries are outlined. Subsequently, in-depth analyses are conducted on six different aspects of the social security system across various countries.

5.1.1. Research question and objective

The goal of this research is to identify international best practices regarding the organisation of social security systems. Social security policies can be relatively effective and/or efficient when compared with different countries. Such arrangements can inspire other countries to follow the example that has been set. The central research question is:

What lessons can the Netherlands and other countries draw from different social security systems?

In this research we consider social security policies, and also fiscal policies insofar as they have the same goals as social security. The general goals of social security policies are: providing income insurance, reducing poverty and inequality, and stimulating labour participation. Fiscal policies are often also used to achieve these goals, but fiscal policies with different objectives are not part of this research.

5.1.1.1. Selected countries

The countries taken into account in this study are Australia, Canada, Denmark, Finland, Germany, New Zealand, Norway, Sweden and the United Kingdom, as well as the Netherlands itself. The selected countries were chosen because they show a certain resemblance to the Netherlands in terms of institutions, demographics and economic development, have sufficient accessible study materials available and collectively offer a broad scope of relevant and inspiring policies.

5.1.1.2. Selection of policies

The considered policies encompass social assistance, housing benefits, family benefits, healthcare benefits and fiscal policies. These policies are selected based on their goals to provide income insurance, reduce poverty and inequality, and stimulate labour participation. Consequently, only fiscal policies aimed at reducing the tax burden for low-income groups or at increasing labour participation are taken into consideration. Fiscal policies aimed at wealth or businesses are therefore excluded. For each policy included, the following aspects are considered: a description of the policy itself, details of the organisation involved and information on the application process for accessing the policy's benefits.

5.1.2. Methodology

The quick scan has been conducted based on desk research. It encompasses a review of policies from various sources, including the EUROMOD Country Reports, Social Security Reports by the European Commission and OECD TaxBen Country Reports. To complement the overview of policies with details about the organisations involved and the application process, information from government websites and legal documents has been gathered.

The performance of these policies is judged based on several indicators. These indicators can be categorised in four groups: poverty measures, inequality measures, usage measures and spending measures. They are selected to cover different types of effectiveness and efficiency (see Box 1.1). The group of poverty measures contains poverty rates, poverty reduction after income transfers and taxes, and income levels for two household types. The group of inequality measures contains the Gini coefficient, the S80/S20 ratio and the redistribution effort measure. The group of usage measures contains unemployment rates, employment rates, usage rates and duration of social assistance. The group of spending measures contains social spending as a percentage of GDP and government spending, share of administrative cost and efficiency of social expenditure. The indicators used are sourced from OECD data.

The cases are constructed through a combination of desk research and discussions with social security experts, with the objective of collecting information on specific aspects and outcomes of the relevant social security system. During the desk research phase, academic literature, policy evaluations and published insights from policy researchers, for instance those in newspapers, are used. The information gathered during the desk research is supplemented with additional details obtained through conversations with experts.

Definitions of effectiveness and efficiency

- The effectiveness of the social security system relates to its main functions: providing income insurance, reducing poverty and inequality, and stimulating labour participation.
- Economic efficiency occurs when resources are utilised optimally to achieve the highest possible level of overall welfare or utility. Economic efficiency takes into account both the production process and the allocation of resources, in a way that balances societal costs and benefits.
- Operational efficiency aims to minimise costs, increase productivity and enhance overall performance. It is achieved by streamlining processes, reducing waste and optimising resource utilisation. Costs, productivity and performance are viewed in a broad sense, e.g. including non-monetary aspects. Examples of non-monetary aspects of operational efficiency are: simplicity and clarity for households and businesses, a low administrative burden, the completion of tasks within the shortest possible time frame, minimising delays, as little uncertainty as possible for households and businesses, and integration with other relevant institutions.
- Cost efficiency relates to achieving the desired output or outcome at the lowest possible cost. It involves minimising expenses and ensuring that resources are used efficiently to achieve cost savings without compromising quality.

5.1.3. Motivation for the six cases

This section explains the motivation behind the selection of the six cases. The motivation is based on the findings outlined in Chapters 2, 3 and 4, as well as on expectations derived from academic literature. Per selected case, a brief reasoning is given.

Focus on schooling in Denmark

Danish social assistance contains several, internationally unique, targeted activation policies. One such policy is the focus on schooling for young social assistance recipients. Social assistance recipients younger than 30 years who have not previously completed at least a vocational education programme, but should be able to do so, face lower social assistance rates. To target these education efforts at the right group, social assistance recipients are categorised based on age, educational attainment and 'readiness' for education. This targeted financial incentive has the potential to significantly increase educational qualifications among young social assistance recipients, without financially harming those who are not able to enrol in education due to, for example, health reasons (Kleif & Nielsen Arendt, 2020).

225-hour rule in Denmark

Danish social assistance contains several, internationally unique, targeted activation policies. One such policy is the 225-hour rule, which dictates that people who have received social assistance for one year or more within a three-year period, must work at least 225 hours annually in ordinary, unsubsidised employment to retain their full social assistance rates. Exemptions and extensions are possible for individuals who cannot comply to the rule due to, for example, health reasons. This targeted financial incentive has the potential to significantly increase employment among social assistance recipients, without financially harming those who are not able to work (Finansministeriet, 2019).

Separation between social assistance and benefits in Germany

In Germany social assistance, and housing and child benefits, are mutually exclusive. It is interesting to examine how this fact influences the application procedure, take-up rates and system efficiency. This mutual exclusiveness means that households that receive social assistance are not eligible for housing and child benefits, making social assistance the sole benefit which they need to apply for. This can simplify the application process for households with (near) zero income levels, reducing the need for navigating through intricate social benefit systems and lowering administrative burdens. Currie (2004) observes that lowered administrative barriers lead to higher take-up, especially when such barriers are diminished across the entire system, as is the case with social assistance in Germany. However, it can also increase complexity because of the need to switch benefits if income increases.

Refundable family tax credits in New Zealand
In New Zealand, there are four refundable tax credits targeted at families with children, consolidating all child benefits within the tax system. These tax credits closely resemble the cash transfer concept of child benefits seen in other countries. New Zealand is rather unique in distributing child benefits through the fiscal system. The fiscalisation of child benefits places a significant focus on targeting low-income households, although the average child tax credit often falls short of the levels guaranteed by cash transfer child benefits (Ferrarini et al., 2012). Furthermore, governments that have introduced benefits through the tax system argue that fiscalisation simplifies the process, but improvements in simplicity are found to be greater in theory than in practice (Kesselman, 1993). Additionally, organising child benefits through the fiscal system may improve take-up rates, as administrative barriers could be lower, and the associated stigma may be perceived as less pronounced (Ko & Moffitt, 2022).

Social assistance and housing benefits in Sweden
The Swedish social assistance scheme is characterised by the fact that social assistance includes housing costs and consequently benefit amounts are higher than in other countries under study. In addition to the housing supplement for social assistance recipients, a housing benefit for young people, people with children and older people is available. This means that in Sweden, housing costs are covered in full as long as they are assessed to be reasonable. Providing a housing supplement in addition to social assistance makes Sweden an interesting case to see how these benefits interact.

Universal Credit in the United Kingdom
The United Kingdom has been chosen for an in-depth analysis since it simplifies social assistance by combining six means-tested benefits into one monthly payment. The social assistance scheme in the Netherlands is often considered to be too complicated as it includes a wide range of benefits. This makes it interesting to see how a simpler system works. For instance, simplicity is expected to increase take-up rates and thereby reduce poverty for children and working-age adults (Department for Work and Pensions, 2010). Furthermore, according to Amaglobeli et al. (2023) simplification and automatisation enables governments to improve the efficiency of public spending. It is therefore interesting to see if the administrative burden has decreased as a result of the implementation of Universal Credit.

5.1.4. Structure of the report
The rest of the report is structured as follows. Chapter 2 describes the social security system of each country under research. The chapter starts with an introductory section that provides an overview of various aspects of social security systems to enable a comparison between the countries. Thereafter, Sections 2.2–2.11 describe the benefits, the institutions involved and the application process for social assistance, housing benefits, family benefits, healthcare and fiscal policies for each researched country. Chapter 3 presents indicators related to poverty, inequality, outcome performance and social spending. Chapter 4 focuses on the connections between the indicators discussed in Chapter 3 and the corresponding social security systems described in Chapter 2. Chapters 5–10 present case studies focusing on specific aspects of the social security system in Denmark, Germany, New Zealand, Sweden and the United Kingdom. Chapter 11 contains a synthesis of the most important findings. Definitions of terms used throughout the report are provided in the glossary in Appendix A.

5.2. SOCIAL SECURITY SYSTEM PER COUNTRY

The countries under study exhibit variations in their social security systems with regard to the implementation level and the type of benefits. Nonetheless, clusters of countries with rather similar social security system emerge, such as Australia and New Zealand, as well as the Scandinavian countries Denmark, Sweden and Norway.

This chapter provides insights into the social security systems of each country and presents the results of the indicators. First, an overview of the different aspects of social security systems is given. This overview gives insight in the differences between countries. Thereafter, the social security system of each country under study is discussed in more detail, emphasising social assistance, housing benefits, family benefits, healthcare and fiscal policies. Each subsection about a country provides details about the policies, the organisations involved and the application processes.

5.2.1. Overview

The ten countries under research have varying social security systems, with significant distinctions in terms of benefit policies, their implementation and execution (see Table 2.1 and Table 2.2). Table 2.1 addresses whether policies are implemented and executed at the national or local level. Table 2.2 is divided into three sections. The first focuses on the types of benefits and the interplay between benefits; the second summarises the healthcare and fiscal system; the third provides a comparison of activation and reapplication policies.

In most countries, benefit amounts for all policies are regulated at the national level. This means there are overarching regulations at the national level, although the actual benefit amounts may vary across regions. Sweden is a notable exception, as it employs a mixed approach and determines healthcare benefits at the local level. Canada stands out by setting almost all policies at the local level. The implementation of benefits is more divided between the national and local level. Countries such as Australia, Finland, New Zealand and the United Kingdom still handle everything at the national level, while in Denmark, Germany and Sweden the responsibility is shared with local institutions. Furthermore, fiscal policies across all countries predominantly reside at the national level, occasionally accompanied by additional regulations at the local level, as seen in Canada, Finland, Norway and Sweden.

Table 2.1: Overview of implementation levels of nine social security systems

	Australia	Canada	Denmark	Finland	Germany	Netherlands	New Zealand	Norway	Sweden	United Kingdom
Determination of benefit amount	national	local[a]	national	national	national	national	national	national	national & local	national
Implementation of benefits	national	local[a]	national & local	national	national & local	local	national	national & local	national & local	national
Execution of fiscal policies	national	national & local	national	national & local	national	national	national	national & local	national & local	national

Source: SEO Amsterdam Economics
Note: [a] All benefits are determined at the local level, except child benefit

Many of the studied countries have some other, integrated benefits in social assistance. For instance, Australia and New Zealand have integrated unemployment insurance in social assistance. In Canada, Germany, Sweden, Finland and Norway, housing benefits are included in social assistance, effectively providing compensation for housing costs. All countries offer higher benefits to families with children. Notably, the United Kingdom uniquely integrates disability benefits and tax credits into its social assistance, setting it apart from the other countries in this study.

In addition to social assistance, nearly all the countries in the study provide supplementary housing or child benefits. In all countries except the United Kingdom, a separate means-tested housing benefit is available. In Germany, recipients of social assistance are excluded from receiving housing benefit, while Denmark offers a housing benefit only for recipients of social assistance. In other countries, both recipients and non-recipients of social assistance can apply

for housing benefit. As mentioned, there is no distinct housing benefit programme in the United Kingdom. However, households that would not typically meet the eligibility criteria for social assistance in other countries can apply for the integrated social assistance programme and receive only the housing benefit. Furthermore, all the countries studied offer child benefits, but there are variations in terms of their universality. In Finland, Germany, Norway, Sweden and the United Kingdom child benefits are offered universally, while in the other countries these benefits are subject to means testing. Germany is noteworthy as it offers a child benefit that excludes recipients of social assistance.

The majority of countries examined have implemented a universal healthcare system, with the exception of Germany, Finland, the Netherlands and New Zealand. In Finland and New Zealand, low-income households dealing with healthcare expenses receive one-off payments. In Germany, low-income households are covered through the statutory health insurance system. The Netherlands stands out as the sole country providing a healthcare cash benefit. Households are obligated to use the cash benefit to obtain insurance from a private health insurer.

Every country under study reduces taxes for low-income households, employing different approaches. Australia, Canada and Sweden, for instance, impose a zero per cent income tax rate in the first tax bracket. Additionally, all countries provide tax credits or deductions to further minimise the tax burden for households with lower incomes.

Denmark places a strong emphasis on the education of young individuals and offers numerous financial activation incentives. In stark contrast, Finland barely imposes any activation requirements for social assistance recipients. In most countries, there is no requirement for reapplication, and benefits are provided as long as the need persists. However, in Finland and New Zealand reapplication is necessary. Notably, Finland requires reapplication every one to two months. In most countries, except for Canada and Germany, a single organisation handles all benefits applications. The United Kingdom distinguishes itself by granting all benefits based on a single application.

Table 2.2: Overview of benefits and their requirements for nine social security systems

	Australia	Canada	Denmark	Finland	Germany	Netherlands	New Zealand	Norway	Sweden	United Kingdom
Benefits integrated in social assistance	UI, child	housing, child	child	housing, child, health	housing, child, health	none	UI, child	housing, child	housing, child	UI, housing, child, disability, tax credit
Additional housing benefits[a]	all (m)	?[a] (m)	all (m), SA (m)	all (m)	exSA (m,a)	all (m)	all (m)	SA (m), all (m)	all (m)	
Additional family benefits[a]	all (m)	all (m)	all (m)	all (u)	all (u), exSA (m)	all (u), all (m)	all (m)	all (u)	all (u)	all (u[b])
Institution involved[d]	[SA, housing, family]	[SA] [housing] [family]	[SA] [housing, family]	[SA, housing, family]	[SA] [housing] [family]	[SA] [housing, family]	[SA, housing, family]	[housing] [SA, family]	[SA] [housing, family]	[SA, housing, family]
Type of healthcare system	universal healthcare	universal healthcare	universal healthcare	one off pay-ments	state health insurance	health benefit	one off payments	universal healthcare	universal healthcare	universal healthcare
Fiscal policies	zero first bracket, credit	zero first bracket, credit	credit, deduction	credit, deduction	credit, deduction	credit	credit	deduction	zero first bracket, deduction, credit	deduction
Activation policies social assistance	average	high	very high	low	average	average	average	high	average	average
Reapplication social assistance	none	none	none	SA: 1-2 months	none	none	SA: 12 months	none	none	none

Source: SEO Amsterdam Economics

Note: Additional benefits described by universality, where m = means-tested, a = assets-tested, u = universal, and by target group, where SA = accessible only for social assistance recipients, ex-SA = not accessible for social assistance recipients, all = accessible for social assistance recipients and non-social assistance recipients.

[a] Different benefits in new row.

[b] Housing benefits in Canada are regulated at the local level and therefore target groups might also differ per jurisdiction.

[c] Child benefit in the United Kingdom is generally universal, but can be taxed away for higher income levels.

[d] Separate implementing organisation is indicated by brackets.

5.2.2. Australia

Australia's social security system is characterised by the absence of unemployment insurance. Instead, all unemployed directly apply for social assistance. Furthermore, housing benefits are never paid separately, but always as a component of other benefits, such as social assistance. Finally, Australia also offers income support through the tax system, by levying zero per cent income tax in the lowest tax bracket.

5.2.2.1. Social assistance

Description of the benefits (including target group)

Australia has two types of social assistance benefits: the *JobSeeker Payment* and the *Youth Allowance*. There is no separation between social assistance benefits and unemployment benefits; in case of unemployment, the person applies directly for social assistance. The benefits are means-tested and do not depend on prior work history or social security contributions. The Youth Allowance is generally paid to unemployed people aged 16 to 21 years and the JobSeeker Payment is paid to unemployed people aged 22 to pension age. Rates of payment are dependent on age, partner status, presence of dependent children and living situation. Furthermore, eligibility is subject to personal and partner income testing and asset testing.

Organisations involved

Service Australia, formerly the Department of Human Services, is an implementing organisation of the Australian Government responsible for a range of welfare benefits. Employees of Service Australia determine a person's eligibility for JobSeeker Payment and Youth Allowance. The payments are administered through the Centrelink programme, which is part of Service Australia. Applications go through myGov accounts (such as DigiD) linked to Centrelink. Furthermore, to be eligible for social assistance, involvement with a Workforce Australia Employment Services provider is mandatory. The Employment Services provider will develop an individual plan with activity requirements.

Description of the application process

Application for either JobSeeker Payment or Youth Allowance can be done in three ways; online (via myGov), by phone (Centrelink Employment Services line) or by visiting a service centre. In the case of an online application, the myGov account should be linked to Centrelink. With the application, supporting documentation about the tax file number, financials, living arrangements, employment status, and study and medical documents need to be provided.

A one-week waiting period for JobSeeker Payment and Youth Allowance generally applies after submission of an application. During this waiting period, an applicant is not eligible for benefits. The waiting period is less than a week if reclaiming within 13 weeks, or in the case of loss of partner or severe financial hardship. The waiting period may be extended if someone has savings, has received lump sum payments when finishing work, has recently completed seasonal work or is new to Australia. The aim is to assess a claim within 21 days and in most cases the first payment is made around two weeks after the claim is approved.

5.2.2.2. Housing benefits

Description of the benefits (including target group)

Housing assistance is available via the *Commonwealth Rent Assistance*. Housing benefit is a non-taxable income supplement paid as a component of another benefit, such as social assistance[1]. Consequently, there are no separate eligibility criteria for housing benefits; these criteria are integrated within other benefits. The amount of benefit paid is calculated as 75 cents for each dollar of rent paid that exceeds the specified minimum rent threshold, up to the maximum rate allowable. The maximum and minimum rent thresholds vary depending on the family situation.

Organisations involved

Commonwealth Rent Assistance is part of other benefits and therefore eligibility is also determined by Service Australia. Furthermore, the payments are administered through Centrelink. Changes in a person's housing situation must reported in their myGov account, which is linked to Centrelink. They can also be contacted by phone or by visiting a service centre.

Description of the application process

Commonwealth Rent Assistance does not require a separate application. Instead, an automatic check is performed each time a benefit is claimed. As part of the benefit claim process, a formal tenancy agreement or rent certificate is requested. If housing arrangements change after a primary benefit has already been claimed, individuals can update their address and accommodation details online. These updates will be reviewed, and eligibility will be determined based on the revised information.

[1] Other benefits included with Commonwealth Rent Assistance are Age Pension, Carer Payment, Disability Support Pension, ABSTUDY Living Allowance, Austudy, Special Benefit, Family Tax Benefit (Part A), Parenting Payment or Farm Household Allowance.

3.2.2.3. Family benefits

Description of the benefits (including target group)

There are two child-specific benefits in Australia; the *Family Tax Benefit* (consisting of part A and part B) and the *Parenting Payment*. The Family Tax Benefit is the main benefit that helps eligible families cover the costs of raising children. Part A is paid per child and the amount paid is based on the family's circumstances and income. It can include additional supplements for newborn children and families with multiple births. Part B is paid per household and gives extra help to single parents and couples if the household has one main income under a certain threshold. For the household to be eligible for part A, the children must either be under 16 years old, or 16–19 years and in full-time education and not receiving benefits on their own. For part B, children must be under 13 years old if they live with the family. If the children live with a single parent or grandparents, children must be under 16 years old or 16–18 years and in full-time education. Family Tax Benefit is partly paid either fortnightly based on an estimate of taxable income, or as a lump sum after the end of the financial year.

Additionally, a Parenting Payment is available to the principal carer of a dependent child aged under six years for partnered recipients, or aged under eight years for single recipients. Only one parent or guardian can receive the payment and this benefit cannot be combined with social assistance.

Moreover, there is a *Child Care Subsidy* to assist families with covering the cost of childcare, thus supporting their workforce participation. The Child Care Subsidy is generally paid directly to childcare providers, who then extend it to individuals in the form of reduced fees. The subsidy amount is determined as a percentage of the actual hourly childcare expenses, up to a specified hourly rate limit. Income thresholds are used to determine the percentage of Child Care Subsidy eligibility, which decreases for higher household incomes.

Organisations involved

Service Australia is the organisation that handles the applications. The payments are again administered through Centrelink. After the fiscal year, Service Australia compares the estimated yearly income with the actual income and checks if the right amount has been paid. To be able to do so, households need to lodge their tax return with the Australian Taxation Office. Additionally, when it comes to the Child Care Subsidy the childcare service also plays a role by signing an agreement.

Description of the application process

The application for Family Tax Benefit can be made online, over the phone or by post. For an online application, the myGov account should be linked to Centrelink. To complete the claim, the applicant should provide family income details, residence details, tax file numbers and bank account details. Additionally, the child must be registered at birth or at adoption in the parents' myGov accounts. If a household wants to receive full Family Tax Benefit fortnightly, it needs to provide an estimate of the family income. To prevent overpaying, this estimate should be accurate and up to date. Alternatively, households have the option to receive part of the payment fortnightly and the remainder at the end of the fiscal year to prevent overpaying. This is only possible for Part A and not for Part B. It is also an option to wait until the end of the fiscal year and receive the Family Tax Benefit as a lump sum based on the exact family income.

Parenting Payment claims can either be made online or over the phone, and follow a similar process as Family Tax Benefit. However, payments are always made fortnightly. Therefore, income needs to be reported every two weeks, even if it is zero.

Child Care Subsidy can be claimed online via myGov or by phone. Before the subsidy can be claimed, a confirmation of the child's childcare enrolment is needed. This must be done via an agreement (*Complying Written Arrangement*) between the household and the childcare service, stating details about case sessions and fees. It is worth noting that a Child Care Subsidy claim can only be applied for retroactively within 28 days.

5.2.2.4. Healthcare

Description of the benefits (including target group)

The healthcare system in Australia is comprehensive, consisting of public and private components. The central public scheme, known as Medicare, is Australia's universal health insurance scheme. It guarantees all Australians, regardless of their income, access to a wide range of hospital and health services for no cost or at a low cost[2].

[2] In general, Medicare covers services delivered in public and private hospitals, medical services, tests, imaging and scans. It does not cover, among others, ambulance services, most dental services, glasses/contact lenses, hearing devices, elective and cosmetic surgery. A full list of what is covered is given in the Pharmaceutical Benefits Scheme and the Medicare Benefits Schedule.

The *Extended Medicare Safety Net* provides coverage for 80% of out-of-pocket expenses above a certain threshold, which is set at a lower level for, among others, individuals receiving social assistance. To sustain this system, every citizen pays a Medicare levy of two per cent on their taxable income. However, several exemptions and reductions apply to the Medicare levy, for instance for individuals with lower incomes.

Given that the public healthcare scheme does not cover everything and to reduce pressure on the public healthcare system, the government encourages individuals to take out private insurance. Households with an income exceeding a specific threshold are required to obtain private health insurance. If these households do not take out private health insurance, they must pay the Medicare levy surcharge. This is a surcharge of 1 to 1.5 per cent on their taxable income, on top of the usual Medicare levy. Another incentive to take out private health insurance early in life is that private insurance is progressively more expensive as people become older. If a person has not taken out private hospital insurance by age 31 and opts to do so after this time, their private health insurance premiums increase by two per cent per year that the person was uninsured. The maximum additional private health insurance premium is 70 per cent and continues for ten years. To support the adoption of private health insurance, the government subsidises private health insurance premiums by up to 30 per cent, with the subsidy rate varying based on both income and age.

Organisations involved
As Australia's healthcare system is complex, many organisations and institutions are involved in the process. The funding is sourced from various channels, including all levels of government, individuals[3], private health insurers and non-government organisations. Additionally, the Australian Taxation Office collects the levies. Furthermore, Medicare handles the registration and payment of healthcare consumed by individuals. The state, territory and local governments deliver and manage public health services and regulate private hospitals. The Australian Health Practitioner Regulation Agency regulates registered health professionals.

Description of the application process
To enrol in Medicare for the first time, the applicant must complete an enrolment form and provide the necessary supporting documents, including a passport and information about their current living situation. The completed form should be submitted either by mail or email. Once the enrolment is approved, an applicant will receive a Medicare card, which can also be linked to their myGov account. This card should be presented whenever healthcare services are accessed. Furthermore, bank account details should be registered to the Medicare card to enable reimbursement of medical expenses.

Individuals who seek Medicare benefits in addition to their private health insurance benefits can typically initiate a claim process through either Medicare or their private insurance provider. Medicare or the private insurer will then pass on the relevant share to the other party. If the private insurer is not linked to Medicare, two separate claims must be initiated, one with Medicare and one with the insurer.

5.2.2.5. Fiscal policies

Description of the policies
In Australia, the income tax rate in the first bracket is zero and there are several tax credits. In general, income tax is calculated based on taxable income, encompassing earnings such as salaries, wages, investments and government payments. Furthermore, the *Beneficiary Tax Offset* is a generally accessible tax credit for individuals receiving taxable income support payments categorised as social security benefits, such as JobSeeker Payment and the Youth Allowance. The credit is based on the benefit amount received and is not applicable to those with benefits below a certain threshold.

A tax credit (*Low Income Tax Offset*) is available to taxpayers whose taxable income does not exceed the low-income threshold. Additionally, a tax credit (*Low and Middle Income Tax Offset*) is available to taxpayers whose income is below the middle-income threshold. Entitlement to the Low and Middle Income Tax Offset is in addition to the existing Low Income Tax Offset.

Organisations involved and description of the application process
The Australian Taxation Office will calculate the income tax payable and the offsets when it processes taxes. Individuals do not need to do anything to claim any tax offsets.

[3] Out-of-pocket expenses for healthcare not covered by either Medicare or private health insurance.

5.2.3. Canada

Canada's minimum income benefits are characterised by strong local variation in the availability of benefits, between jurisdictions and varying housing benefits for non-social-assistance recipients. Family benefits are organised at the national level and underwent a major reform in 2016, when multiple family benefits were combined into one.

5.2.3.1. Social assistance

Description of the benefits (including target group)

In Canada, social assistance[4] is a non-contributary and means-tested benefit administered by the 13 jurisdictions, which establish their own criteria and payment rates. Each jurisdiction determines the asset test, income test and definition of need within its respective social assistance legislation. For individuals who are able work, there is a strong emphasis on actively pursuing, accepting and maintaining suitable jobs or retraining as an initial and continuing requirement of eligibility for social assistance. Consequently, many jurisdictions provide a combination of financial aid and employment services along with training opportunities. To ensure that individuals who transition from social assistance to employment are economically better off when they work, several jurisdictions have introduced working income supplements. Social assistance is paid as long as there is a need.

Organisations involved

Social assistance in Canada involves two primary institutions: the federal government and the specific jurisdiction. The Canada Assistance Plan is a federal funding programme through which the federal government provides partial financial support to eligible social programmes. In the context of social assistance, the federal government contributes 50 per cent of the costs.

Description of the application process

Although the basic structure of social assistance is rather similar across Canada, each programme within every jurisdiction has distinct administrative regulations and eligibility requirements. Therefore, the application process also differs per jurisdiction, and applications always go through the respective jurisdiction.

5.2.3.2. Housing benefits

Description of the benefits (including target group)

Canada lacks a general housing benefit. Instead, in most jurisdictions social assistance includes a *Shelter Allowance*. In general, the total payment in social assistance consists of a basic allowance and a Shelter Allowance, designed to provide support for housing expenses. The Shelter Allowance is determined by provincial governments to reflect actual housing costs in their respective regions. Furthermore, provinces and territories offer additional housing benefit schemes to low-income households that are not eligible for social assistance.

Organisations involved

The organisations involved vary depending on the jurisdiction. When it comes to the Shelter Allowance, the federal government again partly finances the programme. As for the housing benefit, each jurisdiction has its own programme with its own associated implementing organisation. In British Columbia, for instance, British Columbia Housing is the corporation responsible for the development, management and administration of subsidised housing. It collaborates with non-profit organisations to distribute the housing benefit.

Description of the application process

No separate application is required for the Shelter Allowance, as it is included in the overall social assistance application. However, for additional housing benefits the application procedures can vary substantially. For instance, in British Columbia there is no direct application process. Instead, British Columbia Housing selects eligible candidates from its housing registry. This is a registry for subsidised housing for which households have to apply. On the other hand, in Saskatchewan, individuals must apply for housing benefits directly by completing an application form and submitting the required documents.

[4] In each jurisdiction, social assistance can have its own specific name. Therefore, it is simply referred to as social assistance in this chapter.

5.2.3.3. Family benefits

Description of the benefits (including target group)

In 2016, Canada reformed several family benefits to one child benefit (*Canada Child Benefit*). The Canada Child Benefit is a means-tested federal benefit for families with children under the age of 18 years. The benefit amount reduces with the age of the children, the household income and the number of children (only if the household income is above a certain threshold). Benefits are paid monthly over a yearly period from July to June, based on the adjusted net household income from the previous fiscal year. Additionally, it is worth noting that provinces and territories also offer various benefits and services for families with children, although these are not elaborated here.

Childcare arrangements in Canada are primarily organised at the provincial level, with the federal government offering a tax reduction for households using childcare. This is known as the *Child Care Expense Deduction* and can be used to claim deductions for childcare costs for children under the age of 16 years. There are specified maximum amounts that can be claimed for childcare expenses, with higher maximum amounts for younger children. Furthermore, a claim for childcare expenses in a given year cannot exceed two-thirds of the individual's income for that year. In general, the parent with the lowest income must claim the tax deduction. Childcare expenses vary within and across provinces, and depend on the age of the child, the type of care arrangement and the hours of childcare provided. Additionally, discounts or free childcare provisions are subject to regulation by the province.

Organisations involved

The Canada Child Benefit and Child Care Expense Deduction are administered by the Canada Revenue Agency. It administers tax laws for the Government of Canada and for most provinces and territories.

Description of the application process

People can apply for the Canada Child Benefit in three ways; through the birth register, through My Account or by post. First, parents have the option to apply for family benefits when registering the birth of their child with their respective province or territory. Second, My Account is a Canadian online portal that allows individuals to access their personal income tax and benefit information, and also offers them the opportunity to apply for family benefits. Third, applicants can complete a form, attach the necessary supporting documents and send it to a tax centre. When applying via the birth register or My Account the first payment should be received within eight weeks, whereas it takes up to eleven weeks for application by post. The Canada Child Benefit application does not only determine eligibility for the Canada Child Benefit itself, but is also used to assess eligibility for various related provincial and territorial child benefit and credit programmes.

To receive the Child Care Expense Deduction, an application form needs to completed each year. The form should state the amount that can be claimed, which is shown on the tax return form. Furthermore, proof of payment to support any expenses is required. It is not possible to carry forward unclaimed expenses to another year.

5.2.3.4. Healthcare

Description of the benefits (including target group)

Canada has a decentralised and universally accessible health system. Healthcare is primarily managed by the 13 jurisdictions, each with its own insurance plan. Nevertheless, all citizens receive reasonable access to medically necessary hospital care and physician services without incurring out-of-pocket expenses. To address services not covered, jurisdictions extend basic coverage to specific groups, including individuals receiving social assistance. Moreover, they offer assistance to individuals facing substantial out-of-pocket expenses. When citizens spend more than 3 per cent of their net annual income on (eligible) medical expenses, they can receive a 15 per cent tax credit for any remaining expenses. Additionally, approximately two-thirds of Canadians have private health insurance.

Organisations involved

The organisation of Canada's healthcare system is determined by the Canadian Constitution, which outlines the division of roles and responsibilities between the federal government and the provincial and territorial governments. The primary role of delivering healthcare and other social services falls to the provincial and territorial governments. The federal government is responsible for establishing and enforcing national standards for the healthcare system, providing financial support for healthcare services, and supporting the additional provision of healthcare services to specific target groups. Healthcare is financed by general revenue derived from federal, provincial and territorial sources of taxation.

Description of the application process
To access healthcare, individuals need to apply for a health card from their jurisdiction. Each jurisdiction has its own application process.

5.2.3.5. Fiscal policies

Description of the benefits (including target group)
The income tax system in Canada includes various tax credits aimed at reducing taxes payable for low-income households. In general, the federal income tax system is progressive, with a 15 per cent income tax rate that applies from zero taxable income up to the first threshold. Canada has a personal tax credit called the *Basic Personal Amount*. In addition, there is the *Credit for Spouse or Eligible Dependant*, which taxpayers receive if they support a spouse or other adult in their household. Both the Basic Personal Amount and the Credit for Spouse or Eligible Dependant decrease as income rises, but are never reduced to zero. Additionally, there is the *Goods and Services Tax Credit*, which is a tax credit for each adult (19 years of age or older) and each child in the household. This credit is specifically targeted at households with low to moderate incomes. Furthermore, there are the *Canada Workers Benefit* and the *Canada Employment Tax Credit*, which are credits on earned income and work expenses (such as uniforms or home computers), respectively. The Canada Workers Benefit only applies to households with a low work income. Moreover, all jurisdictions also set their own tax on personal income – they can set their own tax brackets, rates and credits.

Organisations involved and description of the application process
All tax credits can be claimed when filing tax returns. This can be done electronically or on paper. The Canada Revenue Agency administers taxes for the federal government.

5.2.4. Denmark

Denmark's social security system is characterised by a highly differentiated social assistance scheme with a strong focus on schooling for young people, and many financial activation incentives. Furthermore, Denmark provides additional housing support to social assistance recipients with high rental costs. Denmark does not provide health-related income transfers; instead, it has an extensive public healthcare system that offers most examinations and treatments for free to all people living in Denmark.

5.2.4.1. Social assistance

Description of the benefits (including target group)

Social assistance in Denmark is called *Kontanthjælp*, or 'cash assistance'. This assistance is granted to individuals in the working-age population who do not have enough income to make ends meet. Social assistance is means- and assets-tested, and is taxed. The maximum benefit amount depends on the applicant's age, whether they live independently, if they are the breadwinner, and their education level.

Danish social assistance has a strong focus on activation. The activation efforts are targeted at recipients' individual needs. For example, for individuals without a vocational qualification who are under the age of 30, the first goal is to obtain a vocational qualification before returning to the labour market. Individuals over 30 years old go through an assessment of their work capacity when applying for social assistance. Individuals who are deemed 'ready for work' are expected to work at least 225 hours during the first year of receiving social assistance. If they do not meet this requirement, the social assistance benefits that they receive in the second year will be lower.

Organisations involved

Municipalities are responsible for the application processing and payout of social assistance benefits. Job centres are responsible for the work capability assessment performed as part of the application process, and they monitor and supervise the job search activities of social assistance recipients.

Description of the application process

Individuals can apply for social assistance through the government website Borger.dk or at their municipality. Within a week after submitting the application, the applicant is invited for a first interview at a job centre. Based on this interview, the job centre determines whether the applicant is ready for work or ready for activity.

5.2.4.2. Housing benefits

Description of the benefits (including target group)

Denmark has three means- and assets-tested housing benefits: a standard housing benefit for people of working age (*Boligsikring*), an additional housing benefit for recipients of social assistance with high rental costs (*Særlig støtte*), and a housing benefit for pensioners (*Boligydelse*). The amount of the standard housing benefit depends on the amount of rent paid, the floor area of the house and the composition of the household. The amount of extra housing benefit for social assistance recipients with high rental costs and the housing benefit for pensioners both depend only on the rent and number of children in the household.

Organisations involved

Udbetaling Danmark is responsible for processing applications and paying out housing benefits.

Description of the application process

Households can apply for any of the three housing benefits through the Borger.dk website, using their MitID account. As part of the application process, applicants are asked to upload a document that proves how much rent they pay, such as a rental agreement. Households can apply as soon as they have moved into a new home. Processing of applications may take up to seven weeks.

5.2.4.3. Family benefits

Description of the benefits (including target group)

Denmark provides two means-tested benefits to households with children: a general child benefit (*Børne- og ungeydelse*) and a special child benefit for parents in specific situations (*Børnetilskud*). The general child benefit is targeted at families with children under 18 years old. The benefit amount decreases with the age of the children. The special child benefit is targeted at specific groups of parents, such as single parents, parents of twins, triplets or quadruplets, or senior parents. The benefit amount differs by target group.

Organisations involved
Udbetaling Danmark is responsible for processing applications and paying out family benefits.

Description of the application process
In principle, applying for the general child benefit is not required. Eligible parents with children who are registered in Denmark automatically receive the general child benefit. However, parents in specific situations, such as those who work in another EU country but live in Denmark, are eligible but need to apply for the benefit. They can do this through the Borger.dk website. Eligible parents from non-EU countries can apply for the general child benefit by contacting Udbetaling Danmark by phone.

Application is required only for some of the special child benefits for parents in specific situations. For example, the special child benefit for single parents requires single parents to state that they are single parents once a year. They can do this through the Borger.dk website, using their MitID account. For the special child benefit for parents of twins, triplets or quadruplets and the special child benefit for pensioners, no applications are required.

5.2.4.4. Healthcare

Description of the benefits (including target group)
Denmark does not provide health-related income transfers. Instead, it has an extensive public healthcare system that offers most examinations and treatments for free to all people living in Denmark.

Organisations involved
To access the free healthcare system, individuals require a yellow health insurance card. The municipalities are tasked with handling the applications for these cards.

Description of the application process
In most municipalities, individuals can apply for a yellow health insurance card through the Borger.dk website, using their MitID account. It then takes up to two weeks for them to receive the insurance card. Some municipalities do not offer such self-service. In that case, citizens need to contact the municipality for information on how to apply.

5.2.4.5. Fiscal policies

Description of the benefits (including target group)
Denmark has one non-refundable personal tax credit (*Personfradrag*) and one employment tax deduction (*Beskæftigelsesfradrag*). The tax credit is aimed at the lowest income groups and ensures that the first DKK 48,000 per year (about EUR 6,400, or 25 per cent of the average wage) remains untaxed at both the local and national level. The tax credit is lower for individuals younger than 18 years old and is higher for single parents.
The employment tax deduction provides a tax deduction to low and middle incomes. It exempts 10.65 per cent of a person's labour income from being taxed, up to a maximum of DKK 45,600 per year.

Organisations involved
Skattestyrelsen, the Danish Tax Agency, is responsible for collecting taxes and taking into account the tax credits and deductions.

Description of the application process
There is no application required for the tax credit and tax deduction.

5.2.5. Finland

Social assistance in Finland stands out as it is only granted for one or two months at a time. After that, the application has to be renewed. Moreover, social assistance includes financial compensation for basic expenditure, such as housing and healthcare expenses; these amounts are determined at the discretion of the responsible organisation. The most important Finnish family benefit is a universal (income-independent) benefit.

5.2.5.1. Social assistance

Description of the benefits (including target group)

Social assistance is called *Toimeentulotuki* in Finland. This scheme guarantees a minimum income for every inhabitant of the country; it is means-tested and not taxable. The benefit amount consists of two parts: 1. A basic amount, which depends on household composition; 2. Compensation for basic expenditure, such as housing expenses and healthcare expenses. The latter amount is determined at the discretion of the responsible organisation.

Organisations involved

Kela, the Social Insurance Institute of Finland, is responsible for processing applications and paying out social assistance.

Description of the application process

Individuals can apply for social assistance online, through the Kela e-service. The application process requires applicants to upload documentation regarding their expenses, bank statements and income statements, although Kela also obtains salary information from the national income registry. Additionally, applicants may need to provide other documents, such as a copy of their rental or right-of-occupancy agreement, or documents showing their monthly rent. They can either upload these documents to the Kela e-service platform or send them by post. Alternatively, the entire application process can be done offline. In that case, people must complete a physical form and send it to Kela by post.

Social assistance is usually granted for one or two months at a time. After that, the application has to be renewed by following the same steps as for the first application.

5.2.5.2. Housing benefits

Description of the benefits (including target group)

There are two means-tested and non-taxable housing benefits in Finland: the general housing allowance (*Yleinen asumistuki*) and the housing allowance for pensioners (*Eläkkeensaajan asumistuki*). The general housing allowance is meant for families, couples and single people of limited means. The benefit amount depends on the actual rent, location, and household income and composition. The housing allowance for pensioners targets pensioners with limited means. The benefit amount also depends on the actual rent, location, and household income and composition.

Organisations involved

Kela, the Social Insurance Institute of Finland, is responsible for processing applications and paying out housing benefits.

Description of the application process

To apply for housing benefits, applicants should generally follow the application process on the OmaKela e-service. As part of the process, applicants have to upload copies of their rental agreement or other documents showing how much rent they pay. They also have to state the income of all household members, although Kela also obtains salary information from the national income registry. Applicants may also be asked to provide additional information, such as their employment contract, details of other benefits they receive or details of their housing loans. Alternatively, it is possible to apply for the general housing benefit via a physical application form, which can be sent in via the post.

5.2.5.3. Family benefits

Description of the benefits (including target group)

Finland has one large child allowance and multiple smaller family benefits. The most important child allowance is the basic child benefit (*Lapsilisä*). This is a universal, income-independent benefit. This basic child allowance is available to all families with children under the age of 17. The benefit amount depends on the number of children in the household (the amount per child increases with the number of children in the household). The amounts per child are higher for single parents. In addition, there are multiple smaller family benefits, such as a maternity grant (*Äitiysavustus*),

a maintenance allowance (*Elatustuki*) for children of single parents if the person liable to pay for maintenance neglects to do so, or a home care allowance (*Kotihoidon tuki*) for parents with young children who take care of their child at home.

The remainder of this section focuses on the basic child allowance.

Organisations involved
Kela, the Social Insurance Institute of Finland, is responsible for processing applications and paying out family benefits.

Description of the application process
Parents can apply for family benefits through the Kela e-service. Usually no supporting documents are required. Alternatively, applicants can complete a physical application form and send it to Kela via the post.

5.2.5.4. Healthcare

Description of the benefits (including target group)
Finland does not offer structural income support targeted at covering healthcare costs. It does offer one-off payments to cover the costs of prescribed medication, travel or accommodation costs related to the treatment of an illness, dental care or private medical expenses.

Organisations involved
Kela, the Social Insurance Institute of Finland, is responsible for processing applications and paying out healthcare-related reimbursements.

Description of the application process
To apply for reimbursement of prescribed medication, dental care or private medical care, applicants have to complete and post a physical application form within six months of incurring the costs. With their claim, applicants should include a statement from the pharmacy about their medicine purchases or a proof of costs made at the dentist or private medical practice. Parents who seek reimbursement of their children's medical expenses can submit their request online via the OmaKela platform.

Reimbursement of travel or accommodation costs related to the treatment of an illness can be requested online through the OmaKela platform or via a physical form, within six months of incurring the costs. Applicants should include proof of payment of the travel and accommodation costs that they want to be reimbursed.

5.2.5.5. Fiscal policies

Description of the benefits (including target group)
Finns pay income tax to both the national and local governments. Income tax owed to the national government is paid at progressive rates and income tax paid to the local government is levied at a flat rate, which differs between municipalities.

For both taxes, tax reductions are in place for lower-income households. On income taxes owed to the national government, a low earned income tax credit (*Työtulovähennys*) is granted. The amount of the tax credit is income-dependent, but highest for below-average income earners. If the tax credit is higher than the income tax owed, the excess tax credit can be deducted from municipal taxes and health insurance contributions. On local income taxes, a low earned income tax deduction (*Ansiotulovähennys*) is granted. The amount of the tax deduction is income-dependent, but highest for low-income households.

Organisations involved
Vero Skatt, the Finnish Tax Administration is responsible for levying taxes and taking into account the tax credit and deduction.

Description of the application process
There is no need to apply for the low earned income tax credit and tax deduction. The Finnish Tax Administration automatically deducts the relevant amounts.

5.2.6. Germany

Germany's minimum income benefits are characterised by the automatic inclusion of housing and child supplements in social assistance. Therefore, social assistance recipients do not have to apply for housing and child benefits separately. Furthermore, eligibility requirements are less stringent during the first year of social assistance receipt. The German tax system also differentiates between household types through different tax classes. This ensures that, for example, single parents face lower tax rates.

5.2.6.1. Social assistance

Description of the benefits (including target group)

Social assistance in Germany is called *Bürgergeld*, previously known as *Arbeitslosengeld II*. This assistance is granted to individuals between the ages of 15 and pension eligibility who are unable to provide a living for themselves, and who are capable of working at least three hours per day. The eligibility for this benefit is non-contributory and determined by means testing, taking into account both income and assets. The means test is less stringent at first, but becomes stricter after the first year. Rates are dependent on partner status and the number of children in the household.

Organisations involved

Job centres are tasked with administering and carrying out social assistance, making them the sole implementing organisation that recipients of social assistance interact with. Job centres are part of the Federal Employment Agency (*Bundesagentur für Arbeit*). There are two different organisational models for job centres; joint institutions (*gemeinsamen Einrichtungen*) and approved municipal providers (*zugelassenen kommunalen Trägern*). Joint institutions are collaborations between the Federal Employment Agency and municipal providers. Through this collaboration, the job centres provide citizen-friendly services from a single source. Within joint institutions, the municipal providers are responsible for aspects such as housing and heating, while the Federal Employment Agency is responsible for, among others, labour market integration and securing a living (paying *Bürgergeld*). Approved municipal providers have the sole responsibility to provide social assistance without involvement from the Federal Employment Agency.

Description of the application process

Social assistance applications are processed by a job centre and can be submitted either online or by completing paper forms. To apply online, a user account at the Federal Employment Agency (*Bundesagentur für Arbeit*) is needed. To complete an application, certain information about, for instance, rent, income and assets needs to be provided. The job centre will invite applicants for a consultation. In preparation for this appointment, a personal labour market profile must be completed. This profile serves to provide the job centre with a better understanding of the applicant's situation, so that during the appointment a plan can be made, which provides options for returning to employment.

5.2.6.2. Housing benefits

Description of the benefits (including target group)

Individuals receiving social assistance are entitled to payment of housing expenses (*Übernahme von Wohn- und Heizkosten*), including accommodation and heating costs. In the first year, the actual rent expenses are fully covered, without an appropriateness test. Thereafter, each municipality establishes a maximum reasonable rent threshold based on regional prices and household size. If the rent surpasses this maximum, recipients are generally expected to make efforts to either move or sublet part of their house. In cases where a change in living situation is deemed unreasonable or unsuccessful despite genuine efforts, the rent is usually covered up to the maximum reasonable amount. For heating costs, limits are based on maximum consumption values to ensure that costs are covered even with increasing energy prices.

Individuals with a low income who do not receive social assistance can apply for housing benefits (*Wohngeld*). It is important to note that housing benefits cannot be combined with social assistance. The benefit amount differs by region, household size and income. If the rent exceeds a certain threshold, the household is no longer eligible to receive housing benefit. The benefit is usually granted for twelve months, after which a household can reapply.

Organisations involved

The organisations involved in the administration and distribution of the benefit are the local housing benefit authorities, which can be the city administration or the district administration. In all independent and large district cities, the local housing benefit authority is the city administration, whereas in all other communities and cities it is the respective district administration. Financing is partly done by the federal government and partly by the state.

Description of the application process
The application process for the payment of housing expenses is part of the application for social assistance. Housing benefits must be applied for in writing and forms can be obtained from the local housing benefit authority. The application forms can be completed on site or downloaded and filled out at home. However, applicants are advised to submit their application to the authorities in person. The authorities will conduct an on-site review to verify the completeness of the application form and ensure that all necessary documents, such as a rent certificate, identification and income statements, are included. It usually takes between three and six weeks for the authorities to process the application. The housing benefit is usually granted for a period of twelve months, after which reapplication is required.

5.2.6.3. Family benefits

Description of the benefits (including target group)
Germany has a child allowance (*Kindergeld*), which is a fixed amount for each child independent of the financial situation of the household. The child allowance is generally available for children between the ages of 0 and 18, and can be extended up to the age of 25 in certain circumstances.

Additionally, there is a child benefit (*Kinderzuschlag*) for households with low income and low assets. Households receiving social assistance are ineligible for the child benefit, because they already receive additional support for their children through social assistance. Children up to 25 years old can qualify for the child benefit as long as they reside within the household.

Childcare fees, including payments for meals, are regulated per state. Most states offer partial abolishment of day-care fees, for instance for a limited number of hours per month. Parents who receive social assistance, child benefit or housing benefit generally do not pay day-care fees.

Organisations involved
In Germany, family funds (*Familienkasse*) are responsible for processing applications and paying child allowance and child benefit. They are part of the Federal Employment Agency (*Bundesagentur für Arbeit*). In case of overpayment of either the child allowance or child benefit, the corresponding amount needs to be paid back[5]. The debt collection service of the Federal Employment Agency is responsible for the collection of such repayments.

Description of the application process
To receive child allowance or child benefit, an application form must be completed. In general, the child allowance form can be filled in online; however, it needs to be printed and signed before submission. If the applicant possesses a valid ELSTER certificate (the German online tax office system), the entire application can be completed online. For child benefit, the process can be conducted directly online. Additional documents, such as proof of income, declaration of assets and housing costs, should be submitted. The income used to assess eligibility for child benefit is the average income in the previous six months. For both the child benefit and the child allowance, the aim is to process the application within six weeks. It is important to note that child benefit is granted for six months only. After this period, reapplication is required. In contrast, child allowance is automatically continued.

5.2.6.4. Healthcare

Description of the benefits (including target group)
In Germany, statutory health insurance (*gesetzliche Krankenversicherung*) covers most healthcare expenses for nearly all residents. The statutory health insurance system comprises competing, non-profit, non-governmental health insurance plans referred to as 'sickness funds'. Every individual can select their preferred sickness fund. The system is financed through mandatory contributions that employed residents pay automatically.

Contributions are collected centrally in a health fund (*Gesundheitsfonds*) and then redistributed to individual sickness funds. If a person's income is above a certain threshold they have the option to choose private health insurance instead of state insurance.

[5] Repayment of child allowance can only happen when families move out of Germany, the child is no longer living in the household or is no longer in school, while repayment of child benefit is more likely as it is income dependent.

Organisations involved
In Germany, both the government and the sickness funds play an important role in the healthcare system. The government holds considerable regulatory power with regard to healthcare, but is not directly involved in care delivery. The Federal Joint Committee, under the supervision of the Federal Ministry of Health, has been entrusted with the task of determining the range of services covered by sickness funds. Sickness funds are responsible for processing applications and facilitating payments for healthcare services.

Description of the application process
Obtaining statutory health insurance in Germany does not involve a separate application process. If individuals or households reside or work in Germany, they are required to register with the local town hall (*Einwohnermeldeamt*). Once they are registered, they will receive a German social insurance number, making them eligible for statutory health insurance. They can then select a sickness fund. For private health insurance, separate enrolment with a private insurance provider is needed.

5.2.6.5. Fiscal policies

Description of the policies
Income support for lower-income households in Germany consists of three parts: exclusions from taxable income, a general tax exemption and supplementary tax deductions. First, income excluded from taxable income encompasses various benefits and compensations, such as social assistance. Second, Germany has a general basic tax exemption threshold (*Grundfreibetrag*), below which no income tax is paid. Third, single parents receive an additional deduction. In addition, parents can partially deduct childcare expenses from their taxable income.

Organisations involved and description of the application process
In Germany there are six tax classes (*Steuerklassen*), based on a person's marital and employment status. Individuals are automatically enrolled in a tax class, but can apply to be enrolled in another tax class if it suits their situation better. Regardless of the tax class(es) chosen by the individual, the actual net income of the household remains the same. The only difference is the net monthly tax burden paid in advance. For single parents in particular, switching to another tax class might be useful; in that case the single parent exemption applies automatically, which reduces their monthly tax burden. The tax office (*Finanzamt*) calculates and collects taxes.

5.2.7. Netherlands

In the Netherlands, social assistance can be complemented with other social benefits, such as housing and family benefits, to ensure a comprehensive support system for those in need. The Dutch social assistance scheme is characterised by offering an additional healthcare benefit. This healthcare benefit is available because citizens are obligated to take out private health insurance. Furthermore, each municipality is responsible for processing applications, determining eligibility and providing social assistance.

5.2.7.1. Social assistance

Description of the benefits (including target group)

Social assistance is called *Bijstand* in the Netherlands. The Dutch social assistance scheme is designed to provide financial support to people from the age of 18 years until pension age, who are unable to support themselves independently. Social assistance in the Netherlands is a non-contributory benefit that is means- and assets-tested and taxable. Social assistance payments are meant to cover all typical living expenses such as food, heating, furnishings and entertainment. The minimum basic benefit payment rates, set by the Dutch national government, are dependent on factors such as age, family situation and the number of people living in the same residence. Age is a relevant factor only in relation to rules concerning the family situation and the number of people cohabiting. Generally, the benefit amount based on a family situation only differs between singles and couples, regardless of whether or not these singles or couples have children. Only when recipients are under the age of 21 does the benefit amount vary based on whether there are children in the household or not. If recipients are under 27 years old, the benefit payment is not dependent on the number of people living in the same residence. Social assistance is paid as long as there is a need.

In 2004 the Work and Social Assistance Act (*Wet Werk en Bijstand* – WWB) was introduced, which decentralised social assistance. The municipalities receive two budgets from the national authorities to execute social assistance: one budget for benefit payments and one for active labour market measures. The emphasis is shifting increasingly towards getting people on benefits back to work.

Organisations involved

Social security in the Netherlands is governed by the Ministry of Social Affairs and Employment. The national authorities are responsible for the general benefit levels. The municipalities are responsible for assessing eligibility for social assistance, implementation of the benefits and supporting people in trying to regain financial independence.

Description of the application process

Individuals can apply for social assistance either in person at the municipality or online at werk.nl with their *DigiD*. Before applying for social assistance, it is necessary to register as job seeker at the Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen* – UWV). The application process for social assistance requires the submission of documents regarding the applicant and other household members such as their partner, children or parents. These documents include income statements, housing expenses and bank statements. The municipality is obligated to make a decision within eight weeks after receiving the application. If the application offers insufficient information, the municipality can extend the deadline. If the municipality has not made a decision after four weeks, applicants can receive advance payment of 90 per cent of the social assistance.

5.2.7.2. Housing benefits

Description of the benefits (including target group)

Housing benefit (*Huurtoeslag*) in the Netherlands helps to meet rental costs and is a non-contributory benefit that is means-tested and non-taxable. The housing benefit is dependent on calculated family income and subject to rent levels restricted by a minimum and maximum. Social assistance claimants should all be eligible for housing benefits if their rent levels are between the restricted minimum and maximum, since social assistance income levels are generally low. Applications for housing benefits and social assistance must be made independently. Additionally, housing benefits are paid and calculated independently of the social assistance benefits.

Organisations involved

The tax authority (*Belastingdienst*) is responsible for processing applications and paying out housing benefits.

Description of the application process

Applying for housing benefit can be done on an online platform of the *Belastingdienst, Mijn toeslagen*. Documents are needed for the application, including rental agreements and income statements. Within five weeks the applicant

is expected to receive information about the benefit amount. Because the housing benefit is determined using a calculated income, at the end of the year the estimated income is compared to the actual income. If there is a difference between these two figures the housing benefit can be adjusted, meaning that recipients either have to make a repayment or receive an additional amount.

5.2.7.3. Family benefits

Description of the benefits (including target group)

There are three family benefits in the Netherlands: a universal child benefit, an additional means-tested child benefit and a means-tested childcare benefit. The general child allowance (*Algemene Kinderbijslag*) is non-contributory, universal and non-taxable. It provides financial assistance for the care of children under the age of 18 years to those who reside in and/or work in the Netherlands. The child's age determines the benefit amount that people receive.

The additional means-tested child benefit (*Kindgebonden budget*) is for people whose income and capital do not exceed a certain ceiling. It is a non-contributory, means- and asset-tested, non-taxable benefit. The number of children and their ages, as well as the income of the parent(s), determine the benefit amount. An extra allowance is available for single parents. The means-tested child benefit is paid in advance on a monthly basis.

Another benefit is the means-tested childcare benefit (*Kinderopvangtoeslag*). Parents pay for childcare costs themselves and receive state subsidies. Childcare allowance is calculated as a percentage of the total cost of childcare and varies based on the income of the parent(s).

Organisations involved

The tax authority (*Belastingdienst*) is responsible for processing applications and paying out family benefits.

Description of the application process

General child allowance can be requested at the SVB (*Sociale Verzekeringsbank*). Parents receive a letter when their first child is born with information on how to apply for general child benefit. If a second child is born, no action is required.

Application for childcare benefits can be made on the online platform *Mijn toeslagen*. Applicants need to supply information about the childcare, the childcare hours per month and the costs of childcare (hourly rate). Additional documents about income are also required.

The means-tested child benefit (*Kindgebonden budget*) is received automatically if the beneficiary also receives other benefits such as childcare benefits, housing benefits or healthcare benefits. Applicants who do not receive other benefits can apply for the means-tested child benefit on *Mijn toeslagen*. Documents showing income are necessary for the application.

5.2.7.4. Healthcare

Description of the benefits (including target group)

In the Netherlands, people are required to take out basic health insurance with a privately-run health insurance company. Those who cannot afford this can receive a means-tested healthcare allowance (*zorgtoeslag*). This is a contribution from the government to keep health insurance affordable. The healthcare benefit is for individuals whose income is below a certain threshold.

Organisations involved

The tax authority (*Belastingdienst*) is responsible for processing applications and paying out healthcare benefits.

Description of the application process

People can apply for a healthcare allowance (*zorgtoeslag*) on the online platform *Mijn toeslagen*. A *DigiD* account is necessary for the application, as well as income statements. Since the healthcare allowance is determined using a calculated income, at the end of the year the estimated income is compared to the actual income. A difference can lead to adjustment of the healthcare allowance and possible repayment.

5.2.7.5. Fiscal policies

Description of the benefits (including target group)

In the Netherlands there are multiple tax credits: one general tax credit and two that are dependent on work income. Tax credits are deducted partly from income tax liabilities and partly from contributions to the general social security system. The general tax credit (*Algemene Heffingskorting*) is based on income, so the higher the income, the less tax credit is received. The amount of the first work-related tax credit (*Arbeidskorting*) depends on taxable work income and is divided into three levels. The second work-related tax credit (*Inkomensafhankelijke combinatiekorting*) is an additional credit for a taxpayer who is either single or the lowest-income parent, has children below the age of 12 years and has an income between given minimum and maximum levels. The Netherlands also has a tax allowance. Employees' social security contributions are partly deductible.

Organisations involved and description of the application process

The tax authority (*Belastingdienst*), is responsible for levying taxes and taking into account the tax credits.

Description of the application process

It is not necessary to apply for the general tax credit since social assistance recipients and workers receive it automatically. Work credit can be requested using a form. It is also necessary to apply for the income-dependent combination credit. Application for this tax credit is possible through the income tax return.

5.2.8. New Zealand

New Zealand's social security system is characterised by the absence of unemployment insurance. Instead, all unemployed people directly apply for social assistance. Moreover, social assistance is, in principle, only granted for 12 months at a time. Recipients who wish to continue receiving social assistance after that period, will have to reapply for another 12 months. Finally, New Zealand organises its child benefits through the tax system in the form of refundable tax credits, for which application is required.

5.2.8.1. Social assistance

Description of the benefits (including target group)

New Zealand has two main social assistance schemes: *Jobseeker Support* and *Sole Parent Support*. There is no additional unemployment insurance scheme and all unemployed individuals over the age of 18 years (or over the age of 20 if they have children) can receive social assistance when they become unemployed. Jobseeker Support and Sole Parent Support are means-tested, taxable and non-contributory benefits. Eligibility requires availability and willingness to undertake full-time paid employment. Furthermore, recipients must reside in New Zealand. The benefit amounts are determined by household composition and are higher for older individuals, parents and couples.

There is an additional support scheme called *Youth Payment* for individuals aged 16 or 17 years who do not live with their parents and are not financially supported by anyone. The recipient must meet additional criteria, including not having dependent children, residing in New Zealand, engaging in education or training, collaborating with a Youth Service provider to manage their budget and participating in a budgeting course.

Organisations involved

Work and Income, an organisation that is part of the Ministry of Social Development, is responsible for the application and payout process.

Description of the application process

Individuals can apply for social assistance through an online portal called MyMSD. They may have to upload a medical certificate if they cannot work due to medical reasons. The applicant will then usually be invited for a face-to-face appointment at a Work and Income Service Centre. Afterwards, Work and Income determines eligibility, and informs the applicant by phone or email. If social assistance is granted, payment will start soon afterwards, depending on a possible stand-down period.

Social assistance is, in principle, granted for 12 months. Recipients who wish to continue receiving social assistance will have to reapply for another 12 months. There is no limit to the number of times that someone can renew their social assistance benefit.

5.2.8.2. Housing benefits

Description of the benefits (including target group)

To cover the costs of housing, individuals can receive an *Accommodation Supplement*. This is a means- and assets-tested benefit that is non-taxable. If the applicant already receives social assistance, the means test is skipped. The benefit is targeted at individuals over 18 years, and financially independent 16- and 17-year-olds. The benefit amount depends on the actual accommodation costs up to a certain maximum, which varies per region.

Additionally, a *Winter Energy Payment* covers the additional costs of heating in the colder winter months. The Winter Energy Payment is available for recipients of most basic benefits, including social assistance.

Organisations involved

Work and Income, an organisation that is part of the Ministry of Social Development, is responsible for the application and payout process.

Description of the application process

The application process for the Accommodation Supplement differs between individuals who already receive other benefits from Work and Income, and individuals who do not. Individuals who do not receive any other benefits from Work and Income yet, can apply for housing benefits through the online portal MyMSD or complete an Extra Help physical application form. When applying online, Work and Income automatically checks if the applicant is also eligible for other benefits. As part of the application, proof of accommodation costs has to be provided.

Individuals who are already receiving another benefit from Work and Income can only apply via the physical Accommodation Supplement form. Applicants may be invited for a phone or face-to-face appointment if more information is required after the initial application.

There is no application required for the Winter Energy Payment.

5.2.8.3. Family benefits

Description of the benefits (including target group)

There is only one child-specific benefit[6] in New Zealand: the *Childcare Subsidy*, which covers part of the costs of childcare. This is non-taxable income support aimed at low- and middle-income families with children up to 6 years old. The benefit amount depends on household income, hours of childcare used and the number of dependent children in the family.

Organisations involved

Work and Income, an organisation that is part of the Ministry of Social Development, is responsible for the application and payout process.

Description of the application process

The application process differs between individuals who already receive other benefits from Work and Income, and individuals who do not. Individuals who already receive another payment from Work and Income can apply online through the SmartStart website, which requires an account with RealMe. Individuals who do not receive any payments from Work and Income have to complete the Childcare Assistance Application form, which they can submit via email or in person at a Work and Income Service Centre.

5.2.8.4. Healthcare

Description of the benefits (including target group)

New Zealand does not offer structural income support targeted at covering healthcare costs. It does offer one-off payments for essential or emergency healthcare costs if the household has no other way to pay for them (*Special Needs Grant*). It also offers compensation for one-off health-related travel and accommodation costs. Both benefits are means- and assets-tested.

Low-income households can also receive a *Community Services Card*, which ensures lower rates for healthcare and public transport.

Organisations involved

Work and Income, an organisation that is part of the Ministry of Social Development, is responsible for the application and payout process.

Description of the application process

Individuals can apply for a one-off Special Needs Grant by calling Work and Income. During this call, Work and Income will establish how they can help the applicant and what information the applicant has to provide to receive this help.

Individuals can apply for one-off compensation for *Travel and Accommodation Costs* by calling Work and Income to make a face-to-face appointment. During the face-to-face meeting, Work and Income will establish how they can help the applicant and what information the applicant has to provide to receive this help.

There is no application requirement for the Community Services Card for individuals who already receive Jobseeker Support or Sole Parent Support. In other cases, applicants have to complete a physical application form, which they then send to Work and Income. They may need to provide proof of income in addition to completing the application form.

[6] Other child support is paid through the tax system. See Section 3.2.8.5 for more information.

5.2.8.5. Fiscal policies

Description of the policies

New Zealand has multiple refundable tax credits. Four of them are targeted at families with children and are jointly called the *Working for Families Tax Credits*. The Working for Families Tax Credits consist of the *Best Start Tax Credit*, the *Family Tax Credit*, the *In-Work Tax Credit*, and the *Minimum Family Tax Credit*. For households without children, there is the *Independent Earner Tax Credit*.

The Best Start Tax Credit, which is part of the Working for Families Tax Credits, is a refundable tax credit for families with children younger than three years old. During the first year after birth, the tax credit is universal. After the first year, it becomes means-tested.

The Family Tax Credit, which is also part of the Working for Families Tax Credits, is a refundable and means-tested tax credit for all families with dependent children. The maximum credit amount depends on the number of children, the age of the children and the household income.

The In-Work Tax Credit, the third credit of the Working for Families Tax Credits, is also a refundable and means-tested credit. It is targeted at low-income working families with dependent children. Families who are working but receive additional Jobseeker Support are not eligible for the In-Work Tax Credit.

The Minimum Family Tax Credit, which is the final credit of the Working for Families Tax Credits, is a refundable and means-tested credit for parents who meet a minimum hours of work requirement. Families that meet this requirement but already receive Jobseeker Support, are not eligible for the Minimum Family Tax Credit.

The Independent Earner Tax Credit is a means-tested tax credit for lower middle-income households without children. The tax credit only applies to households with a certain minimum income who do not receive Jobseeker Support.

Organisations involved

The Working for Families Tax Credits are mostly paid by the Inland Revenue Department (IRD). 'Work and Income', an organisation within the Ministry of Social Development, pays it to families who also receive Jobseeker Support, unless they specifically request to be paid by the IRD.

Description of the application process

For the Best Start Tax Credit, applicants have to register their baby's birth online on SmartStart. During the registration, applicants must tick a box to indicate that they want to apply for Best Start. Alternatively, the applicant can register for Best Start in myIR or by contacting the IRD. After submission of the application, IRD will determine eligibility and inform the applicant of its decision.

Applicants for other Working for Families Tax Credits register for *Working for Families* in myIR, an online platform. Alternatively, the applicant can apply for Working for Families by contacting IRD directly or by using the online registration tool on the IRD website. After submission of the application, IRD will determine eligibility and inform the applicant of its decision.

Individuals who are entitled to the Independent Earner Tax Credit will automatically receive it at the end of the year after their income tax assessment has been processed. Individuals who wish to receive the tax credit during the year will have to apply for it. This application process depends on the source of the applicant's income. Individuals with a salaried job can receive the tax credit during the year by completing the Tax Code Declaration IR330, and giving it to their employer. Individuals with sources of income that are not taxed before payment can claim the tax credit at the end of the year.

5.2.9. Norway

Norway's minimum income benefits stand out, as social assistance includes financial compensation for housing costs. Furthermore, all taxable income is taxed at the same flat rate, with the exception of labour income, which is taxed progressively. Norway also has no tax credits, and only tax deductions on local income taxes. Finally, Norway does not provide health-related income transfers. Instead, it has an extensive public healthcare system that provides most examinations and treatments for free to all people living in Norway.

5.2.9.1. Social assistance

Description of the benefits (including target group)

Norway's social assistance, known as *økonomisk stønad*, is a means-tested, non-contributory and non-taxable benefit. There is no age condition, but the benefit is seldom granted to individuals under 18 years old. Social assistance is a supplementary benefit and may be granted in addition to all forms of income support. However, the entire benefit amount is deducted at a rate of 100 per cent against all income support. The benefit amount depends on the household composition, with higher amounts for older children. Furthermore, there is a strong focus on labour market engagement. People who are unemployed are required to register as a job seeker and actively seek employment. This may involve participation in labour market training programmes, qualification initiatives or work for the municipality. For individuals under the age of 30 years who require financial assistance due to inadequate proficiency in the Norwegian language, there is a mandatory language course component.

Organisations involved

The state and municipalities cooperate in the Norwegian Labour and Welfare Administration to provide a single gateway for public labour and welfare services. Municipalities are responsible for providing social assistance, with local social workers making the application decisions. The Ministry of Labour and Social Inclusion sets uniform standards for reasonable subsistence allowance amounts, but exceptional expenses such as healthcare and day care are not covered in the uniform standards. Instead, such expenses are evaluated depending on the needs of the applicant. Additionally, registering as a job seeker is also done at the municipality's Norwegian Labour and Welfare Administration office.

Description of the application process

To request social assistance in Norway, individuals should apply at the Norwegian Labour and Welfare Administration (*Nye arbeids- og velferdsetaten* – NAV) office in their municipality The application can be done online or on paper. To apply online applicants must log in using MinID, BankID, Buypass or Commfides. Paper applications can be sent by post or handed in at the NAV office. On the application form, applicants are required to describe the expenses that they are unable to cover on their own. Expenses that can be applied for are living expenses (social assistance – *økonomisk stønad*), health/dental care costs, a deposit for housing and electricity costs. The form additionally requires applicants to provide information pertaining to their household and income, and offer a brief overview of their personal circumstances. In addition to the application form, applicants are typically required to submit supplementary documents such as identification, tax returns, tax settlements, pay slips, bank account information and rental agreements.

5.2.9.2. Housing benefits

Description of the benefits (including target group)

There are two types of housing benefits in Norway: a discretional housing supplement that is a component of social assistance and a housing benefit (*bostøtte*) for households with a low income and high housing costs. The discretionary housing supplement is calculated based on municipal guidelines and encompasses allowances for both housing and heating/electricity costs. For the housing benefit (*bostøtte*), applicants must reside in social housing, private rented accommodation or owner-occupied housing, and generally be over 18 years of age. The benefit amount is dependent on income and housing cost. The maximum allowable income per year depends on the region, with higher incomes allowed for larger cities. This benefit is provided for as long as the individual remains eligible, and it is not subject to taxation.

Organisations involved

The Norwegian State Housing Bank (*Husbanken*) is the main organisation implementing Norwegian social housing policies. It also oversees the management and distribution of the housing benefit, and works together with the national government and the municipalities. The government establishes the overarching goals of the national housing policy, shapes the legislative framework and provides the financial resources. The municipalities plan and enable the construction and renovation of housing.

Description of the application process
The process of applying for housing benefit (*bostøtte*) is managed by the *Husbanken* and is most efficiently done online. By opting for an online application, essential details regarding income, pensions and social security can be automatically retrieved from official registers. In the case of a paper application, applicants must provide this information themselves. Additionally, documents about mortgage/rent expense, common charges for housing and paid property tax are required. To apply online, individuals must log in using MinID, BankID, Buypass or Commfides. Paper applications have to be sent to the municipality. Applications must be completed by the 25th of each month to receive a response by the 20th of the following month.

5.2.9.3. Family benefits

Description of the benefits (including target group)
There are four family benefits in Norway: a universal child allowance, two child benefits for single parents and a young child allowance. The universal child allowance (*barnetrygd*) is granted to households for each child under the age of 18, regardless of the household's income. The benefit amount decreases for older children. Single parents are entitled to additional child benefit (*barnetrygd*) for one more child than they actually have. This additional amount is always calculated based on the rate for older children, irrespective of the age of the children.

The first child benefit for single parents (*overgangsstøna*) is contributary, means-tested and taxable. To qualify, a single parent must have been insured for five consecutive years immediately before applying for the benefit. Additionally, once the child is one year old, recipients are generally required to actively engage in vocational activities. In most cases, transitional benefits can be granted until the youngest child turns 8, with a maximum total duration of three years. A two-year extension to this period of three years might be given when the single parent engages in a professional qualification.

The second child benefit for single parents (*bidragsforskott*) functions as a form of child maintenance payment. If the maintenance owed by the other parent – based on the income of the other parent – is insufficient, an additional payment is made to bridge the gap between the actual payment made by the other parent and the minimum required child maintenance amount. The minimum required child maintenance amount depends on the income of the single parent.

Lastly, the young child allowance (*kontantstøtte*) is designed for young children aged 13 to 23 months who are not enrolled in a kindergarten receiving public funding (see next paragraph), or only use a kindergarten part-time. This benefit is non-contributory, not means-tested and is not subject to taxation.

In Norway, the childcare fee that a household pays per child is the maximum of the actual childcare fee, the national upper limit or the income-dependent upper limit. The national upper limit is a maximum childcare fee per child per month set by the government. The income-dependent upper limit is 6 per cent of the monthly household income per child. The income-dependent upper limit is reduced for parents whose household income falls below a specific threshold. They receive the initial 20 hours of day care free of charge if their children are between the ages of two and five years. Thus, their income-dependent upper limit is 6 per cent of their monthly income multiplied by the share of hours that are not free. Furthermore, the income-dependent upper limit is reduced by 30 per cent for the second child going to childcare and by 50 per cent for the third child and any subsequent children in childcare.

Single parents may also be eligible for an additional contributory and means-tested childcare benefit (*stønad til barnetilsyn*). They must have been insured for five consecutive years before applying for this benefit. The childcare benefit is calculated at 64 per cent of expenses, up to a fixed maximum benefit level.

Organisations involved
The Norwegian Labour and Welfare Administration is responsible for the implementation of all family benefits. It is required that the child maintenance is collected through the Collection Agency of the Labour and Welfare Administration, which will provide the maintenance information to the Norwegian Labour and Welfare Administration.

Description of the application process
All applications for family benefits are processed through NAV, and each benefit requires its own specific application form. For all four family benefits, the aim is to process the application within four weeks. The universal child allowance (*barnetrygd*) is typically automatically provided for children born in Norway. However, to receive the additional amount for single parents that is part of the universal child benefit (*barnetrygd*), the single parent must submit a separate

application. In addition to the application, individuals may need to provide supporting documents as proof of their eligibility for the single parent benefits (*overgangsstøna* and *bidragsforskott*) and young children allowance (*kontantstøtte*).

5.2.9.4. Healthcare

Description of the benefits (including target group)

In Norway, healthcare coverage is universal through the National Insurance Scheme (*Folketrygd*). This system is primarily funded by general taxes and contributions from both employers and employees. Most care is covered, but for some services or products, patients make co-payments. There are caps on the out-of-pocket contributions for most services and products. A small share of the population opts for additional private insurance, mainly to secure faster access and a wider range of options from private healthcare providers.

Organisations involved

Healthcare responsibilities in Norway are divided between the national government and municipalities. The government is tasked with the regulation, funding and supervision of healthcare services, which encompasses speciality care such as hospital services. Meanwhile, primary, preventive and nursing care are managed at the local level by municipalities.

Description of the application process

Enrolment is automatic for all residents.

5.2.9.5. Fiscal policies

Description of the benefits (including target group)

Income tax is paid to both the national and local government. There are several tax deductions on income tax paid to the local government. There is a personal deduction (*Personfradrag*) and a deduction for labour income (*Minstefradrag*). Furthermore, there is an additional tax deduction for single parents (*Særfradrag for enslige forsørgere*)[7]. There are no tax deductions for income tax paid to the national government.

The personal deduction is income-independent, meaning that it is a fixed amount for all taxpayers in Norway.
The deduction for labour income is a fixed percentage of the labour income up to a maximum amount.
Finally, the deduction for single parents is also income-independent.

Furthermore, there are two income tax bases: all taxable income and personal income (labour and pension income) only. All taxable income is taxed at a flat rate of 22 per cent, while personal income is taxed progressively.

Organisations involved

Skatteetaten, the Norwegian Tax Administration, is responsible for levying taxes and taking into account the tax deductions.

Description of the application process

It is not necessary to apply for the tax deductions.

[7] This tax deduction was discontinued in March 2023.

5.2.10.Sweden

Sweden's minimum income benefits stand out, as social assistance contains financial compensation for reasonable costs of living, which is determined based on the standard of living of other low-income earners in the municipality. For low-income households consisting of people of working age without children, Sweden has no housing benefit. Sweden provides one family benefit, which is not means-tested. Moreover, there is a public healthcare system, with low remaining healthcare costs for Swedish citizens. The exact treatment fees are set by local authorities, and thus differ between regions. Finally, at the national level there is a large lowest income tax bracket of zero per cent. Low-income households do pay income tax to the local authorities.

5.2.10.1. Social assistance

Description of the benefits (including target group)

Swedish social assistance is called *ekonomiskt bistånd*. This is a non-contributory, means- and assets-tested, non-taxable benefit for individuals over 18 years old. To be eligible for social assistance, applicants must have exhausted all other means of support. Furthermore, recipients of social assistance are required to be actively seeking employment.
The benefit amount consists of two parts: the first part is the national norm, which depends on household composition (including the age of the children); the second part consists of compensation for reasonable costs of living, such as housing and electricity costs. The amount of compensation for reasonable costs of living is determined by a social worker, based on the standard of living of other low-income earners in the municipality.

Organisations involved

Social assistance is administered by the municipalities. This means they are responsible for the payments and applications. Furthermore, in many municipalities the job search requirements of social assistance are administered by job centres, such as *Jobbtorg* Stockholm or the Public Employment Service in Malmö.

Description of the application process

Applications for social assistance go through the municipalities and processes may differ between the municipalities. For example, in the municipality of Boxholm, individuals have to call the municipality to set up an in-person meeting. In the municipality of Kungsbacka, it is possible to apply for social assistance through the municipality website. Municipality staff will then visit the applicant at home to verify the information provided in the application. In the cities of Malmö and Stockholm, first-time applicants have to call the municipality. Others can apply for social assistance online.

5.2.10.2. Housing benefits

Description of the benefits (including target group)

There are three different means-tested and non-taxable housing benefits in Sweden, each targeting a different group. The first housing benefit, the *Bostadsbidrag*, targets families and young people with little income. The benefit amount depends on housing costs and household composition. The means test also takes into account household composition, with the test being stricter for households without children. The second housing benefit is the *Särskilt bostadstillägg*, which is meant for individuals with an illness or disability. The amount of housing benefit depends on actual housing costs and household composition. The third housing benefit, the *Bostadstillägg*, is a housing benefit for pensioners. Pensioners are only eligible if they take out their entire state pension. The benefit amount depends on actual housing costs and household composition. For all three housing benefits, assets are taken into account in the means test.

Organisations involved

Försäkringskassan, the Swedish Social Insurance Agency, is responsible for determining eligibility and payment of the housing benefits for families, young people and the disabled.

The Swedish Pensions Agency (*Pensionsmyndigheten*) is responsible for the housing benefit for pensioners.

Description of the application process

Individuals can apply for the housing benefit for families and young people through the website of *Försäkringskassan*. As part of the application process, the applicant has to upload several documents; the required documents depend on the type of accommodation. Individuals living in a rented apartment have to provide their rental agreement and a rent specification. Individuals who are subletting have to provide a copy of the subletting contract and a document showing they have been approved as tenants for a fixed period. Individuals who own their home need to provide their most recent loan notice and documents that show that their house is collateral for their loan. In the case of couples, one person requests the housing benefit, whereas the other has to approve the application through the *Försäkringskassan*

website. Alternatively, it is also possible to apply for the housing benefit using a physical form. A decision usually takes about 30 days. The housing benefit for families and young people is granted for a maximum of 12 consecutive months, after which period the applicant needs to reapply.

Applications for the housing supplement for sick and disabled people are the same as for the housing benefit for families and young people. However, it is not necessary to reapply every 12 months. A decision on eligibility may take up to 20 weeks.

Pensioners can apply for the housing benefit for pensioners through the website of the Swedish Pensions Agency, using their e-ID. During the application process, applicants are asked for their housing costs, income, assets and debts. Alternatively, individuals without an e-ID can apply via a paper form or through a service office. A decision on eligibility may take several months.

5.2.10.3. Family benefits

Description of the benefits (including target group)

Sweden has one non-means-tested, non-taxable child allowance (Barnbidrag). Everyone with children younger than 16 years old – or older if they are still in compulsory or special education – is eligible for the child allowance. The benefit amount depends on the number of children in the household, where the amount per child increases with the number of children in the household.

Organisations involved

Försäkringskassan, the Swedish Social Insurance Agency, is responsible for determining eligibility and payment of the child allowance.

Description of the application process

An application for the child allowance is not required.

5.2.10.4. Healthcare

Description of the benefits (including target group)

There are no healthcare-related benefits in Sweden; instead, Sweden has a public healthcare system. The remaining healthcare costs for Swedish citizens are relatively low. Treatment fees are set by local authorities, and thus differ between regions. Some healthcare is always free of charge, such as visits to midwifery clinics and child health centres, vaccinations for children and outpatient care for older people.

Organisations involved

None.

Description of the application process

None.

5.2.10.5. Fiscal policies

Description of the benefits (including target group)

Swedes pay income tax to both the national and local government. At both levels, there are tax reliefs in place for low-income households. At the national level, there is a lowest income tax bracket of zero per cent. This amounts to a large tax reduction for many Swedes, as the first bracket runs up to SEK 598,500 per year (about EUR 51,000). Furthermore, there is a basic tax deduction (*Grundavdrag*) on both national and local income taxes. The deduction amount is income-dependent and highest for low-income earners. Finally, individuals receive an earned income tax credit (*Jobbskatteavdrag*) on local taxes. The tax credit is income-dependent and highest for average-income earners. The exact amount of the tax credit varies between regions, as it depends on the local income tax rates.

Organisations involved

Skatteverket, the Swedish Tax Agency, is responsible for levying taxes and taking into account the tax deduction and credit.

Description of the application process

The basic tax deduction is, in principle, automatically deducted from taxable income by the Swedish Tax Agency. People who have not lived in Sweden for the full year have to claim their deduction when declaring their taxes.

There is no application required for the earned income tax credit.

5.2.11 United Kingdom

Minimum income benefits in the United Kingdom are characterised by the recent combination of six benefits and tax credits into one combined scheme: *Universal Credit*. This combined scheme includes social assistance payments, housing and child supplements, and disability payments. Moreover, healthcare is publicly organised and financed through general taxation. The system covers the majority of healthcare and additional regulations might be in place for recipients of social assistance.

5.2.11.1. Social assistance

Description of the benefits (including target group)

Universal Credit is the general social assistance scheme in the United Kingdom, which can be granted to employed, unemployed and disabled individuals. Since 2013, it combines six previous benefits or tax credits into a unified payment[8]. Universal Credit is a means-tested, non-taxable and non-contributory benefit. To be eligible someone must be between 18 years old and pension age, and must accept a claimant commitment. The claimant commitment is a record of work-related requirements and responsibilities. The benefit amounts are dependent on income, assets, household composition and the age of the recipient. Universal Credit is paid as long as all conditions are fulfilled.

Organisations involved

Universal Credit is administered and paid by the Department for Work and Pensions. The labour market services and requirements are delivered by Jobcentre Plus.

Description of the application process

An application for Universal Credit can either be made online or by phone using the Universal Credit helpline. To apply online, applicants must create a Universal Credit account on Gov.uk. If the applicant lives with a partner, both partners are required to create individual accounts and link them. The application has to be completed within 28 days after creating the account, otherwise the account will be deleted. To complete the application, supporting documents about housing, earning, disability, childcare and savings are required. Additionally, applicants must attend a meeting with Jobcentre Plus to establish the activities outlined in the claimant commitment.

5.2.11.2. Housing benefits

Description of the benefits (including target group)

Housing benefit is a component of Universal Credit. The amount of housing benefit depends on the rental price, the size of the house, the region, the household composition and the age of the children in the household. The eligible rent may differ from the contracted rent if the rent is deemed excessive or if the property size exceeds the household's needs. The maximum housing benefit that a household can claim is determined by the Local Housing Allowance rate, which varies based on the household size criteria and the region. The household size criteria, based on the number of people in the household and their age, determine the appropriate size of the house for which a household qualifies in terms of the number of bedrooms.

Organisations involved

Housing benefit is administered and paid by the Department for Work and Pensions. Local Housing Allowance rates are set annually by the Department for Work and Pensions using local rental data provided by the Valuation Office Agency.

Description of the application process

The housing benefit application is integrated within the Universal Credit application.

5.2.11.3. Family benefits

Description of the benefits (including target group)

The child benefit is, in general, a non-contributory, non-means-tested and non-taxable allowance independent of Universal Credit. It is paid to a caregiver of children under the age of 16 or under 19 if in full-time education. However, there is a tax charge for caregivers with an income above a certain threshold. The tax charge is designed so that effectively no benefit is paid to people with a high income.

Organisations involved

Child Benefit is administered by HM Revenue & Customs.

[8] Universal Credit replaces the previous Child Tax Credits, Housing Benefit, Income Support, Income-Based Jobseeker's Allowance, Income-Related Employment and Support Allowance, and Working Tax Credit.

Description of the application process
After registration of a child's birth an application for child benefit can be made online, by phone of by post. An online application form is available through Government Gateway. Otherwise, the application form must be printed out or discussed over the phone. Additional information about the birth or adoption certificate, bank details and insurance numbers are required. With an online application, the first payment can be received within three days. In the case of application by post or phone, it will take longer. Child Benefit for a certain child can be claimed by only one person, so parents must decide who is better to make the claim.

5.2.11.4. Healthcare

Description of the benefits (including target group)
The United Kingdom offers public healthcare through the National Health Service, which is financed through general taxation. The system covers the majority of healthcare and additional regulations might be in place for recipients of social assistance. Individuals have the option to purchase private health insurance as well, often to reduce waiting times or access enhanced facilities. Private health insurance is typically funded either through employer-sponsored healthcare schemes or through direct payments made by the individual.

Organisations involved
Healthcare in the United Kingdom is decentralised, with separate systems of public and privately healthcare for England, Northern Ireland, Scotland and Wales. In England, Parliament, the Secretary of State for Health and the Department of Health are responsible for health legislation and overarching policies. The day-to-day management of the National Health Service in England is entrusted to NHS England, which is an independent government-funded organisation that operates separately from the Department of Health.

Description of the application process
To receive National Health Services, registration with a general practitioner is required. After registering with a general practitioner, a National Health Service Number will be assigned. This number can be used for services under the National Health Services.

5.2.11.5. Fiscal policies

Description of the benefits (including target group)
In the United Kingdom, there are no tax credits and there are only two tax deductions. There is a basic tax deduction (personal tax allowance) at the individual level, which gradually decreases with income. Moreover, there is a provision (marriage allowance) allowing people who are married or in a civil partnership to transfer 10 per cent of their personal tax deduction to their partner if they are not using the full deduction themselves. It is important to note that Universal Credit and its components are not subject to taxation.

Organisations involved and description of the application process
Income tax in the United Kingdom is collected by HM Revenue & Customs, which will calculate the amount of tax payable taking into account the personal tax deduction. To transfer part of the personal tax deduction to a partner it is necessary to complete a form, which can be done either online via Government Gateway or by completing a paper form and sending it to HM Revenue & Customs.

5.3. INDICATORS

Based on poverty and inequality measures, Denmark, Finland and Norway stand out as countries with comparatively low levels of both. Notably, these are also the countries that allocate a relatively high percentage of their GDP to social security. In contrast, the United Kingdom frequently falls on the opposite end of the spectrum.

This chapter presents indicators related to poverty, inequality, outcome performance and social spending. For each category of indicators, several measures are taken into account to give a complete overview. The outcome of the measures is generally based on the most recent available data.

5.3.1. Poverty measures

The first category of indicators used to assess the effectiveness of social security systems is poverty measures. Table 3.1 provides data on poverty rates, poverty reduction after income transfers and taxes, and income levels for two household types. The poverty rate is defined as the proportion of individuals (within a specific age group) whose income falls below the poverty threshold, typically set at half of the median household income of the entire population. The poverty gap is the ratio by which the average income of individuals living in poverty falls below the poverty threshold. Poverty reduction, on the other hand, represents the percentage reduction in the poverty rate after income transfers and taxes compared to the poverty rate before income transfers and taxes. The income measures give the amount of guaranteed minimum income (GMI) received by a household with zero income from employment, expressed as a percentage of the average wage in that particular country. The absolute poverty measure is defined as the proportion of individuals whose income falls below the absolute upper-middle-income poverty line of USD 6.85 a day.

Denmark, Finland and Norway stand out as countries with relatively low poverty rates, ranging from 7 to 8 per cent. In these countries, the poverty gap is also notably modest and there is a considerable reduction in poverty after accounting for income transfers and taxes. This relationship is partly explained by comparatively high levels of social security income. On the other hand, in Australia, New Zealand and the United Kingdom the opposite happens. These countries have relatively high poverty rates, between 11 and 13 per cent. They experience wider poverty gaps, smaller reductions in poverty following income transfers and taxes, and lower income levels derived solely from social security.

Table 3.1: Poverty measures

	Australia	Canada	Denmark	Finland	Germany	Netherlands	New Zealand	Norway	Sweden	United Kingdom
Poverty rate total (%)[a]	13	9	7	7	11	9	12	8	9	11
Poverty rate 18-65 yrs (%)[a]	10	8	8	8	11	9	11	9	9	10
Poverty rate 0-17 yrs (%)[a]	13	7	5	3	12	10	15	7	9	12
Absolute poverty measure (%)[b]	1	0.7	0.7	0.1	0.2	0.2	x	0.5	0.9	0.7
Poverty gap (%)[a]	32	26	28	22	25	31	31	36	22	36
Poverty reduction after transfers and taxes (%)[a]	48	67	72	81	66	68	51	70	63	60
Net income from GMI benefits single (% average wage)	21	12[c]	30	29	21	31	25	32	30	27
Net income from GMI benefits couple + 2 kids (% average wage)	50	40c	38	57	51	48	52	65	53	45
Net income from GMI benefits single (% median wage)	33	18[c]	47	48	39	52	40	35	44	53
Net income from GMI benefits couple + 2 kids (% median wage)	40	30[c]	55	47	47	40	41	36	36	45

Source: OECD and World Bank

Note: Poverty is defined as having an income below half of the median household income for the given age group in the specific country. The poverty rate is the share of individuals within that age group that falls below this poverty threshold. The absolute poverty measure is defined as the proportion of individuals whose disposable income falls below the absolute upper-middle-income poverty line of USD 6.85 a day. The poverty gap is the ratio by which the average income of individuals living in poverty is below the poverty threshold. Poverty reduction is the percentage reduction in the poverty rate after income transfers and taxes in comparison with the poverty rate before income transfers and taxes. The GMI benefit is the income received from social security by a household with zero income from employment and no working history. The data given are for the year 2022 unless indicated otherwise.

[a] The data for Finland, Netherlands, Norway, Sweden are for 2021, the data for Germany and Denmark for 2019, and the data for Australia, Canada, New Zealand and the United Kingdom are for 2020.

[b] The data for Denmark, Finland, the Netherlands, Sweden and the United Kingdom are for 2020, the data for Canada, Germany and Norway for 2019, and the data for Australia is for 2018.

[c] In the jurisdiction of Ontario

5.3.2. Inequality measures

The second set of indicators used to assess the effectiveness of social security systems is inequality measures (see Tabel 3.2). The Gini coefficient is based on the comparison of cumulative proportions of the population against cumulative proportions of income (after taxes and transfers) that they receive. S80/S20 is the ratio of the average income of the 20% richest to the 20% poorest. The redistribution effort is the reduction in inequality after taxes and transfers, calculated as the average difference in Gini coefficients of income before taxes and transfers and income after taxes and transfers between 2007 and 2019.

In terms of inequality measures, Canada, Denmark, Finland, Germany, Norway and Sweden perform relatively well compared to Australia, New Zealand and the United Kingdom. Denmark and Finland excel among these nations, particularly in terms of a Gini coefficient of 0.27 and S80/S20 ratios of 3.8 and 3.9, respectively. Finland and Germany exhibit the highest redistribution effort. On the other hand, the United Kingdom ranks the lowest, with a Gini coefficient of 0.36 and an S80/S20 ratio of 6.1.

Table 3.2: Inequality measures

	Australia	Canada	Denmark	Finland	Germany	Netherlands	New Zealand	Norway	Sweden	United Kingdom
Gini[a]	0.32	0.28	0.27	0.27	0.30	0.30	0.32	0.29	0.29	0.36
S80/S20[a]	5.6	4.2	3.8	3.9	4.6	4.5	5.4	4.3	4.3	6.1
Redistribution effort (reduction in Gini after taxes and transfers)	0.14	0.12	0.18	0.23	0.21	0.15	0.13	0.16	0.15	0.16

Source: OECD

Note: The Gini coefficient compares cumulative proportions of the population against cumulative proportions of income (after taxes and transfers) that they receive. S80/S20 is the ratio of the average income of the 20% richest to the 20% poorest. The redistribution effort is the reduction in inequality after taxes and transfers, calculated as the average difference in Gini coefficients of income before taxes and transfers and income after taxes and transfers between 2007 and 2019.

[a] The data for Finland, Netherlands, Norway, Sweden are for 2021, the data for Germany and Denmark are for 2019, and the data for Australia, Canada, New Zealand and the United Kingdom are for 2020.

5.3.3. Outcome performance measures

The third set of indicators used to assess the effectiveness of social security systems is outcome performance measures. This includes unemployment rates, employment rates, usage of social assistance and duration of social assistance (see Table 3.3). The unemployment rate is determined by the percentage of people in the working-age population who do not have a job, are actively seeking employment and have made specific efforts to secure a job. The employment rate is computed as the proportion of the working-age population that is currently employed. The usage of social assistance is determined as the number of individuals using social assistance as percentage of the relevant population. The duration of social assistance is presented as the percentage of recipients who still received social assistance after one year.

Germany and New Zealand have relatively low unemployment rates. Additionally, New Zealand has a high employment rate, whereas Germany's employment rate is around average. On the other hand, Canada, Finland and Sweden have relatively high unemployment rates. Canada and Finland are also the countries with the lowest employment rates, while that of Sweden is around average.

In terms of social assistance usage rates, Canada, Denmark, Norway and Sweden exhibit relatively low rates of below three per cent. On the other hand, Finland, Germany and the United Kingdom show relatively high usage rates ranging from eight to twelve per cent. It is essential to note that these usage rates cannot be directly compared across countries. Although they are all derived from the number of individuals receiving social assistance, the targeted individuals may vary between countries. For instance, in some countries only adults are counted as recipients of social assistance, while in other countries children are also counted. To address this discrepancy, the study aims to correct for it by considering the relevant age group of the population (either 0–65 or 15–65) in each country. Additionally, it is worth noting that the data is reported either annually or monthly, with yearly totals exceeding monthly totals by definition.

In Denmark, Finland and Norway, on average only around 30 per cent of the recipients of social assistance still receive social assistance after one year (or five years in the case of Denmark). This is in stark contrast with the Netherlands, where on average 87 per cent of the recipients still use social assistance after one year. In other countries between 40 and 67 per cent of the recipients are still dependent on social assistance after the first year.

Table 3.3: Outcome performance measures

	Australia	Canada	Denmark	Finland	Germany	Netherlands	New Zealand	Norway	Sweden	United Kingdom
Unemployment rate (2021, %)	5.1	7.5	4.8	7.5	3.5	4.0	4.1	5.0	8.7	4.5
Employment rate (2021, %)	74.9	73.5	75.56	72.67	75.6	80.2	78.3	76.3	75.4	75.2
Usage of social assistance (% population)[a]	4.8	2.2	2.1	11.7	8.4	3.8	5.1	2.9	2.4	9.6
Duration of social assistance longer than 1 year (% of total usage)	67	63	34b	33	41b	87	52	30	40	x

Source: OECD, World Bank and SEO Amsterdam Economics

Note: The unemployment rate is determined by the percentage of people in the working-age population who do not have a job, are actively seeking employment and have made specific efforts to secure a job. The employment rate is computed as the proportion of the working-age population that is currently employed. The usage of social assistance is determined as the number of individuals using social assistance as a percentage of the relevant population (see Note a for a specification of the relevant population). The duration of social assistance is presented as the percentage of recipients who still received social assistance after one year.

[a] The data for Australia, Denmark, Germany, the Netherlands, New Zealand and the United Kingdom are for 2023, and the data for Canada, Finland, Norway and Sweden for 2022. Furthermore, for Australia, Finland, the Netherlands and New Zealand the percentages are for the population aged 15–65, while for the other countries they are for the age group of 0–65. These differences follow from whether or not the absolute number of social assistance recipients includes children in social assistance households. Calculations from Australia, Denmark, Germany, the Netherlands, New Zealand and the United Kingdom are for a specific month. Data from Canada, Finland, Norway and Sweden are measured over a whole year.

[b] Duration of social assistance longer than five years for Denmark and Germany.

5.3.4. Spending measures

The fourth set of indicators used to assess the effectiveness of social security systems is spending on social security (see Table 3.4). First, social spending is given as a percentage of GDP and as a percentage of government spending. Social spending includes all public cash benefits for old age, survivors, disability, health, family, active labour market programmes, unemployment and housing. It is important to note that the social benefits included differ per country, as risks that are covered by the state in some countries are covered privately in other countries. Therefore, expenditure on health, family and housing are specified separately. For the European countries, the share of administrative costs within the total spending is given. The efficiency of social expenditure follows from Herrmann et al. (2008). They first predict poverty after taxes and transfers based on poverty before taxes and social transfers through linear regression. They then compare the predicted with the actual value to reach a performance measure that indicates if the country's poverty situation is better or worse than expected. This comparison is called the measure of the expected poverty situation. Thereafter they linear regress social expenditure as a percentage of GDP on the measure of the expected poverty situation. They then compare this newly predicted variable with the expected poverty situation; the residual between those two is their measure of efficiency of social expenditure.

Denmark and Finland allocate a significant portion of their GDP towards social security in contrast to Canada, the Netherlands and the United Kingdom, which allocate relatively smaller proportions. However, it should be noted that certain countries, such as the Netherlands, privately organise healthcare and pensions, whereas others do this collectively. This discrepancy can create a distorted representation of total social spending as a percentage of GDP. This distortion becomes evident when examining the measure of social spending minus healthcare and old age spending, revealing that the Netherlands scores relatively average compared to when only social spending is considered. Denmark and Finland also commit substantial portions of their government spending to social security, as do Germany and New Zealand. In the case of Canada and the United Kingdom, the connection is less pronounced, as their performance in terms of social spending as a percentage of government expenditure is around average. Countries with low shares of administrative costs are Finland, Norway, Sweden and the United Kingdom, with the United Kingdom being particularly efficient in this regard.

Table 3.4: Spending measures

	Australia	Canada	Denmark	Finland	Germany	Netherlands	New Zealand	Norway	Sweden	United Kingdom
Social spending (% GDP, 2019)	20.5	18.8	28.4	29.4	25.6	16.3	23.6	25.3	25.1	19.5
Social spending excluding health and old age spending (% GDP, 2019)	8.9	6.4	11.6	10.9	8.6	7.6	11.6	9.4	9.4	6.0
Social spending (% gov spending, 2019)	49.0	42.3	57.3	55.2	56.9	38.7	58.2	49.0	51.0	45.4
Health spending (% GDP, 2019)	6.3	7.7	6.7	5.8	8.3	2.9	7.2	6.6	6.6	7.9
Family spending (% GDP, 2019)	2.3	1.8	3.3	2.9	2.4	1.6	2.7	3.2	3.4	2.4
Housing spending (% GDP, 2019)	0.3	0.3	0.7	0.9	0.5	0.4	1.1	0.1	0.4	1.1
Old age spending (% GDP, 2019)	5.3	4.7	10.1	12.7	8.7	5.8	4.8	9.3	9.1	5.6
Share of administrative costs (% social spending, 2020)	x	x	4.1	1.6	3.7	5.5	x	1.7	1.9	0.7
Efficiency of social expenditures in the EU	x	x	2.03	2.69	0.84	2.75	x	x	1.76	-2.92

Source: OECD and Herrmann et al. (2008).

Note: Social spending is given as a percentage of GDP and as a percentage of government spending. Social spending includes all public cash and in-kind benefits for old age, survivors, disability, health, family, active labour market programmes, unemployment, housing and other social policy areas. The spending on health, family, housing and old age is also given separately. The efficiency of social expenditure is the residual between the expected poverty situation and social expenditure as a percentage of GDP (for more details, see Hermann et al. (2008) and the explanation in the first paragraph of Section 3.4).

5.4. LINK BETWEEN INDICATORS AND THE SOCIAL SECURITY SYSTEM

Establishing a direct link between indicator outcomes (Chapter 3) and a particular social security system (Chapter 2) proves challenging due to the effects of various factors on the indicators. Some tentative associations that may be identified include a low proportion of administrative costs linked to a singular implementing organisation, high social spending correlated with lower poverty rates or the absence of unemployment benefits associated with higher poverty rates.

Interpreting the connection between these indicators and the social security system requires a cautious approach. Various factors, such as general income levels within a country or benefit amounts, can influence these indicators. Therefore, it is important to note that the connections presented here represent the authors' own insights supplemented with findings in literature and are not based on a causal relation.

In the United Kingdom, the replacement of six means-tested benefits with one monthly payment is expected to enhance simplicity and can explain the low proportion of administrative costs as a percentage of social spending (see Table 3.4). This is in line with the UK government's argument that the simplification of the system makes it cheaper to administer than the benefits it has replaced (National Audit Office, 2020).

Australia and New Zealand lack a separate unemployment insurance system. The high poverty rates seen in Table 3.1 can be partly attributed to this absence. For instance, according to a report from the Department of Social Services in Australia (2022), Australian unemployment benefits as a share of the average wage rank second lowest among 37 OECD countries (Coates & Cowgill, 2021). This means that most Australians face large income losses when they lose their job compared to people in other countries. Theoretically, this could also contribute to low job mobility since people are unwilling to move to a higher skilled but less secure job.

In Finland there is a high usage of social assistance, which can be explained by the characteristics of its social assistance system (see Table 3.3). For instance, according to Tervola et al. (2023) the legislative features of social assistance, such as more extensive benefits norms and earnings disregard, i.e. the portion of a part-time worker's earnings that is not counted, contribute to Finland's higher eligibility rate and high number of recipients. The high number of recipients in combination with the high benefit amount might also explain the relatively high percentage of social spending.

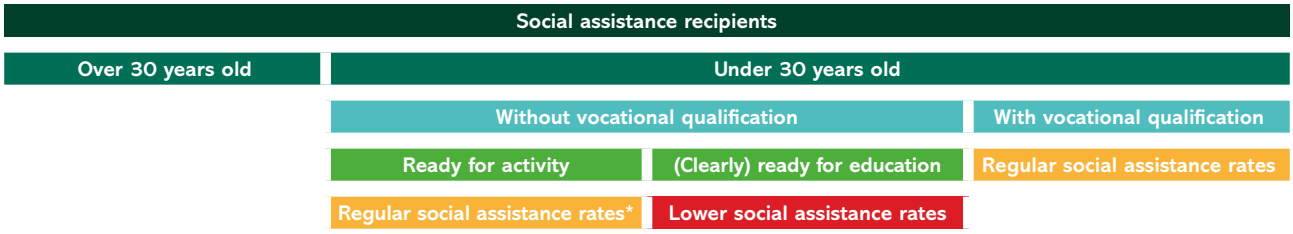
According to Miežienė and Krutulienė (2019), high percentages of social spending lead to lower poverty rates. For instance, in Finland the number of people at risk of poverty has more than halved as a result of social transfers. This is also the case for Denmark, a country with a high percentage of social spending as well. Hence, the authors argue that there is a statistically significant relationship between the levels of social expenditure and antipoverty effects. This explains the relatively low poverty numbers of these countries compared to the other countries. Additionally, significant social security expenditure in combination with lower taxes for those with lower incomes, effectively minimises income inequality in these countries.

5.5. CASE 1: FOCUS ON SCHOOLING IN DENMARK

Young social assistance recipients in Denmark who have not completed at least a vocational education programme but should be able to do so, receive lower social assistance. This financial incentive has positive effects on educational enrolment and employment, but also worsens the financial position of those who do not enrol or find employment. Moreover, the policy is targeted at those who are expected to be able to start and finish an education, but this categorisation proves to be difficult in practice.

The primary goal of social assistance for young people in Denmark is to get as many young people as possible to start and complete an education. Young social assistance recipients who have not previously completed at least a vocational education programme but should be able to do so, face lower social assistance rates. To target these education efforts at the right group, social assistance recipients are categorised based on their age, educational attainment and 'readiness' for education (Figure 5.1). Therefore, the lower social assistance rates only apply to young people (younger than 30 years) without a vocational qualification who are able to follow an education. The latter is determined by the municipalities' job centres on entry into social assistance. All other social assistance recipients receive the regular social assistance rates.

Figure 5.1: Lower rates and enrolment obligation for young recipients without vocational qualification



Source: SEO Amsterdam Economics.
*Note: * Activity-ready recipients only receive the regular rates if they take part in activation efforts.*

During the first three months of social assistance, young recipients are categorised by the municipalities' job centres as being either clearly ready for education, ready for education or ready for activity. This categorisation follows general guidelines, which define which criteria to take into account in the categorisation[9]. The interpretation of this information is left to the caseworker. There are no hard quantitative criteria that determine the categorisation. This gives the caseworkers considerable discretionary power, allowing them to take into account personal circumstances.

Individuals are categorised as clearly ready for education if they are assessed as being able to start an education immediately. In that case, they are also required to enrol in education as quickly as possible, or risk being sanctioned. Individuals are categorised as ready for education if they are assessed as being able to start an education within one year. These recipients are given guidance from the municipality that should prepare them for getting into education. The others are categorised as ready for activity, implying that they first have to overcome significant barriers before they can start their education. Guidance from the municipality is focused on overcoming those barriers, but the end goal of education remains. In the remainder of this case study the category 'ready for education' refers to both those clearly ready for education and those ready for education, as both receive the lower social assistance rates.

The lower social assistance rates are at the same level as a regular student grant in Denmark, to make social assistance and studying financially equal[10]. These rates are about 20 to 75 per cent lower than the regular social assistance rates (see Table 5.1 for some example households), depending on the household composition.

[9] These criteria include the recipient's employment history, highest completed education, previous receipt of public benefits, education or job goals, network and self-assessed health. The guidelines are updated regularly.

[10] In practice, recipients of the lower social assistance rates are worse off financially, as they are not eligible for student loans. Also, additional income is deducted from social assistance but not from the student grant, and social assistance is assets-tested, while the student grant is not.

Table 5.1: Social assistance rates in 2024 are 20 to 75 per cent lower for young 'ready for education' recipients

	Under 30 years old		
	Without vocational qualification and 'ready for activity'	Without vocational qualification and 'ready for education'	% lower
Breadwinners with children	16,382 DKK (€2,197)	9,454 DKK (€1,268)	-42%
Single parents	16,382 DKK (€2,197)	13,509 DKK (€1,812)	-21%
Without children and without mental disorder, living with parents	12,326 DKK (€1,653)	2,910 DKK (€390)	-76%
Without children and without mental disorder, living independently	12,326 DKK (€1,653)	6,754 DKK (€906)	-45%

Source: Borger.dk.
Note: The table gives examples of social assistance rates for several household compositions. This list is not exhaustive.

In this case study, we outline the effects of the lower social assistance rates for young social assistance recipients without a vocational qualification. We consider whether the policy has been successful in increasing educational enrolment, the effects on employment and social assistance use, the negative income effects of the policy, and the consequences and functioning of the policy's inherent categorisation.

3.5.1. Increased participation in education, but difficulties retaining students

The lower social assistance rates for young social assistance recipients without a vocational qualification increase the share of young unemployed people and young social assistance recipients in education. The policy incentivises social assistance recipients to follow an education in two ways:

1. As young people without a vocational qualification receive lower social assistance rates, there is a financial incentive to obtain a vocational qualification to receive the regular social assistance rates;
2. The mandatory education enrolment for those categorised as obviously ready for education clearly incentivises enrolment in education, as sanctions are given to non-compliers.

Kleif and Nielsen Arendt (2020) conclude that about 0.5 to 1 percentage points more young social assistance recipients are in education because of the policy. Compared to the share of social assistance recipients in education before the policy's implementation, this implies a relative increase of about 20 per cent. For the group that is affected by the lower benefits – people without a vocational qualification who are assessed to be able to follow an education – this effect is higher, at about 5 to 7 percentage points (a relative increase of 30 to 50 per cent). Similar results are found by DØR (2015), who conclude that the lower rates for young social assistance recipients increase outflow from social assistance to education by about 6 percentage points. A study by the Danish Ministry of Employment also finds that the lower rates have led to increased exits from social assistance to education or employment, but does not distinguish between the effect on education enrolment and employment (Beskæftigelsesministeriet, 2016).

However, not all of those who enrol in education thanks to the policy actually finish their education. The Danish National Audit Office finds that only about 15 per cent of the young social assistance recipients who started an education between 2014 and 2019 because of the policy, completed it (Rigsrevisionen, 2020). STAR (2018) estimates that about half the young social assistance recipients who start an education because of the policy drop out within a year. Kleif and Nielsen Arendt (2020) show that a large share of those enrolled in education after first being on social assistance drop out the moment they turn 30 years old, as the lower social assistance rates then end. This implies that, even though the policy encourages young people into education, it is less effective in incentivising them to finish their education.

The number of dropouts may be reduced if schools and municipalities offer more support and guidance during the education. By law, the schools are required to offer support and guidance to students who need it. To be able to do so, they are first required to assess whether a student is in need of guidance or support. The National Audit Office shows that for the majority of students covered by the policy, their need for support and guidance is never assessed

by the school (67 per cent), even though the schools are notified that these students are covered by the policy and therefore might be in need of extra support (Rigsrevisionen, 2020). Furthermore, vocational schools are required by law to provide a dedicated mentor to students who need it. However, in practice, only 60 per cent of the students covered by the policy are provided with a dedicated mentor during their education. Municipalities are also able to provide additional support in the form of temporary mentors to prevent education dropouts. However, BDO (2022) shows that only about 9 per cent of young social assistance recipients who start an education receive such a mentor. Thus, there is room for improvement when it comes to the efforts made by the schools and municipalities to retain young people in education.

3.5.2. Increased participation in employment

The lower rates for young social assistance recipients without a vocational qualification also had a small positive effect on the share of young unemployed people and young social assistance recipients who found employment. The policy incentivises social assistance recipients to take up employment by making employment financially more attractive relative to social assistance. By lowering the social assistance rates, the financial gain from leaving social assistance for employment is higher; empirical evidence confirms this. Kleif and Nielsen Arendt (2020) estimate that the lower social assistance rates increased employment by 2 to 3.5 percentage points for the group that is affected by the lower benefits – people without a vocational qualification who are assessed as being able to follow an education. According to DØR (2015), the outflow from social assistance to employment increased by about 1 percentage point thanks to the policy, and the total employment rate among young social assistance recipients rose by 0.5 to 0.8 percentage points. Finally, a study by the Danish Ministry of Employment also finds that the lower rates have led to increased exits from social assistance to education or employment, but does not distinguish between the effect on education enrolment and employment (Beskæftigelsesministeriet, 2016).

3.5.3. Majority of targeted group in a worse financial position

The lower rates for young social assistance recipients without a vocational qualification reduce the share of young unemployed people who receive social assistance. In part, this is a direct consequence of the higher shares in education and employment. However, the number of young people leaving social assistance without having found employment or having started an education also increases due to the policy. DØR (2015) estimates that the outflow from social assistance among young recipients has increased by about 9 percentage points because of the policy, 1.5 percentage points of which represents those who leave social assistance without having found employment or having started an education. Similarly, STAR (2018) finds that about 5 per cent of the recipients of the lower social assistance rates leave social assistance without having found employment or having started an education. These are young people who choose to be self-supporting instead of reliant on social assistance, even though they are theoretically still eligible for social assistance[11].

Furthermore, young individuals who face the lower social assistance rates but do not manage to finish an education or find employment, are worse off financially. According to Cevea (2021), this is the case for the majority of the policy's target group (80 per cent). Moreover, the intention of the policy was to have young people on the lower rates for a maximum of one year, implying that they would have started an education within one year after entering social assistance. In practice, however, over one-third of the young social assistance recipients on the lower rates receive it for more than one year and 15 per cent even receive it for more than two years (Cevea, 2021).

The lower social assistance rates may seem unfair to those who do not manage to start an education or find employment. To them, the lower rates do not function as a motivator, but only worsen their financial situation. For many socially vulnerable people, the lower rates are even a cause of desperation (Rådet for socialt udsatte, 2014).

3.5.4. Targeted efforts, but this makes system vulnerable

The categorisation of young social assistance recipients into being 'ready for education' or 'ready for activity' allows for targeted guidance and activation incentives. The categorisation is used to determine who is able to start an education. The idea behind this is that those who are able should be motivated and helped with starting an education, while those who are not able should not be punished for not following an education. Therefore, only the education-ready social assistance recipients receive the lower rates. The guidance they receive from the municipality is also more focused on getting into education than for the activity-ready social assistance recipients. Thus, the categorisation ensures that young people receive the guidance and incentives that are suited to their situation.

[11] Changes in partner status or wealth may also cause exits from social assistance without the recipients having found employment or education. However, there is no reason to assume that the policy would increase exits for such a reason.

The categorisation of being 'education' or 'activity' ready makes the system vulnerable to miscategorisation. Young social assistance recipients are dependent on their categorisation, as it determines the rate of social assistance that they will receive. The stakes are high, as social assistance rates are often about 40 per cent lower and can even be up to 76 per cent lower for education-ready social assistance recipients (Table 5.1). This creates counteracting incentives for social assistance recipients and the municipality (Braun & Christensen, 2020). That is, the recipients have an incentive to appear to be as incapable as possible to be categorised as ready for activity instead of ready for education, because this will result in them getter higher social assistance benefits. The municipalities, on the other hand, have an incentive to categorise as many people as possible as being ready for education, because these benefit rates are lower, thus reducing total costs.

However, the categorisation of young social assistance recipients proves to be difficult. The national guidelines set out which criteria to take into account in the categorisation, but the interpretation of this information is left to the caseworker. There are no hard quantitative criteria that determine the categorisation. This gives the caseworkers considerable discretionary power, allowing them to take circumstances into account, but also seems to lead to inconsistencies in the categorisation between municipalities. Braun and Christensen (2020) note that there are large differences between municipalities in how they categorise young social assistance recipients. Notably, after the policy's implementation, the share of people categorised as ready for education ranged from 14 to 87 per cent across municipalities, without there being any observable differences between the social assistance recipients that might justify this[12]. Some heterogeneity between municipalities due to unobservable differences between social assistance recipients is inevitable. However, differences of this size between municipalities suggest that there is an element of arbitrariness to the categorisation, implying that a person's categorisation is affected by where they live.

Moreover, there is reason to believe that young people are too easily categorised as being ready for education. According to Cevea (2021), the fact that over 80 per cent of those categorised as ready for education do not enrol in education, is a signal that the categorisation is flawed. STAR (2019a) also notes that over 70 per cent of those who are deemed education-ready have a history of dropping out of education. This signals that these young people have difficulties finishing an education. It is therefore questionable whether they are able to complete an education within one year, which is a requirement for being categorised as ready for education. It does not mean that municipalities systematically misjudge young social assistance recipients. In fact, the National Board of Appeals shows that municipalities generally categorise youngsters in line with the official categorisation guidelines (Ankestyrelsen, 2015). Instead, the categorisation criteria for education-ready may be too broadly defined.

Finally, the categorisation sometimes makes people feel powerless or even humiliated (Rådet for socialt udsatte, 2014). For the education efforts to be targeted at those who are able to complete an education, the categorisation is inherently necessary. However, the downside of this is that social assistance recipients must share many private details about their lives with the municipality to have someone else decide on their capabilities. Social assistance recipients feel as if they have little control over the outcome of the categorisation (Rådet for socialt udsatte, 2014).

3.5.5. Administrative burden and personnel effort

The inherent categorisation of young social assistance recipients requires a lot of administrative and personnel effort from the municipalities and caseworkers. On entry into social assistance, young recipients must be categorised by the municipalities' job centres as being either obviously ready for education, ready for education or ready for activity. This decision is not always made after one meeting, but the process of categorisation may take several meetings and may last up to three months. These meetings and the basis for the decision have to be documented. Furthermore, if the young person's circumstances change significantly, they must be recategorised.

Moreover, the required guidance of young social assistance recipients also demands a lot of personnel effort from the municipalities, caseworkers and schools. All social assistance recipients younger than 25 years old must create an education plan in collaboration with their caseworkers. This plan must lay out concrete short- and long-term goals for the social assistance recipients. Additionally, all social assistance recipients have access to My Plan, a platform where all agreements, job offers, education goals and related data are documented. Municipalities can also provide additional guidance to young social assistance recipients who have enrolled in education, by assigning them a temporary mentor. The schools are also required to offer support and guidance to students who need it. To do so, they are first required to assess whether a student is in need of guidance or support; they should then provide a dedicated mentor to the students who need it.

[12] According to Braun and Christensen (2020) the differences between municipalities have decreased since the implementation, but have not disappeared.

3.5.6. Conclusion

The primary goal of social assistance for young people in Denmark is to get as many young people as possible to start and complete an education. Young social assistance recipients who have not previously completed at least a vocational education programme but should be able to do so, face lower social assistance rates. Whether the lower social assistance rates should apply to someone is determined by assessing their 'readiness' for education. This categorisation is undertaken by the municipalities' caseworkers, based on national guidelines, but with significant room for discretion.

This focus on schooling for young social assistance recipients has positive effects on enrolment in education and employment among social assistance recipients. The lower social assistance rates increase the share of young unemployed people and young social assistance recipients in education by about 20 per cent (Kleif & Nielsen Arendt, 2020). The policy also has a small positive effect on the share of young unemployed people and young social assistance recipients who find employment (Beskæftigelsesministeriet, 2016; DØR, 2015; Kleif & Nielsen Arendt, 2020).

Categorising young social assistance recipients based on their 'readiness' for education allows for targeted guidance. The categorisation ensures that young people receive the guidance and incentives that are suited to their situation.

However, the policy also has several downsides. Most importantly, the financial situation of many young people is negatively affected by the policy. About 80 per cent of the target group does not manage to enrol in education or find employment, but is still faced with the lower social assistance rates (Cevea, 2021). An increased share also leaves social assistance without having found employment or having started an education due to the policy (DØR, 2015; STAR, 2018). The policy has negative effects on their financial position as well.

Moreover, even though the policy increases educational enrolment, it is less effective in incentivising social assistance recipients to finish an education. Only about 15 per cent of those enrolled in education thanks to the policy actually finish their education (Rigsrevisionen, 2020). The number of dropouts may be reduced if schools and municipalities offer more support and guidance during the education. By law, they are required to offer support, guidance and mentorship to students who need it. In practice, however, only about 60 per cent of the students receive such guidance from the school, and only about 10 per cent of them are assigned a mentor by their municipality.

Furthermore, the categorisation of young social assistance recipients makes the system vulnerable to miscategorisation. Young social assistance recipients are dependent on a correct categorisation, as it determines the social assistance rates that they will receive, but the categorisation proves to be difficult in practice. There are large differences in the categorisation between municipalities (Braun & Christensen, 2020) and there are signs that social assistance recipients may be categorised too easily as being 'ready for education' (Cevea, 2021; STAR, 2019a).

Finally, correct categorisation and guidance requires a lot of administrative and personnel effort. Reaching a categorisation decision can take several meetings and may last up to three months. Also, if the young person's circumstances change significantly, they must be recategorised. Moreover, the required guidance of young social assistance recipients demands a lot of personnel effort from the municipalities, caseworkers and schools. The caseworker is required to develop an education plan with the recipient, and both municipalities and schools must provide support by assigning a mentor if necessary.

Table 5.2: Strong and weak aspects of focus on schooling in Denmark

Strong aspects	Room for improvement / Weak aspects
Increased participation in education and employment.	High dropout rates from education in the targeted group.
Education efforts targeted at those who are able to finish an education.	Majority of targeted group in a worse financial position: • Due to lower rates and not finding education or employment. • Due to leaving social assistance, but not finding education or employment.
	System vulnerability because of dependence on correct categorization, which proves to be difficult.
	Correct categorization and guidance require a lot of administrative and personnel effort.

5.6. CASE 2: THE 225-HOUR RULE IN DENMARK

The 225-hour rule dictates that social assistance recipients in Denmark must work at least 225 hours per year if they wish to retain full social assistance. This rule seems to improve labour market outcomes for social assistance recipients, but it worsens the financial situation of those who do not comply. Exemptions and extensions can be granted to individuals who cannot comply, although it is not always clear who should be granted these exemptions and extensions.

Social assistance recipients in Denmark who are able to work at least 225 hours a year, are expected do so. Otherwise, their social assistance benefit will be reduced. This is determined in the so-called 225-hour rule, which dictates that people who have received social assistance for one year or more within a three-year period, must have worked at least 225 hours in ordinary, unsubsidised employment during the previous 12 months if they wish to retain full social assistance[13]. Working 225 hours in a year corresponds to working about five hours a week during the whole year or working about six full-time weeks. The number of hours worked is, generally, automatically registered in an online income register. In cases where there is no automatic registration, e.g. when the recipient is self-employed, documentation of the number of hours worked is up to the social assistance recipient[14].

In principle, all recipients of social assistance are covered by the 225-hour rule. This includes those who are older than 30 and assessed as being ready for activity or ready for work, but also those who are younger than 30 and receive the regular social assistance rates. Social assistance recipients 30 years old who receive lower social assistance rates because they have not finished a vocational education and should be able to do so, are not covered by the 225-hour rule[15].

Individuals who cannot obtain employment in the ordinary labour market can be (temporarily) exempted from the 225-hour rule by the municipality's caseworkers. Moreover, the accrual period of 12 months can be extended in periods where the recipient is unable to work due to, for example, illness or pregnancy. This gives the recipient more time to meet the 225-hour rule.

The benefit penalty for not meeting the 225-hour rule varies by marital status and benefit level. If the recipient is unmarried, the penalty is equal to DKK 561 per month (for non-breadwinners) or DKK 1,125 per month (for bread-winners)[16]. This equals a 4 to 9 per cent reduction of the benefit, depending on the household composition. For married recipients, the sanction is much higher. If one or both people who are a couple do not meet the 225-hour rule, one of their benefits is reduced so that the combined assistance they receive is equivalent to one adult rate. The penalty for a married person is therefore equivalent to 50 per cent, a much higher percentage than for an unmarried individual. People regain full entitlement when they meet the 225-hour rule again.

Social assistance recipients are given help in finding work. Caseworkers from the municipality regularly check up on the recipients and give guidance on how to improve their chances of finding a job. Moreover, each municipality has a corresponding job centre, where social assistance recipients are required to register. These job centres also offer advice and guidance to social assistance recipients on moving into employment. Through the job centres' online platform Jobnet, social assistance recipients have access to job openings and can apply for them directly. However, the responsibility to find work and meet the 225-hour rule remains with the social assistance recipient.

[13] Worked hours in jobs for which the employer receives a wage subsidy or in an internship as part of an education do not count towards the 225 hours, as these do not fall under ordinary, unsubsidised employment. Self-employment does count.

[14] There are no strict rules regarding the documentation of the number of hours worked. However, to prevent fraud the municipality may decide that the pay or number of hours worked do not provide sufficient evidence for meeting the 225-hour rule. For irregular employment (without fixed hours), the municipalities calculate the number of hours worked by dividing the salary by an assumed hourly wage. For more information, see Guidance on the 225-hour rule for married couples and unmarried persons receiving assistance under Section 11 of the Active Social Policy Act (retsinformation.dk)

[15] For social assistance recipients younger than 30 years old who have not finished a vocational education, the first focus goal of the social assistance guidance is getting into education, instead of employment (see Chapter 5). For more information on who is covered by the 225-hour rule, see Guidance on the 225-hour rule for married couples and unmarried persons receiving assistance under Section 11 of the Active Social Policy Act (retsinformation.dk)

[16] For more information, see: 225-timersreglen for ugifte, der modtager uddannelseshjælp eller kontanthjælp (borger.dk)

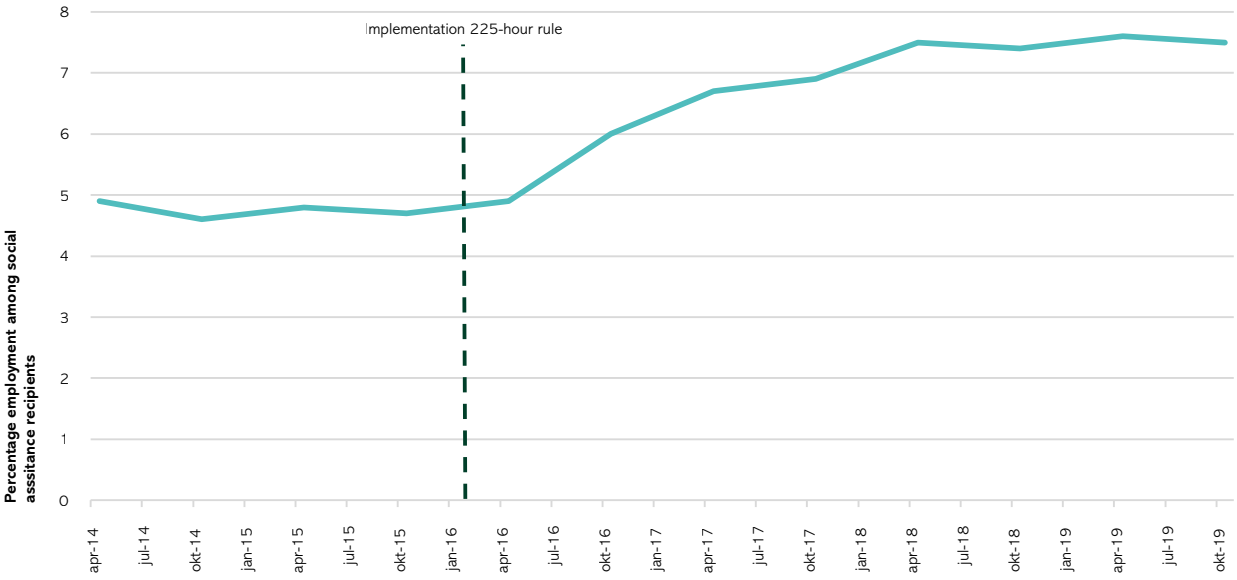
In this case study, we study the effects of the 225-hour rule. We consider whether the policy has been able to increase labour market participation among social assistance recipients, the understanding of the risk of sanctions, the administrative burden for caseworkers and its effect on the caseworkers' guidance.

3.6.1. Improved labour market outcomes

The 225-hour rule seems to increase the share of social assistance recipients who work more than 225 hours a year (Finansministeriet, 2019). In 2015 (before the reform came into force), the proportion of social assistance recipients who worked between 225 and 300 hours in the previous year was 6.3 per cent. This percentage rose to 8.9 in 2018, after the reform took place. This implies an increase in the share of social assistance recipients working more than 225 hours of 2.6 percentage points. After controlling for cyclical fluctuations in the economy, this difference still persists. This increase in the share of social assistance recipients who work more than 225 hours a year can be due to (i) social assistance recipients who already had a job and increased their hours after the reform, or (ii) social assistance recipients who previously did not have a job and now found employment for at least 225 hours a year. The following paragraph suggests that both mechanisms play a role.

The proportion of social assistance recipients who work in addition to receiving the benefit has increased by approximately 2.5 percentage points since the introduction of the 225-hour rule (Beskæftigelsesministeriet, 2019; Dansk Arbejdsgiverforening, 2020). The proportion of social assistance recipients with a job was fairly stable at around 5 per cent until the spring of 2016, but after the 225-hour rule came into force it increased to about 7.5 per cent (Figure 6.1). Although the introduction of the 225-hour rule took place during a period of economic expansion, with employment already rising since 2013, a large part of this 2.5 per cent increase is likely due to the 225-hour rule. The proportion of social assistance recipients who worked was already on the rise from 2013, but after the introduction of the 225-hour rule there was a sudden and much stronger increase in the share of recipients with a job. This indicates that the 225-hour rule played a significant role in the fact that more social assistance recipients gained a closer connection to the labour market (Dansk Arbejdsgiverforening, 2020). The increase of 2.5 percentage points is slightly smaller than the increase in the share of recipients who work more than 225 hours per year. This suggests that both of the above-mentioned mechanisms play a role. Even if all recipients who found employment after the reform immediately managed to work at least 225 hours per year (mechanism (ii)), there were also recipients who were already in employment before the reform and increased their number of hours worked because of it (mechanism (i)).

Figure 6.1: Share of social assistance recipients whose work increased after implementation of the 225-hour rule



Source: Danks Arbejdsgiverforening, 2020

Finally, the Danish Ministry of Finance estimates that the 225-hour rule increases the outflow from social assistance to employment (Finansministeriet, 2019). The Ministry has found that the 225-hour rule increased the exit rate from social assistance for people who had been on social assistance for at least 79 weeks by about 0.5 per cent.

Additionally, the Danish Ministry of Employment has found evidence that the 225-hour rule, combined with another measure that was implemented at the same time[17], has increased the outflow from social assistance to employment or education by 11 to 57 per cent (Beskæftigelsesministeriet, 2018). The Ministry cannot allocate which part of this effect is due to the 225-hour rule.

3.6.2. Worse financial position for non-compliers

The 225-hour rule worsens the financial situation of those who are sanctioned. The policy inherently assumes that everyone covered by the rule is able to work at least 225 hours a year. Those who do not comply, are sanctioned. There will always be people who will not meet the 225-hour criterion and who will therefore be worse off financially. According to STAR (2019b), about 12 per cent of all social assistance recipients were sanctioned because of the 225-hour rule in 2017 and 2018. Mploy (2018) shows that sanctions are mostly given to job-ready recipients (28%) and less often to activity-ready recipients (8%). This is due to the fact that activity-ready recipients are often exempted from the 225-hour rule.

3.6.3. Targeted incentives, but this makes the system vulnerable

Individuals who cannot meet the 225-hour rule due to, for example, illness can be exempted from the rule or the accrual period of 12 months can be extended. This gives the municipality's caseworkers some room for taking into account the personal circumstances of the social assistance recipient. In a case study, BDO (2023) finds that about 32 per cent of social assistance recipients are exempt from the 225-hour rule, and over 50 per cent of them have been exempt at some point. The exemption rate is highest among activity-ready social assistance recipients.

Accurate granting of exemptions is essential for a targeted 225-hour rule, but this dependence makes the system vulnerable. The possibility of granting exemptions and extensions allows for a better targeting of the 225-hour rule, as it ensures that individuals who really cannot work in the short term are not punished for it. However, it also makes individuals who are facing health-related difficulties dependent on this exemption. Misjudgements by the caseworkers may have severe financial consequences for the social assistance recipients if these misjudgements result in a sanction.

In practice, it is not always clear who should be exempted from the rule and who should get an extension of the accrual period. As shown by the Danish Association of Social Workers (Dansk Socialrådgiverforening, 2017) and Christensen et al. (2020a), caseworkers often struggle with who to exempt, as official guidelines do not always provide sufficient guidance. The National Social Appeal's Board also signals that caseworkers tend to give exemptions when extensions would be more appropriate (Ankestyrelsen, 2018). Combined with the discretionary power of the caseworker, this lack of clarity may lead to large differences between caseworkers. An evaluation of an earlier version of the 225-hour rule (the 300-hour rule) shows that numerous social workers used their discretionary power to transition their clients to alternative benefit programmes rather than implementing sanctions (Diop-Christensen, 2015).

3.6.4. Increased understanding that the risk of sanctions could improve employment effects

Understanding of the incentives built into the 225-hour rule is crucial for the policy to have an effect. If social assistance recipients do not understand that they should work at least 225 hours to avoid being sanctioned, they cannot react rationally to the incentives of the rule, i.e. they will not start working to avoid the sanction (Cairo & Mahlstedt, 2021; Ydelseskommissionen, 2021).

According to a survey conducted by Mploy (2018), the majority of social assistance recipients believe they know what they need to do to fulfil the 225-hour requirement. Around 33 per cent state that they know to a great extent how to avoid having their benefit reduced as a result of the 225-hour rule, while 22 per cent know to some extent how to avoid a sanction.

However, this also means that 45 per cent do not know how to avoid getting sanctioned because of the 225-hour rule, which likely relates to the complexity and lack of personalised information regarding the rule. According to a focus audit initiated by the Ministry of Employment, there is considerable complexity in the stipulations of the 225-hour rule, caused by the possibility of exemptions and extensions (BDO, 2023). Furthermore, individuals covered by the 225-hour rule have very little access to personalised information regarding their risk of being sanctioned (Cairo & Mahlstedt, 2021). This makes it more difficult for them to understand what is required of them to prevent a sanction.

[17] The so-called benefit cap.

An increased understanding of the 225-hour rule and the real-time risk of being sanctioned may increase the effectiveness of the policy. As shown in the previous paragraphs, there is room for improvement regarding people's understanding of the risk of being sanctioned by the 225-hour rule. Using a randomised controlled trial, Cairo and Mahlstedt (2021) demonstrate the simple online platform where social assistance recipients can access personalised information regarding their working hours and the risk of being sanctioned. This already increases the employment effects of the 225-hour rule by about 5 per cent, and decreases the probability of getting sanctioned by about 5 per cent after one year.

3.6.5. High administrative burden and personnel effort, leading to errors

The 225-hour rule requires extensive administration. Christensen et al. (2020b) argue that the 225-hour rule significantly increases the administrative burden for caseworkers. Caseworkers are required to decide whether someone should be exempted from the 225-hour rule or not, and provide the necessary documentation for this decision. There is no standardised format for this decision. Furthermore, social assistance recipients should be monitored continuously, to alter the exemption decision if necessary (BDO, 2023).

BDO (2023) shows that municipalities have difficulty keeping up with the administrative burden of the 225-hour rule, leading to administrative errors and corresponding negative consequences for the social assistance recipients. BDO has found administrative errors, such as missing registrations, missing notifications of benefit sanctions and failures to monitor social assistance recipients continuously. Consequently, social assistance recipients were not aware that their benefits would be reduced or that their exemption had expired.

3.6.6. Explicit focus on work

The 225-hour rule helps caseworkers in their guidance of social assistance recipients, as it makes the focus on work explicit (Christensen et al., 2020a; Mploy, 2018). Through explaining the working and effects of the 225-hour rule, caseworkers are better able to communicate the benefits of finding work. Furthermore, caseworkers tend to find that the 225-hour rule can be used as a motivational factor for the social assistance recipients (Mploy, 2018).

3.6.7. Conclusion

The 225-hour rule dictates that social assistance recipients in Denmark who have received social assistance for one year or more within a three-year period, must have worked at least 225 hours in ordinary, unsubsidised employment during the previous 12 months if they wish to retain full social assistance.

The 225-hour rule seems to improve labour market outcomes for social assistance recipients. The share of recipients who work more than 225 hours a year and the share of recipients with a job have increased after the implementation of the rule (Beskæftigelsesministeriet, 2019; Dansk Arbejdsgiverforening, 2020; Finansministeriet, 2019). Furthermore, the exit rate from social assistance to employment or education has increased (Beskæftigelsesministeriet, 2018; Finansministeriet, 2019).

Moreover, individuals who cannot comply with the 225-hour rule due to, for example, health reasons, can be exempted from the rule or the accrual period of 12 months can be extended. This gives the municipality's caseworkers some room for taking into account the personal circumstances of the social assistance recipient and increases targeting of the 225-hour rule.

Caseworkers are positive about the 225-hour rule, because it helps them in their guidance of social assistance recipients (Christensen et al., 2020a; Mploy, 2018). The 225-hour rule makes the focus on work explicit. Through explaining the working and effects of the 225-hour rule, caseworkers are better able to communicate the benefits of finding work.

However, the 225-hour rule also has several downsides. First, it worsens the financial situation of those who are sanctioned. This is the case for about 12 per cent of all social assistance recipients (STAR, 2019b). Second, accurate granting of exemptions and extensions is crucial for a targeted rule. This makes the system vulnerable. In practice, caseworkers find it difficult to determine who to give an exemption to, as official guidelines do not always provide sufficient guidance. Third, the extensive administration that is required by the 225-hour rule increases the administrative burden for caseworkers. Finally, due to the complexity of the rule and a lack of personalised and real-time information on the risk of being sanctioned, a significant share of social assistance recipients is not aware of how to prevent being sanctioned. An increased understanding of the risk of sanctions could improve employment effects (Cairo & Mahlstedt, 2021).

Table 6.1: Strong and weak aspects of the 225-hour rule in Denmark

Strong aspects	Room for improvement / Weak aspects
Improved labour market outcomes for social assistance recipients: • Increased share who work more than 225 hours a year. • Increased share with a job. • Increased exit rate from social assistance to education or employment.	Worse financial position for non-compliers.
Targeted incentives due to exemptions for those who cannot comply.	System vulnerability because of dependence on correct granting of exemptions, which proves to be difficult.
Caseworkers are positive about the explicit focus on work.	Implementation (a.o. correct granting of exemptions) requires a lot of administrative and personnel effort.
	Social assistance recipients find it difficult to prevent sanctions, due to complexity and lack of personalized information.

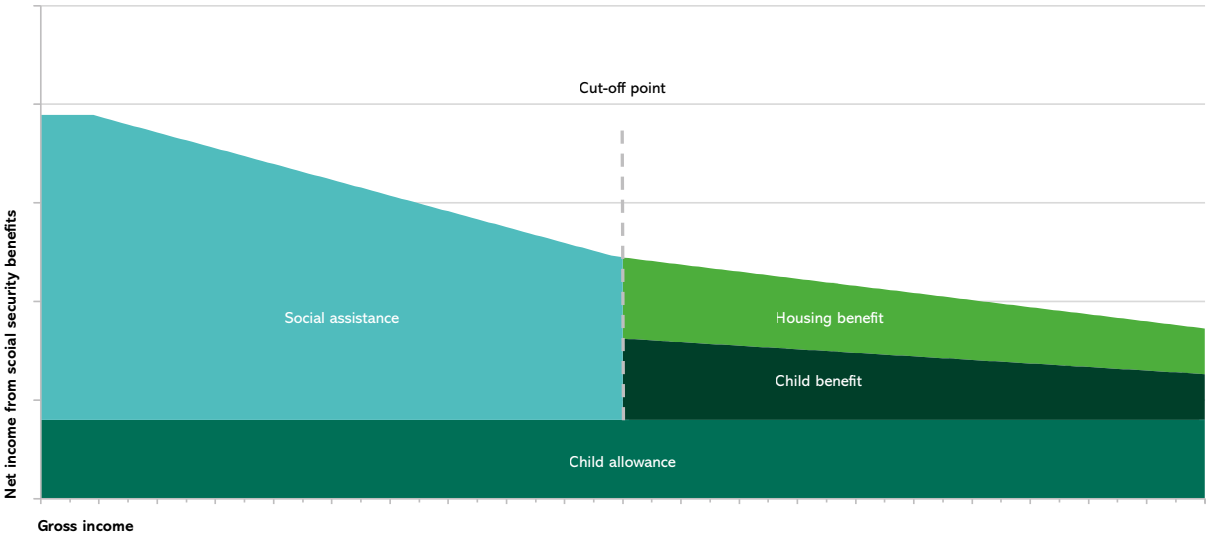
5.7. CASE 3: SEPARATION BETWEEN SOCIAL ASSISTANCE AND BENEFITS IN GERMANY

In Germany, social assistance on the one hand and housing and child benefits on the other, are mutually exclusive. This allows for better targeting of reintegration resources, as only households with the lowest incomes receive social assistance. Moreover, the lowest-income households only need to go through one application process to receive all available income support. However, the mutual exclusiveness requires a decision on whether to receive social assistance or benefits, which can lead to non-optimal use and income uncertainty.

In Germany, social assistance (*Bürgergeld*) on the one hand and housing benefits (*Wohngeld*) and child benefits (*Kinderzuschlag*) on the other, are mutually exclusive. Households receiving social assistance are not eligible for housing and child benefits, and households receiving housing or child benefits cannot receive social assistance (see Figure 7.1 for an illustration). The objective of making child benefits and social assistance mutually exclusive was to reduce the number of households that is dependent on social assistance (Fourth Law for Modern Services on the Labour Market ('Hartz IV')). This is an automatic consequence of the separation, because above the cut-off point households are no longer dependent on social assistance. Social assistance is granted to those with very low or zero income, who therefore would fall below the minimum subsistence level without social assistance. Housing and child benefits are targeted at households with low incomes, but above a minimum income threshold. This minimum income threshold results in a cut-off income level, above which it is optimal for a household to apply for housing and/or child benefits. Below this cut-off point, it is optimal for a household to receive social assistance. The amount of social assistance depends on the housing costs and the number of children in the household, so that the income from social assistance will cover all necessary living expenses.

This case study outlines the effects of the mutual exclusiveness of social assistance, and housing and child benefits in Germany. The first subsection evaluates the advantage of reducing the social assistance usage in this manner. Subsequent subsections describe the effects of the mutually exclusive benefits on the application procedures, take-up, income stability and administrative processes.

Figure 7.1: Social assistance, and housing and child benefits are mutually exclusive in Germany



Source: SEO Amsterdam Economics.

Note: This is an illustration of the net income from social security benefits that a household with children receives in Germany. If the gross income increases, social assistance will decrease until the cut-off point above which it is more advantageous to receive housing and child benefits.

3.7.1. Targeted reintegration policies

The fact that social assistance and housing and child benefits are mutually exclusive enables Jobcenters to focus on a smaller and potentially more vulnerable group for reintegration. This ensures better targeting of reintegration efforts, because only households with higher reintegration needs, those with close to zero income, qualify for social assistance[18]. Jobcenters are responsible for monitoring reintegration efforts and providing programmes to facilitate a return to employment. Targeting reintegration programmes at those who will likely need them the most, ensures efficient utilisation of resources. Recipients of housing and child benefits appear to require less assistance in finding new or additional employment as roughly 50 per cent of the recipients end the spell of benefits within three months and only 15 per cent need it for more than a year (Böhmer & Steiner, 2008).

3.7.2. One application process, except around the cut-off point

Social assistance applicants receive their entire income and all services from a single source after a single application (Der Tagesspiegel, 2005). On approval for social assistance, applicants avoid the complexity of navigating through different benefit options, as they directly receive the allocated amounts for housing and children within the social assistance framework. This reduces the need for complex decision-making and reduces the administrative burden for recipients of social assistance.

However, in cases where the applicant's income is around the cut-off point, the mutual exclusiveness can result in increased expenses and efforts during the application process for both the Jobcenter and the applicant. This is because social assistance, housing benefits and child benefits are all organised by different social security agencies. The Jobcenter must provide guidance on whether social assistance, or housing and child benefits better suit the specific circumstances of the household. This guidance increases the workload of the Jobcenter (further details are given in Section 7.6). For the applicants, efforts increase as they may have to transition from the Jobcenter and reapply to different social security agencies (*Wohngeldamt* and *Familienkasse*) for housing and child benefits if these appear more suitable than social assistance. Additionally, if the household's income changes the applicant may need to switch back and forth between types of assistance and consequently, between social security agencies. This can lead to the so-called revolving door effect between social assistance, and housing and child benefits (Bruckmeier et al., 2018).

3.7.3. Low take-up rates due to lack of knowledge

Even though individuals can receive guidance on selecting benefits that align with their needs, possessing some knowledge about the social security system remains essential for take-up-rates. First, individuals should be aware of the existence of social assistance, housing benefits and child benefits. Without this awareness, they may not realise that they are eligible and thus they will not apply. General awareness is essential in any social security system and not only inherent to this system. Second, to a certain extent they need to understand the distinctions between the different schemes to avoid refraining from applying, and directly applying for the optimal scheme. This latter type of knowledge is not required in social security systems where benefits are not mutually exclusive.

In Germany, there is a general lack of knowledge about housing benefits and child benefits. In 2010, only 19 per cent knew about housing benefits and 16 per cent about child benefits (Haumann, 2014). However, knowledge about housing and child benefits appears to be increasing. In 2019, approximately 53 per cent of individuals indicated to have sufficient knowledge about child benefits (Institut für Demoskopie Allensbach, 2019). This corresponds to the results of a survey of families participating in a project, where 58 per cent of the respondents indicated that they were aware of child benefits before receiving advice (Jackwerth-Rice, 2022). Despite the increase in awareness about housing and child benefits, a large percentage of the population remains unaware.

Beyond the lack of knowledge regarding housing and child benefits, there is also confusion regarding the application and acceptance requirements for social assistance and housing benefits. Many recipients mistakenly believe that applying for housing benefits involves disclosing detailed financial information to the authorities and that acceptance might lead to mandatory subletting or moving. However, applying for housing benefits does not require sharing as much financial information as is necessary for social assistance, and mandatory subletting or relocation can also only occur within the context of social assistance (Zeit Online, 2019). The lack of general knowledge and confusion are main contributors to high non-take-up rates for housing and child benefits (see Figure 7.2)[19]. High non-take-up rates lead to lower income levels for households that are eligible for income support.

[18] To illustrate, in Germany a household (two adults (40 years), two children (4 and 6 years), where the first adult works 30% of full-time and the second adult 0% of full-time) can receive social assistance of up to 65 per cent of the average gross wage of the first adult, whereas in the Netherlands eligibility extends to 90 per cent of the average gross wage of the first adult.

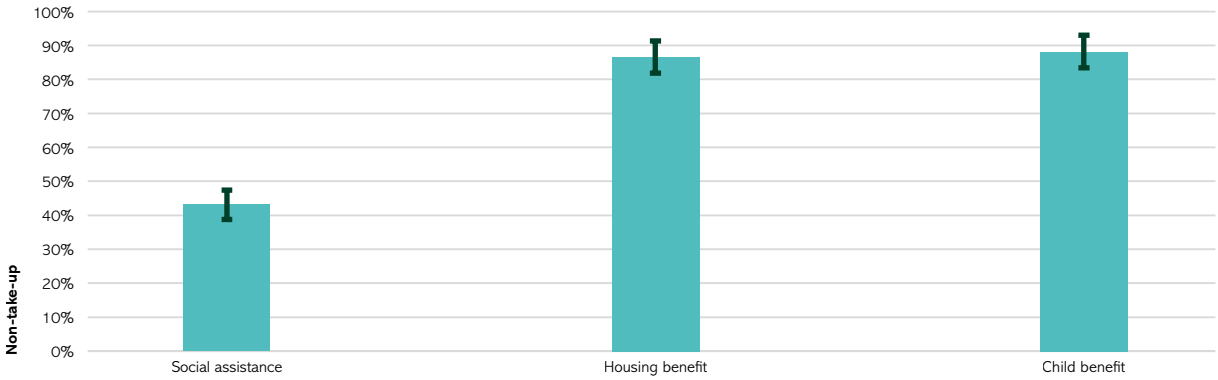
[19] It has to be noted that simulation models for these benefits have significant error margins, as multiple claims need to be simulated simultaneously.

3.7.4. Non-optimal use of benefits results in less effective income support

The mutual exclusiveness can also contribute to receiving the non-optimal benefit scheme, which results in less effective income support as households do not receive the support targeted at them. The mutual exclusiveness can lead to using the non-optimal benefit scheme due to a lack of switching or an initial non-optimal application. Additionally, the lack of knowledge likely increases the instances in which households receive less-than-optimal benefits. Even though exact numbers of households in the non-optimal scheme are not directly available, they can be inferred from the non-take-up study conducted by Bruckmeier and Wiemers (2018). The non-take-up in this study is calculated based on the optimal choice of assistance from a monetary point of view and should therefore be corrected for households receiving the non-optimal assistance. Among the households not taking up social assistance, 7.9 per cent receive housing benefits and 0.6 receive child benefits. Conversely, among households not taking up housing and child benefits, 9.1 and 14.3 per cent receive social assistance, respectively. This implies that from a monetary point of view, households are quite often in the non-optimal assistance programme.

However, opting for housing and/or child benefits over social assistance, even when the latter offers a higher benefit amount, could be a strategic decision to minimise activation requirements. A vignette study (IfD, 2012) reveals that respondents express a preference for housing and child benefits over social assistance, even if it means a lower income. This preference arises from the fact that housing and child benefits do not come with activation requirements (Böhmer & Steiner, 2008). Therefore, housing and child benefits can be more attractive than social assistance from a non-monetary perspective. In addition to the monetary impact of benefit utilisation, households must also consider the overall advantage of the benefits. This includes aspects such as access to active labour market policy measures and support for employment integration in the household, versus a higher sense of stigmatisation when receiving social assistance (Bruckmeier et al., 2019a).

Figure 7.2: Very high non-take-up rate of housing and child benefits.



Source: Bruckmeier and Wiemers, 2018.
Note: The bars are the non-take-up rates for social assistance, housing benefit and child benefit. The black lines indicate the 95% confidence interval.

3.7.5. Income uncertainty around the cut-off point

Due to the minimum income threshold for housing and child benefits, minor negative fluctuations in income can result in the loss of eligibility for housing and child benefits and lead to a 'double' setback in income. A reliable and predictable income is required to enhance household stability (Gennetian et al., 2021). Therefore, an additional setback by losing eligibility for benefits during temporary decreases in income can worsen the household situation.

There is no data available that indicate how many households experience a double setback and how often they do so, but Bruckmeier et al. (2019a) acknowledge instances where transitions from housing benefit to social assistance have occurred. The interfaces between social assistance, and housing and child benefits, are especially challenging due to high employment dynamics within lower-income households (Bruckmeier et al., 2019a). Immediate and sustainable labour market integration is often not achieved (Bruckmeier et al., 2019b). Consequently, households may find themselves compelled to switch between different forms of social security benefits during transitional phases in and out of the labour market. Other countries do not encounter this double setback since their systems are not mutually exclusive. For instance, Sweden also offers housing benefits within social assistance and another housing benefit scheme (see Chapter 9 for more information). However, the transition between those two housing benefit schemes is smoother than in Germany, so the households are not compelled to switch.

3.7.6. Administrative burden for implementing organisations

The existence of mutual exclusiveness within the social security system where schemes have similar goals, as both social assistance, and housing and child benefits pursue the same social policy goal of providing low-income households with adequate income, results in duplication of administrative structures (diseconomies of scope). This is true especially since the benefits are administered by different organisations. For instance, when a household applies for social assistance, the Jobcenter initially reviews the documents to determine whether the household should actually receive social assistance, or housing and child benefits. Subsequently, if the Jobcenter advises that housing and child benefits are the better option, the *Wohngeldamt* and *Familienkasse* have to check similar documents again.

These organisations (Jobcenter, *Wohngeldamt* and *Familienkasse*) operate independently, but their interdependence becomes apparent by the impact that reforms in one scheme have on the other schemes (Bruckmeier and Wiemers 2015, Voigtländer et al., 2016). Changes in one of the schemes result in changes to the trade-off point for the other schemes, thereby impacting the expected number of households in all schemes. These changes in the trade-off point occur frequently and are complex due to different timing and indexes used for adjusting the amounts of social assistance and housing benefits. For example, social assistance undergoes annual indexation and housing benefits experience irregular adjustments at multi-year intervals.

3.7.7. Conclusion

The mutual exclusiveness of social assistance, and housing and child benefits in the German social security system is characterised by two main, strong aspects (see Table 7.1). First, due to the cut-off point between social assistance and housing and child benefits, fewer households receive social assistance. Therefore, reintegration programmes by the Jobcenter exclusively target households with near zero income levels. This ensures the effective allocation of reintegration resources to those who are less self-sufficient on average, which minimises deadweight loss. Second, there is no complex navigation through social benefits for households with near zero income levels, as social assistance is the only benefit applicable at this income level.

On the other hand, the current form of implementation of mutual exclusiveness in the social security system has five weak aspects (see Table 7.1). First, households may experience a higher administrative burden. For households with an income around the cut-off point it is challenging to determine which benefits are most suitable. This potentially leads them to initially apply for social assistance only to discover later (after getting advice) the need to switch to housing and/or child benefits (or the other way round). This results in additional application processes for the household. Second, social security agencies also face a higher administrative burden due to households switching between benefit schemes. Switching requires additional application verifications by social security agencies, resulting in increased administration costs due to diseconomies of scope. Third, households (with an income around the cut-off point) might use the non-optimal benefit from a financial point of view, due to a lack of switching, initial non-optimal applying or a lack of knowledge. This leads to less effective income support as those households do not use the support scheme targeted at them. Fourth, households that currently use housing and child benefits and have income levels near the cut-off point face income uncertainty. If these households experience a decrease in work income, they might lose eligibility for those benefits and consequently face a double negative income shock if they do not apply for social assistance in time. Fifth, the take-up rates for social assistance, and housing benefit and child benefit are relatively low in Germany. This is partly due to a general lack of knowledge, which is not inherent to the German system. Nevertheless, due to the mutual exclusiveness, households also need to understand the differences to apply for the appropriate scheme and avoid confusion regarding their obligations under each scheme.

Table 7.1: Strong and weak aspects of the mutual exclusiveness of social assistance, and housing and child benefits in Germany

Strong aspects	Room for improvement / Weak aspects
Reintegration policies targeted at the lowest-income groups, so less deadweight loss because higher income groups are more self-sufficient on average.	Administrative burden for households due to switching between benefit schemes, especially for households with income around the cut-off point.
No complex navigation through different benefits for households with near zero income.	Administrative burden for implementing organisations due to households switching between benefit schemes.
	Non-optimal use of benefits results in less effective income support.
	Income uncertainty around the cut-off point for households using housing and child benefits.
	Low take-up rates due to a lack of knowledge and understanding about the difference between social assistance and housing and child benefits.

5.8. CASE 4: REFUNDABLE FAMILY TAX CREDITS IN NEW ZEALAND

In New Zealand, all family benefits are paid through the tax system as refundable tax credits. This improves take-up rates and reduces the need for information sharing between agencies as the tax office already possesses household income data. On the other hand, repayments are still an issue as many households apply to get the payments on a regular basis instead of at the end of the tax year.

In New Zealand, family benefits are paid through a tax scheme collectively known as the Working for Families Tax Credits. In 2002, New Zealand made the decision to pursue a set of policy goals – improving the take-up of assistance, making work pay and reducing poverty – through the tax system. The Working for Families legislation was enacted in 2004 and completely phased in by 2008. Each year from 2004 to 2008, a specific phase was implemented to fully enact the Working for Families legislation. The Working for Families Tax Credits consist of four types: the Family Tax Credit, the In-Work Tax Credit, the Minimum Family Tax Credit and the Best Start Tax Credit (see Section 3.2.8.5 for more details). The Family Tax Credit is determined by the household income, the number of children and the ages of children. This tax credit closely resembles the concept of child benefits in other countries. Therefore, New Zealand is rare in distributing a child benefit through the fiscal system. Hence, the Family Tax Credit will be the main focus of this case study.

The Family Tax Credit is a refundable tax credit that requires application by the household, whereby the application process differs based on the preferred frequency of payments. The Family Tax Credit can either be paid weekly, fortnightly or as a lump sum after the end of the fiscal year. If a household wishes to receive the Family Tax Credit as a weekly or fortnightly payment, it needs to register in myIR with Inland Revenue and autonomously estimate the household income for that fiscal year. This can lead to refunds or repayments at the end of the fiscal year (see more in Section 5.4.4). If a household wishes to receive the Family Tax Credit as a lump sum, it will have to specify a tax code when filing taxes at the end of the fiscal year. Inland Revenue will then calculate the Family Tax Credit based on actual income and pay it as a lump sum.
This case study aims to investigate if the policy goals of improving take-up rates and making work pay[20] are achieved alongside other advantages and disadvantages of organising family benefits within the tax system. The first subsection will discuss the results on increasing take-up rates, and the second subsection the results on making work pay. Thereafter, the effects on the implementing agencies, the repayment structure and the experience of households are discussed.

3.8.1. High take-up rates

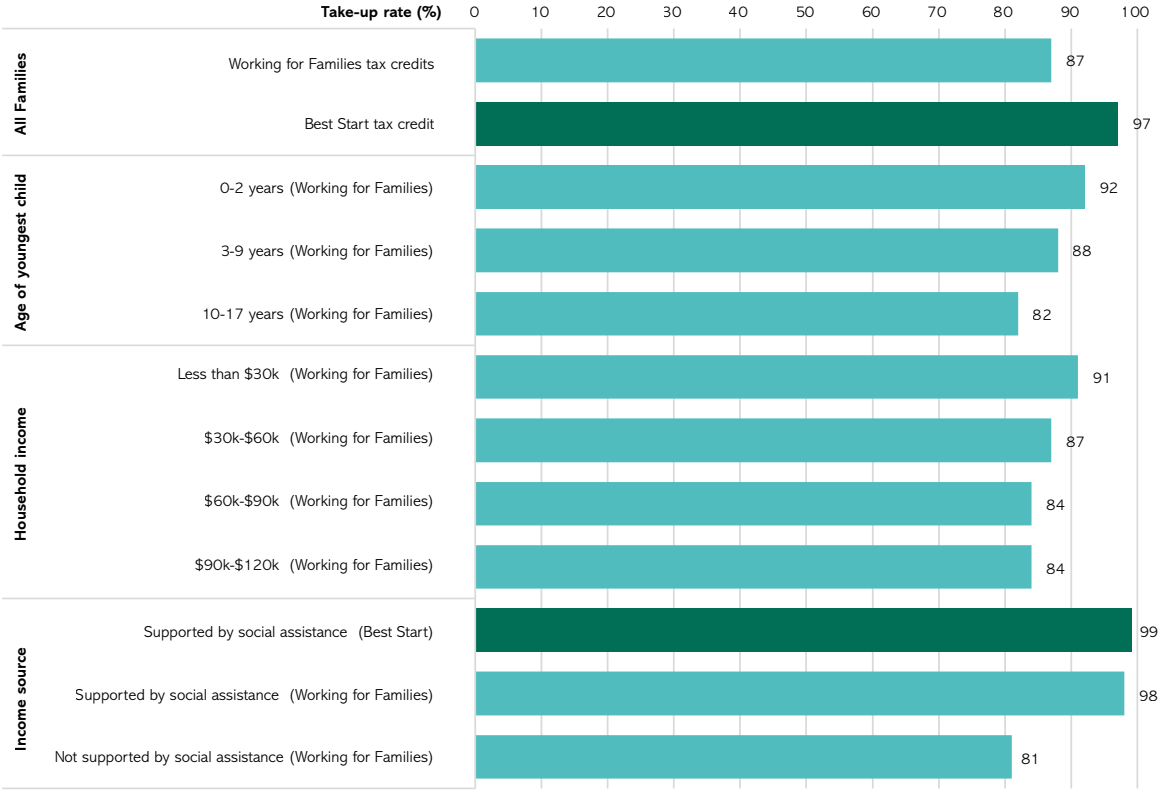
The main advantage of organising family benefits through the tax system is the achievement of high take-up rates. This can only be achieved through the tax system because of the streamlined, time-efficient administration and straightforward application processes during tax filing. Furthermore, there is widespread awareness of applying for tax credits when filing taxes (Ministry of Social Development., 2022a). Stigmatising might also be felt less strongly if benefits are operated through the fiscal system (Ko & Moffitt, 2022). Moreover, households are receiving social assistance benefit from automated procedures, eliminating the need to apply for tax credits during the tax filing process (Ministry of Social Development, 2022a). It is worth mentioning that the group of social assistance recipients encompasses more households than in other nations, as it also includes households receiving unemployment benefits (see Section 3.2.8.1). Additionally, as of the tax year 2020–2021, Inland Revenue also automatically calculates the tax returns for households that only earn wage income.

The average take-up rates for all four types of tax credit within Working for Families Tax Credits were estimated to be around 90 per cent in 2019–2020 (Ministry of Social Development, 2022a). It can be expected that the take-up rates will increase even further with the introduction of automatic tax calculation for households with only wage income. Furthermore, it is anticipated that the take-up rates will be even higher for the Family Tax Credit and Best Start Tax Credit compared to the In-Work Tax Credit and Minimum Family Tax Credit (The Welfare Expert Advisory Group, 2018). This means that the take-up rate of the Family Tax Credit and the Best Start Tax Credit are presumed to be above 90 per cent. Although there is no specific evaluation for the Family Tax Credit, the take-up rate of the Best Start Tax Credit is notably higher as it is estimated at 97 per cent (Ministry of Social Development, 2022b).

[20] The policy goal of reducing poverty is not further evaluated, because poverty reduction is generally an overarching policy goal. This policy goal is achieved through improved take-up rates and higher benefit amounts.

The take-up rates of Working for Families Tax Credits are especially high for households with young children, households with low income and households that receive social assistance[21], compared to the overall take-up rates for all families (see Figure 8.1). The take-up rates among households with young children are higher due to the automated reminder and higher awareness after the application for the Best Start Tax Credit[22]. The Best Start Tax Credit was introduced in 2018, which means that only parents with young children (up to two years old in 2020) could so far benefit from this automated reminder. Therefore, it is expected that in the future the take-up rates of the other Working for Families Tax Credits will increase further (Ministry of Social Development, 2022b). Households receiving social assistance experience higher take-up rates, because if they receive social assistance they will in general automatically receive the Family Tax Credit in addition to the social assistance payment (Inland Revenue, 2021).

Figure 8.1: High take-up rates of Working for Families Tax Credits, specifically the Best Start Tax Credit.



Source: Ministry of Social Development, 2022a and 2022b.

3.8.2. High operational efficiency

An additional benefit of organising family benefits within the tax system is the streamlining of administrative processes through the utilisation of a single implementing organisation that already possess income data. In New Zealand, this task is carried out by the tax agency, Inland Revenue. By organising family benefits at Inland Revenue, the system minimises bureaucratic expenses associated with the exchange of information across multiple agencies. Consequently, this approach facilitates a more seamless and cost-effective management of financial government resources.

Prior to the introduction of the Working for Families Tax Credits, Inland Revenue in New Zealand functioned as more than just a tax agency already, which likely facilitated the integration of Working for Families. Besides its core responsibility of tax collection, Inland Revenue was also involved in the distribution of child support and the administration of student loans. Therefore, it had already experience with transferring funds to a large number of individuals.

[20] The social assistance schemes are Jobseeker Support, Sole Parent Support and Youth Payment. See Section 2.8.1 for more information about the social assistance schemes.

[21] The Best Start Tax Credit is an income-independent tax credit until the child's first birthday. The awareness of the Best Start Tax Credit is high and application is easy when registering the birth of a child. Hence, almost all parents apply for the Best Start Tax Credit. The application for the Best Start Tax Credit may raise awareness of other Working for Families Tax Credits, leading parents who would otherwise not have done so, to apply for those tax credits as well. Furthermore, after application for the Best Start Tax Credit, parents receive automatic invitations to reapply for Working for Families Tax Credits in the following years.

3.8.3. Making work pay

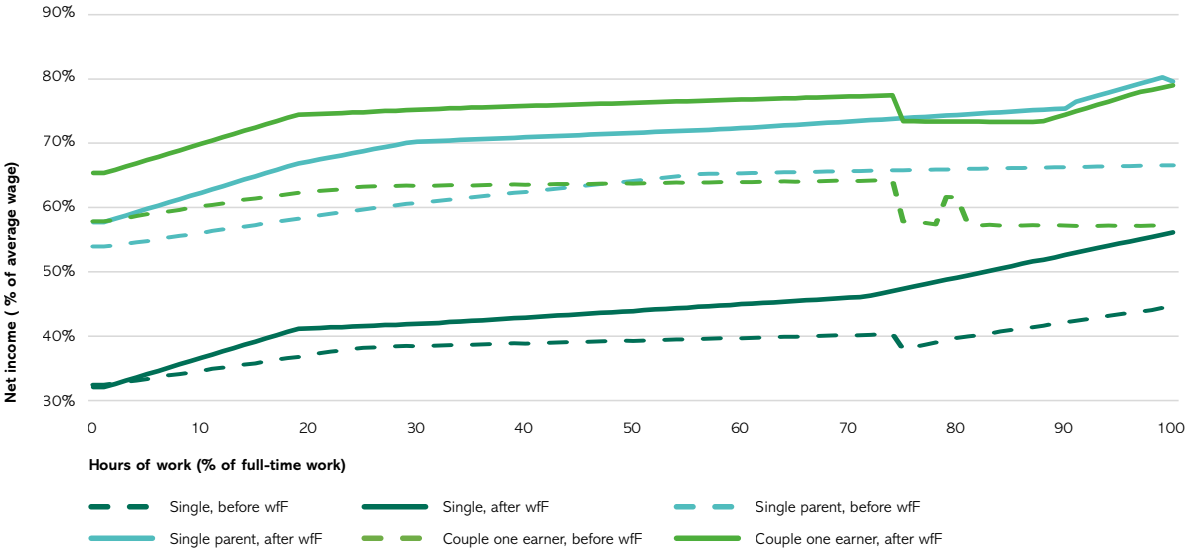
One of the policy goals of organising the family benefits through the tax system was to make work pay. However, it is important to note that this is not inherent to this specific system. In any social security system it is possible to structure tax rates and benefit reduction rates in such a manner that working more is financially rewarding. Even though not inherent to the system, this policy objective was achieved for the majority of households and can therefore be a source of inspiration to other countries.

Figures 8.2 and 8.3 aim to graphically illustrate the work incentives. The figures show the net income for various hours of work per week for different family types before and after the introduction of Working for Families. The dotted lines depict the situation before Working for Families and the solid lines depict the situation after Working for Families. The rise in levels at zero hours of work per week, between the dotted lines and solid lines, is primarily a result of increased benefits over the years. The increase in steepness between the dotted lines and solid lines indicates that taking up employment has become relatively more financially rewarding since the introduction of Working for Families. The steeper the positive slope of the line, the greater the increase in net income gained from an additional hour of work, indicating a high work incentive. Conversely, if the line remains flat or has a negative slope, it signifies no gain or even a loss in net income when working more hours.

The introduction of Working for Families has enhanced incentives for unemployed families who currently receive benefits to secure employment, as depicted in Figure 8.2. By contrasting the solid lines (after the introduction of Working for Families) with the dotted lines (before the introduction of Working for Families), it is evident that not only have the starting levels at zero working hours risen, but also the slope for the initial working hours has become steeper. This implies an increased work incentive (Johnson, 2005). It should be noted that while incentives have risen, the absolute incentive remains relatively weak at certain numbers of working hours. This is the case at points where the slopes are almost flat or even declining.

The labour incentives for single parents have also increased (Johnson, 2005). Prior to the implementation of Working for Families, the income of a full-time working single parent earning the minimum wage was only slightly higher than that of a non-working single parent. The difference was only 13 percentage points. This was due to high marginal tax rates, meaning that the combined impact of increased income taxes and reduced benefits largely offset the additional income gain for each additional dollar earned. The introduction of Working for Families changed this, leading to a decrease in marginal tax rates (Johnson, 2005). Now the difference between a full-time working single parent earning the minimum wage and a non-working single parent is 21 percentage points. In particular, the transition from no work to part-time work (30 per cent of full-time) is rewarded, as seen by the steep slope of the solid light blue line compared to the dotted light blue line in Figure 8.2. This increased financial incentive to work has resulted in an estimated increase in the labour supply of single parents by an average of 0.6 hours per week and an increase in labour force participation of single parents by 1.7 percentage points (Mok & Mercante, 2014). This rise in labour force participation implies that approximately 3,000 single parents have entered the labour market.

Figure 8.2: Increased work incentives for unemployed, single parents and one-earner couples

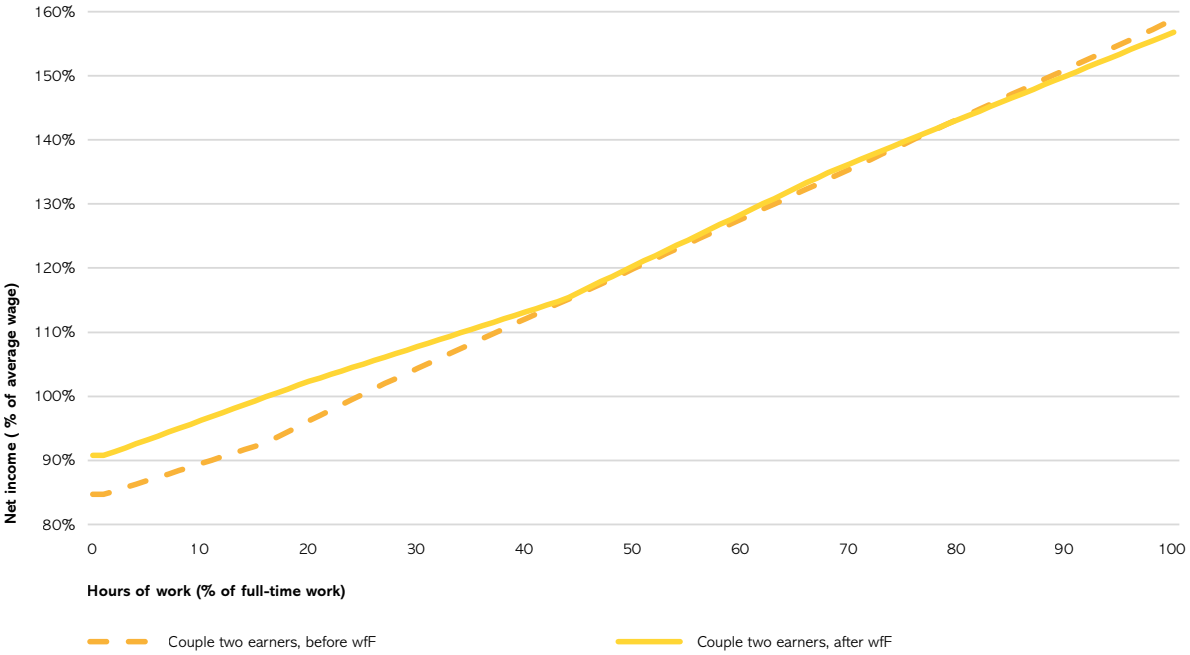


Source: OECD, 2023

Note: The dotted lines represent the situation in 2002, before the introduction of Working for Families (WfF), and the solid lines the situation in 2023, after the introduction of WfF. Net income on the vertical axis is given as a percentage of the average wage. However, this is just a scalar effect. Average wage is measured as the annual average wage among full-time employees in sectors B to N of the International Standard Industrial Classification of economic activities. Hours of work on the horizontal axis is given as a percentage of full-time work at the statutory minimum wage. The OECD Tax Benefit calculator does not explicitly define the number of full-time working hours. However, the underlying wage data for full-time employees is based on country-specific definitions of full-time working hours and thus implicitly assumes these working hours in the calculations. The adults are 40 years old, and the children are 4 and 6 years old. If eligible, the households receive social assistance, housing benefits, in-work benefits and family benefits. The annual housing cost is set at 20 per cent of the average wage.

On the other hand, the labour market incentives for married couples did not show improvement (Johnson, 2005). In Figure 8.3 it is evident that the steepness of the slope after the introduction of Working for Families decreased compared to the situation before its introduction, specifically in the range of working 0 to 40 per cent of full-time. This implies that working more hours is financially less rewarding. Working for Families has created higher marginal tax rates for the second earner of a working couple compared to the previous situation. Therefore, some two-earner couple households will transition into single-earner couple households. This has resulted in an estimated decrease in the labour supply of married men and women by an average of 0.1 and 0.5 hours per week, respectively (Mok & Mercante, 2014). Furthermore, the reduction in the labour force participation of married women is approximately 1.2 percentage points (Mok & Mercante, 2014), equivalent to around 9,000 married women leaving the labour market.

Figure 8.3: Decreased work incentives for two-earner couples



Source: OECD, 2023

Note: The dotted line represents the situation in 2002, before the introduction of Working for Families (WfF), and the solid line the situation in 2023, after the introduction of WfF. Net income on the vertical axis is given as a percentage of the average wage. However, this is just a scalar effect. Average wage is measured as the annual average wage among full-time employees in sectors B to N of the International Standard Industrial Classification of economic activities. Hours of work on the horizontal axis is given as a percentage of full-time work at the average wage. The OECD Tax-Ben calculator does not explicitly define the number of full-time working hours. However, the underlying wage data for full-time employees (average wages) is based on country-specific definitions of full-time working hours and thus implicitly assumes these working hours in the calculations. The hourly wage rate is set at 100 per cent of the average wage for both adults in the couple. The earner in the couple who is not graphed, works full-time. The adults are 40 years old and the children are 4 and 6 years old. If eligible, the households receive social assistance, housing benefits, in-work benefits and family benefits. The annual housing cost is set at 20 per cent of the average wage.

3.8.4. Repayment and debt still a problem

Structuring family benefits within the tax system does not solve issues regarding repayment. Repayments can only be avoided with certainty if households choose to receive Family Tax Credit as a lump sum based on their actual income at the end of the fiscal year. However, many households need more regular payments to cover their daily expenses, leading them to choose weekly or fortnightly payments based on their estimated income. Inland Revenue attempts to assist in this estimate by pre-filling known current and past income information. Nevertheless, the Family Tax Credit is determined based on the yearly household income, making current and past individual income information insufficient for a correct estimate. While it is possible to grant a partner access to Working for Families information on myIR to update the household income, the issue of estimating the yearly income remains. Accurately estimating the yearly income requires the household to anticipate changes in income. As a result, households often inaccurately estimate their yearly income, which leads to refunds or repayments at the end of the fiscal year.

Many New Zealanders experience repayment challenges due to overpaid Working for Family Tax Credits, leading to indebtedness when they are unable to repay in time. In 2023, the collective debt regarding Working for Family Tax Credits amounted to NZD 240–250 million owed by over 50,000 individuals (roughly 1–2 per cent of the population between 15 and 65 years old), with a median debt owed per individual of approximately NZD 2,300[23]. An individual's debt can increase further due to penalties and interest payments.

[23] For more information, see: https://www.nzherald.co.nz/nz/politics/fundamental-changes-to-tax-credit-system-could-lift-incomes-of-350000-families-in-working-for-families-review/UGDZFI3XWZCX3JKUCNWVKKSEXY/
https://www.stuff.co.nz/business/money/300970284/more-than-50000-people-with-working-for-families-debt

The possibility of repayment and debt negatively impacts households, especially those with low incomes for whom lump sum payments are not feasible and repayments are more difficult. A survey conducted for the review of Working for Families highlighted that repayment debts were stressful and created significant issues for households (Ministry of Social Development, 2022c). The fear of getting into debt also influenced work incentives, as households worry that increased income will cause overpayment of Working for Family Tax Credits and subsequent debt. It is perceived that the Working for Families system penalises individuals for taking on more work, given the difficulty of accurately estimating income for the entire year in advance. Expecting households to predict how changes in income will affect entitlements is considered unfair. Moreover, the constant adjustment of income and concerns about whether the household has received the correct amount of Working for Families Tax Credits are seen as degrading and exhausting (Ministry of Social Development, 2022c).

3.8.5. Experience of households with the tax system

Compared to many other developed countries, the New Zealand tax system is relatively simple, coherent and transparent (Sawyer, 2016), which makes it possible to organise family benefits within the tax system. The tax system has relatively few deductions, exemptions or credits, especially before the introduction of Working for Families (Johnson, 2005). The number of active personal income taxpayers as a percentage of the population is relatively high in New Zealand compared to other advanced and emerging economies. For instance, in New Zealand 78 per cent of the population are active personal income taxpayers compared to 72 per cent in the Netherlands. Furthermore, in New Zealand tax filing is done automatically for households on social assistance and unemployment benefits, and for households with only wage income.

Even though the tax system is rather simple, some households still experience the current system as complex to navigate. This complexity arises from the need to separately apply for multiple tax credits during the filing process, which leads to confusion. Furthermore, the interconnectedness of various tax credits complicates the understanding of an individual's entitlements. Some households are also unaware of their eligibility and fail to apply for some (or all) tax credits (Ministry of Social Development, 2022c). Moreover, the system is not designed for weekly and fortnightly payments to diverse family types with changing incomes and circumstances. Hence, households still have to update information themselves if they want to receive weekly of fortnightly payments. The timing for notifying Inland Revenue of changes in income or circumstances poses a challenge for some households (Ministry of Social Development, 2022c).

3.8.6. Conclusion

The Working for Family Tax Credits, particularly the Family Tax Credit in New Zealand's social security system are characterised by two main, strong aspects (see Table 8.1). First, the take-up rates of the Family Tax Credit are high, due to straightforward and relatively simple tax filing procedures. Furthermore, for households using unemployment or social assistance benefits and for households with only wage income the tax filing is done automatically. Additionally, the stigma associated with seeking income support might be felt less strongly when integrated into the tax filing process, because it is an obligation for everyone to file taxes. Second, only a single institution is involved for all types of Working for Family Tax Credits. This institution already possesses income data, which minimises bureaucratic expenses associated with the exchange of information across multiple agencies.

The main drawback of Working for Family Tax Credits and the Family Tax Credit in particular is that income uncertainty still exists. The Family Tax Credit is still based on estimated household income if a household wants to receive weekly or fortnightly payments. This can result in repayments at the end of the fiscal year and subsequently in debt for households that are unable to make these repayments.

Table 8.1: Strong and weak aspects of organising family benefits through the tax system in New Zealand

Strong aspects	Room for improvement / Weak aspects
High take-up-rates: • Straightforward tax filing, automatic tax filing for social assistance recipients and households with only wage income. • Less of a stigma surrounding receiving benefits.	Income uncertainty still exists if benefits are organised through tax system: • Households need the cash amount of family benefits weekly or biweekly and therefore still receive the benefits based on estimated income.
High operational efficiency: • Reduced information sharing as there is a single implementing organisation.	

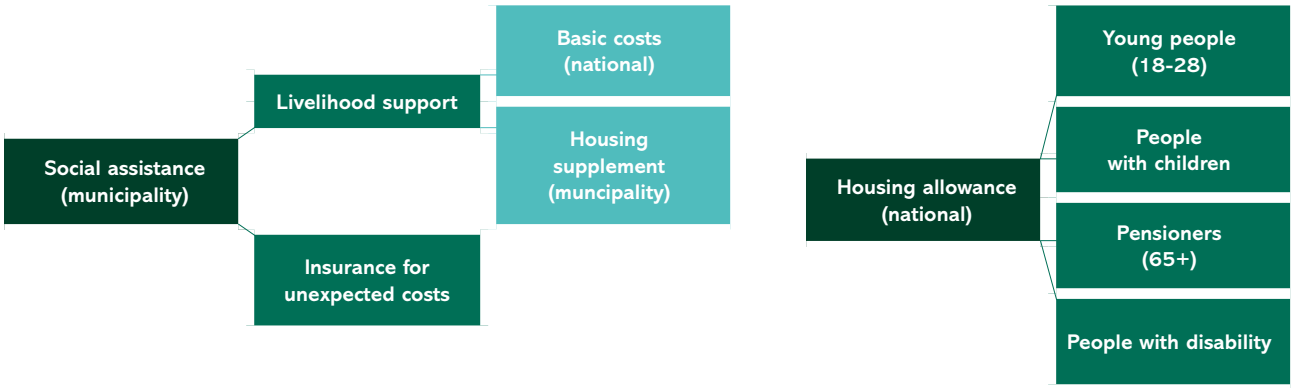
5.9. CASE 5: SOCIAL ASSISTANCE AND HOUSING BENEFITS IN SWEDEN

In Sweden, social assistance includes a housing supplement, which comes in addition to a regular housing allowance. Together they ensure full coverage of housing costs. This results in high benefit amounts compared to other countries. While these benefits lead to a rather smooth transition out of social assistance, they also diminish work incentives for social assistance recipients. Moreover, having two housing benefits creates a double administrative burden and makes the housing allowance an ineffective instrument for income support to social assistance recipients.

Social assistance in Sweden, also known as *ekonomiskt bistånd*, is financial support provided by the municipality to individuals or families who cannot support themselves. To be eligible for social assistance, households must have applied for all other entitled benefits prior to their application.

An interesting feature of Swedish social assistance is that it consists of multiple parts: a national norm covering basic costs, a housing supplement that is based on housing costs, and an additional part covering unexpected costs such as dental and health costs (see Figure 9.1). The basic costs and housing supplement together are called the livelihood support. The basic costs are set at the national level and consist of costs that are reasonably equal for everyone in the entire country. The housing supplement is determined by the municipality and consists of the actual housing costs (minus the amount of housing allowance that might already be received by the household, see next paragraph) and energy costs.

Figure 9.1: Social assistance in Sweden includes a regional-based housing supplement



Source: Kunskapsguiden.se.

Additionally, an income-tested housing allowance is granted at the national level, which is available to households with young people (aged 18–28), with children, with pensioners and with disabled people (see Figure 9.1). This housing allowance is accessible to low-income households, either in conjunction with social assistance or independently. Through the combination of a housing supplement and a housing allowance, the housing costs are covered in full for social assistance recipients (ESPN, 2015) for at least the first three months of social assistance dependency. After the first three months, a reassessment of the housing costs takes place, and may be followed by adjustments to the housing supplement or a requirement for the household to relocate.

The Swedish welfare system is characterised by a relatively few recipients and a low number of long-term recipients (see Table 3.3). A contributing factor to the low usage of social assistance in Sweden is the extensive provision of unemployment benefits (ESPN, 2015b). High non-take-up can also contribute to the relatively low usage of social assistance. Unfortunately, the most recent available reliable data on non-take-up of social assistance is from before large system reforms[24]. Therefore, it is unclear whether non-take-up is still high (Gustafsson, 2002; ESPN, 2015).

[24] Tervola et al. (2023) find a non-take-up rate of 54 per cent of social assistance in Sweden. However, they acknowledge in their study that the data lack certain variables essential for simulating eligibility and they might not possess all the required knowledge on the relevant legislation.

Moreover, the average duration of social assistance is relatively short, because municipalities have a wide range of activation measures, an explicit focus on young adults and an integrated cooperation with public employment services (Bergmark et al., 2017).

This case study aims to investigate the advantages and disadvantages associated with the two housing benefits in Sweden. First, the transition out of social assistance will be discussed. Then, we will address the effects on incentives to find work, the administrative burden, the substitution between the two housing benefits and the housing market situation.

3.9.1. Income certainty when exiting social assistance

Another advantage of this system is that social assistance recipients receive extra income support for housing costs, without having to submit a new application once they exit social assistance. The housing supplement within social assistance offers additional income support for housing costs to social assistance recipients on top of the regular housing allowance. Once individuals exit social assistance, they lose the right to the housing supplement, but not to the housing allowance. Thus, they do not have to apply for any housing benefits when exiting social assistance. This makes for a more seamless transition out of social assistance, with higher income security, especially compared to a system such as in Germany, where housing benefits and social assistance are mutually exclusive (see Section 3.5.2.3 for more information about the German system).

3.9.2. Low financial incentive to start working

The relatively high benefits for social assistance recipients can result in low work incentives. For instance, the same household with two children and zero working hours receives a higher percentage of the average wage in Sweden compared to the Netherlands and Germany (see Figure 9.2). This makes working financially relatively less attractive and ensures that individuals on social assistance require a high-paying job to significantly increase their net income compared to being on social assistance.

Moreover, the financial incentive to leave social assistance decreases further when recipients live in more expensive housing, as the amount of social assistance increases with rental costs. Because the housing supplement and allowance cover housing costs in full, the amount of social assistance increases with rent[25]. This implies that individuals need a higher income from work to leave social assistance when they live in more expensive housing, which lowers their financial incentive to find work.

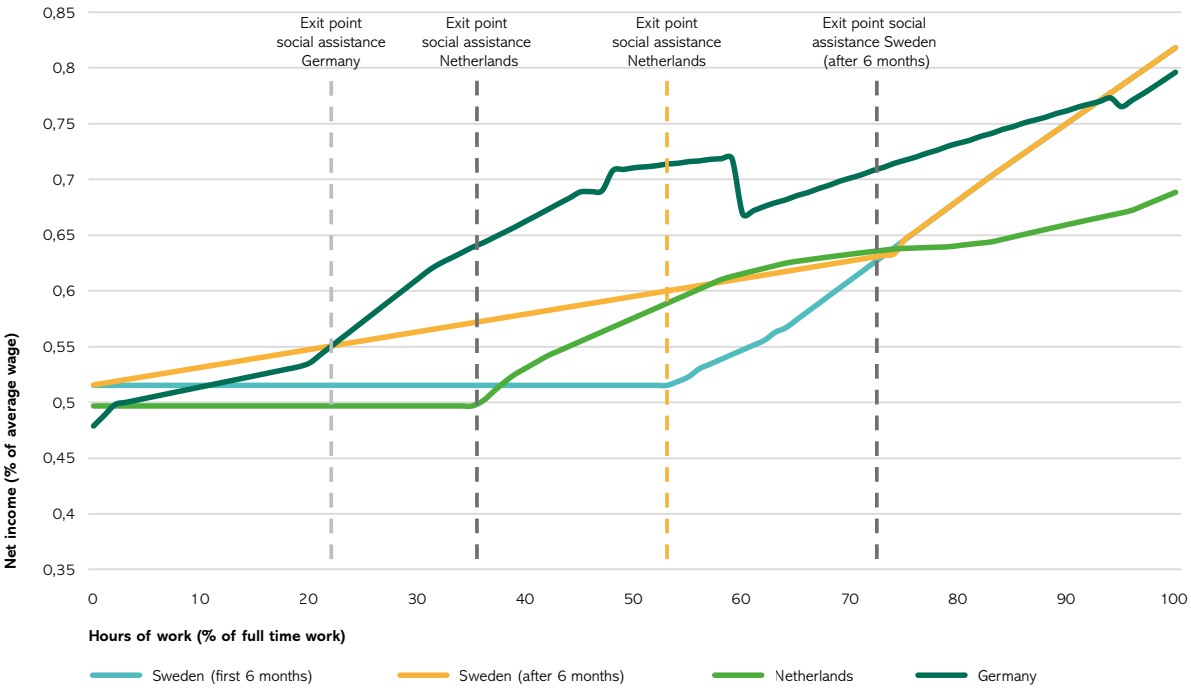
Another aspect of the Swedish system, which contributes to low financial work incentives, is the temporary high marginal tax rate when working while on social assistance. The marginal tax rate is defined as the part of the increase in gross income that does not result in an increase in disposable income. This occurs because increased income taxes and reduced benefits offset the additional income gain. In the Swedish system, social assistance is scaled down kroner for kroner against labour income during the first six months of social assistance receipt. During this time, the marginal tax rate is 100 per cent until someone leaves social assistance. After these six months, benefits are reduced by SEK 0.75 for every kroner of labour income, for a maximum of two years. This implies a marginal tax rate of 75 per cent. Especially during the first six months, social assistance recipients have low financial incentives to work. High marginal tax rates can create a poverty trap[26] and keep households dependent on social assistance (Palmer & Pettersson, 2010).

Figure 9.2 gives an illustrative example of the financial incentives in the Swedish system for a couple with two children, compared to Germany and the Netherlands. The figure shows that in Sweden, net income remains unchanged during the first six months on social assistance, as long as the household receives social assistance (in this specific example, until working 53 per cent of a full-time week). In the Netherlands and Germany, net income starts to increase at a lower number of working hours. Nevertheless, when exiting social assistance the marginal tax rate is lower in Sweden than in the Netherlands, as indicated by the steeper slope. After the first six months on social assistance, the marginal tax rate for social assistance recipients is also relatively low in Sweden.

[25] Full coverage of high rental costs is not without limits. Housing costs are covered in full for at least the first three months of social assistance dependency. Thereafter, housing costs are only fully covered if they are reasonable (Socialstyrelsen, 2021). When determining reasonable housing costs, the Social Welfare Committee begins by considering the individual's actual housing expenses and need for housing based on the household composition. The initial benchmark for evaluating reasonable housing costs aligns with the typical affordability for a low-income individual in the specific municipality. Additionally, the costs are proportional to the rental rates offered by public housing companies or other prominent housing entities operating in the area. If the committee judges that the housing costs are not reasonable, the individual is given reasonable time to lower their housing costs, for instance by moving. The Committee continues to cover the actual housing costs as long as the individual actively contributes to finding cheaper housing or tries to lower their housing costs in other ways.

[26] The poverty trap is defined as a situation in which an increase in someone's income is offset by a consequent loss of state benefits, leaving them no better off.

Figure 9.2: Illustrative example of low incentives for working in the Swedish social assistance system



Source: OECD, 2023.

Note: Net income on the vertical axis is given as a percentage of the average wage. The average wage is measured as the annual average wage among full-time employees in sectors B to N of the International Standard Industrial Classification of economic activities. Hours of work on the horizontal axis is given as a percentage of full-time work. The OECD Tax-Benefit calculator does not explicitly define the number of full-time working hours. However, the underlying wage data for full-time employees (average) is based on country-specific definitions of full-time working hours and thus implicitly assumes these working hours in the calculations. The hourly wage rate is set at 100 per cent of the average wage. The adults are 40 years old, and the children are 4 and 6 years old. If eligible, the households receive social assistance, housing benefits, in-work benefits and family benefits. The annual housing costs are set at 25 per cent of the average wage. The dotted lines indicate the point where individuals become independent of social assistance.

3.9.3. Administrative burden and substitution between housing benefits

Some social assistance recipients face a double administrative burden, because they have to apply for two housing benefits (Dahlberg et al., 2009). Individuals receiving social assistance are required to first request the housing allowance and subsequently apply for the housing supplement within the social assistance framework. This implies that they have go through two application processes, with the corresponding administrative requirements. However, as the housing allowance is only targeted at specific groups (young people, families, pensioners and individuals with a disability), only those households will be faced with these two applications.

Similarly, the implementing organisations of the two housing benefits also face a double administrative burden. First, the Swedish Social Insurance Agency (*Försäkringskassan*) requires applicants to supply housing documents to verify the eligible amount for the housing allowance. Thereafter, the municipality calculates the difference between the actual housing costs and the housing allowance to determine the housing supplement. This requires reviewing similar housing documents along with the housing allowance amount. Consequently, there is a double administrative burden with regard to the verification of housing documents.

Moreover, the housing allowance cannot be used to provide additional income support to social assistance recipients, because of full substitution between the housing supplement and allowance. As the housing supplement covers the remaining housing costs after taking into account the housing allowance, any increase in the amount of the housing allowance leads to a decrease in the amount of the housing supplement (Dahlberg et al., 2009). This means that the housing allowance is not effective in providing income support to social assistance recipients, as their total income will not be affected by a change in the housing allowance. Instead, an increase in the housing allowance only leads to a shift in expenses from the municipalities to the national government.

3.9.4. Full housing costs coverage reduces the need to find cheaper housing and may drive up housing prices

The full coverage of reasonable housing costs by the housing supplement and housing allowance lowers the incentive to find cheaper housing (Bergh & Kruse, 2022). For instance, there is little motivation for recipients to move and apply to municipalities where the cost of living is lower, since this would not lead to more purchasing power for the recipient. In a system with a standardised amount that is not dependent on location, living in a lower-cost municipality would increase the recipient's purchasing power. Additionally, recipients have low incentives to reduce their housing costs while remaining in the same municipality, since housing costs are covered in full.

Moreover, the existence of relatively high housing-related benefits could theoretically drive up housing prices (Palmer & Pettersson, 2010). High housing benefits cause the minimum demand price for houses to be higher since social assistance beneficiaries can afford more expensive houses. This could increase housing prices, also for people not receiving social assistance or housing benefits. Higher housing prices imply that individuals spend a larger part of their income on housing, compared to a system where social assistance is not linked to housing costs. Moreover, higher housing prices make it difficult for social assistance recipients to exit social assistance, as the income level at which a person leaves social assistance increases with the amount of rent.

However, the risk of upward pressure on housing prices is small, because housing prices in Sweden are highly regulated (Kemp, 2007). Rent controls and subsidies conditional on rent ceilings[27] reduce the possibility of housing prices rising because of high housing benefits.

3.9.5. Conclusion

In Sweden, social assistance includes a housing supplement, which comes in addition to a regular housing allowance. The housing allowance is accessible to low-income households, either in conjunction with social assistance or independently. Together, the housing allowance and supplement ensure full coverage of reasonable housing costs.

An advantage of this system is that social assistance recipients have more income certainty when exiting social assistance, because they do not have to submit a new application for housing benefits. When individuals exit social assistance, they lose the right to the housing supplement, but not to the housing allowance. Thus, they do not have to apply for any housing benefits when exiting social assistance. This makes for a more seamless transition out of social assistance, with higher income security.

On the other hand, the high benefit amounts can create low financial work incentives. High benefit amounts make working relatively less attractive financially and ensure that individuals on social assistance require a high-paying job to significantly increase their net income compared to being on social assistance. Moreover, the financial incentive to leave social assistance decreases further when recipients live in more expensive housing, as the amount of social assistance increases with rental costs. Temporary high marginal tax rates also contribute to the low financial incentives to work.

Because there are two housing benefits, implementing organisations and certain households face a double administrative burden (Dahlberg et al., 2009). Households have to apply for two housing benefits, and implementing organisations have to administer two housing benefits.

Moreover, the housing allowance in Sweden cannot be used to provide additional income support to social assistance recipients, because of full substitution between the housing supplement and allowance. As the housing supplement covers the remaining housing costs after taking into account the housing allowance, any increase in the amount of the housing allowance leads to a decrease in the amount of the housing supplement (Dahlberg et al., 2009).

[27] The government offers state support to build rental properties and student housing.
This state support was made conditional on a rent ceiling, so that more housing would become available to low-income people.
For more information, see https://hurvibor.se/boendekostnader/lagre-hyra-med-stod/

Lastly, the full coverage of reasonable housing costs by the housing supplement and housing allowance lowers the incentive to find cheaper housing (Bergh & Kruse, 2022). Because housing costs are, in principle, covered in full, lowering their housing costs does not result in higher purchasing power for social assistance recipients. Additionally, there is a small risk that the relatively high housing benefits drive up housing prices, because they increase the minimum demand price for houses (Palmer & Pettersson, 2010). However, due to extensive regulation of housing prices, this is most likely not a significant problem (Kemp, 2007).

Table 9.1: Strong and weak aspects of social assistance and two housing benefits in Sweden.

Strong aspects	Room for improvement / Weak aspects
Income certainty when exiting social assistance.	Low financial incentive to start working when using social assistance.
	Administrative burden for implementing organisation(s) due to two housing schemes.
	Administrative burden for households with young, old or disabled members due to two housing schemes.
	Housing allowance not effective for income support to social assistance recipients, because of full substitution between housing supplement and allowance.
	Full coverage of housing costs reduces need to find cheaper housing and may drive up housing prices.

5.10. CASE 6: UNIVERSAL CREDIT IN THE UNITED KINGDOM

The United Kingdom has recently simplified its welfare system by combining six different means-tested benefits into one monthly payment. This single benefit can reduce administrative expenses and boost take-up rates. Nevertheless, some claimants encounter challenges with its automated features and support staff express concerns about the increased need for individual support to applicants.

A desire to simplify the complexity of the social security system in the United Kingdom has been a fundamental principle in the development of *Universal Credit*. The Work and Pensions Committee (2007) recognised the necessity for a significant reform of the UK benefits system in 2007, citing its 'dysfunctional complexity' and emphasising the importance of simplification. This led to the implementation of Universal Credit, which combines six means-tested benefits into one monthly payment. The six combined benefits are the previous housing benefits, employment and unemployment support, child tax credit, working tax credit and income support. The monthly payment is paid in arrears based on the income of the previous month using real-time information. Universal Credit is administered by a single governmental entity, the Department for Work and Pensions (DWP). The transition to Universal Credit is quite challenging. It is expected to cost GBP 2 billion and there is a 15-year timeframe for its full implementation (National Audit Office, 2020).

This case provides an overview of the positive and negative consequences that arise from combining six means-tested benefits into one monthly payment. The first subsection evaluates if claimants experience a lower administrative burden. Thereafter, the effects of the implementation of Universal Credit on take-up rates, operational efficiency, income security, administrative errors, implementation organisations and benefit amounts will be discussed.

3.10.1.Low administrative burden for applicants due to simplified payment

The automation of the combined payments in Universal Credit brings simplicity and reduces challenges during the application process. This is due to the shift to a single application requirement, as opposed to the previous need for separate applications for each benefit. Additionally, the process is also more automated and requires less manual input from the applicant.

A survey from the DWP shows that 80 per cent of the claimants are satisfied with the Universal Credit application process (Centre for Social Justice, 2019). The majority of individuals receiving Universal Credit find the process of registering and managing their benefit claim to be both 'straightforward and positive'. Only 0.04 per cent (1 in 2,500) of the caseload made complaints. This is below the level of complaints made about the previous unemployment benefit. Furthermore, households are also positive about the fact that they now have to deal with only one implementing organisation (Shorthouse et al., 2019).

3.10.2.High take-up rates expected

The implementation of Universal Credit is expected to enhance the take-up rate for two reasons (Department for Work and Pensions 2010; Bangham & Corlett, 2018). First, Universal Credit offers a significantly simplified system compared to the previous assortment of diverse benefits. Kleven and Kopczuk (2011) find that the level of complexity significantly influences the probability of individuals making a claim. Higher complexity can create hassle and possibly cognitive costs, which reduces take-up. Additionally, Bhargava and Manoli (2015) find that simplification leads to substantial additional take-up.

Second, take-up rates are likely to increase because it is impossible for households to claim one benefit that they are entitled to without claiming the others. Take-up rates of Universal Credit have not yet been evaluated, since the system has not been fully implemented and is operating in parallel with the old benefits system. However, the Office for Budget Responsibility (2018) expects that the Universal Credit benefit expenses will be around two billion pounds higher than the benefits it replaces because of increased take-up.

3.10.3.Higher income security

The five-week waiting period ensures that there are fewer repayments of benefits, thereby enhancing income security. The five-week waiting period is a characteristic of the automated monthly payment system to ensure that the benefit payment is based on actual income. The five-week waiting period involves a four-week assessment period to determine income, followed by one week to calculate and issue the corresponding benefit amount. Due to Universal Credit being based on actual income instead of expected income – as was the case in the previous system – the benefit amount can be determined with more certainty. Therefore, there are fewer corrections of the benefit amount due to incorrectly estimated income.

To prevent financial hardship while waiting for the first Universal Credit payment, people can apply for an advance payment. To repay these advances, the money is deducted from the Universal Credit payments over a period of 24 months[28]. According to a survey from the Trades Union Congress (2020), a significant majority of individuals claiming Universal Credit (71 per cent) expressed concerns regarding the five-week waiting period. During the five-week waiting period, these claimants lacked savings and experienced financial hardship or applied for an advance payment. The advance payment improved financial hardship in the short run, but not in the long run. The reduced Universal Credit payments to repay the advance payments put even more pressure on the household budget. In 2021, the repayment period for advance Universal Credit payments has been extended from 12 to 24 months to decrease the pressure on the household budget caused by the reduction.

3.10.4.Opportunities for high operational efficiency

The simplification and digitisation of Universal Credit is expected to be more operationally efficient than the previous system. According to Amaglobeli et al. (2023), digitisation enables governments to improve operational efficiency of public spending. Furthermore, having one implementing organisation that handles applications for all benefits can lead to economies of scope. The DWP forecasts that when Universal Credit is fully implemented in 2024–25, the administration costs will be GBP 99 million per year less than the administration costs of the benefits it replaces. This is equal to saving nine per cent a year in administration costs (National Audit Office, 2020).

However, it remains uncertain whether Universal Credit will result in lower administrative costs compared to the previous benefits system (National Audit Office, 2018). The anticipated operational efficiencies are not yet guaranteed. At present, the cost of Universal Credit stands at GBP 699 per claim, which is four times higher than the intended cost once the systems are fully developed. Furthermore, concerns expressed by support agencies raise questions about the ability to increase operational efficiency. The cost of administering each claim is primarily determined by the level of effort required by the DWP staff. To minimise costs, the DWP focuses on automating processes and providing training to its staff to enable them to handle a greater volume of claims.

3.10.5.Less room for administrative error

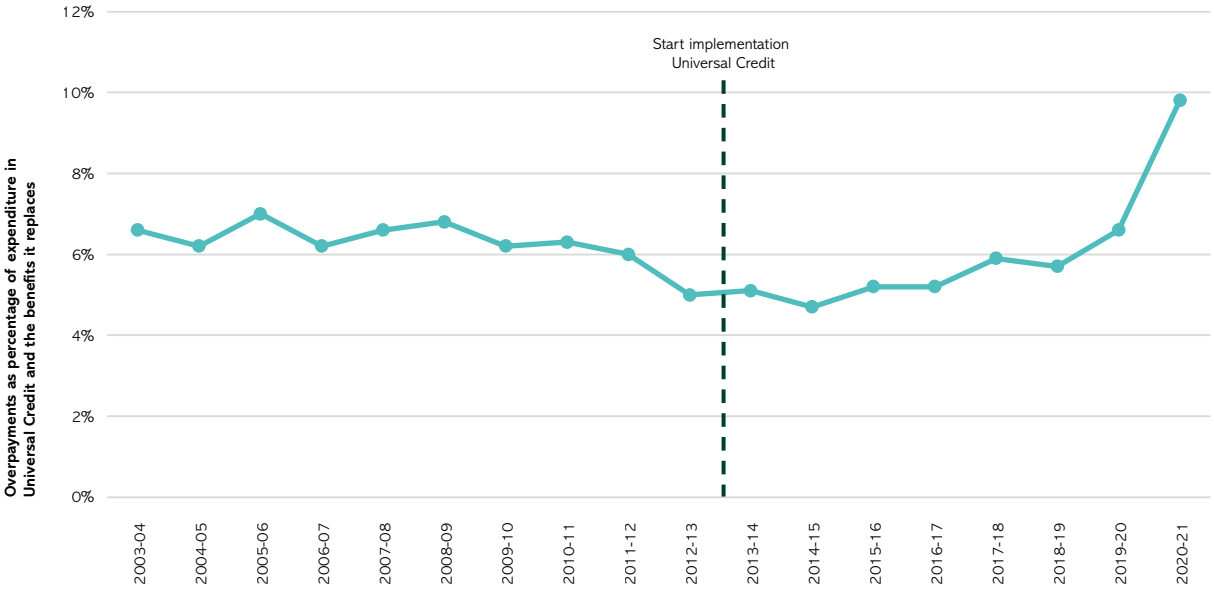
Universal Credit is designed to enhance the efficiency and simplicity of the system, thereby minimising the potential for error (Department for Work and Pensions, 2010). The implementation of a real-time income system will provide the DWP with a more accurate understanding of people's circumstances and will leave less room for administrative error. However, four main vulnerabilities for errors remain as households have to report their self-employment income, savings, capital, housing costs and whether people are living together (House of Commons Committee of Public Accounts, 2021).

The share of overpayments of Universal Credit is slightly lower on average than the rates observed in the decade preceding the introduction of Universal Credit[29]. This is illustrated in Figure 10.1, where a measure of error for overpayments of Universal Credit and the benefits it replaces is drawn from 2003 to 2021. The increase in 2020–2021 is linked to the temporary easing of regulations during the COVID-19 pandemic. Controls for self-employed claimants were temporarily suspended during the pandemic to speed up the processing of benefits. The reinstatement of these controls in 2021–22 directly contributed to a decline in overpayments (National Audit Office, 2023). To further decrease fraud and errors in the future, the DWP is actively allocating resources towards the development of advanced counter-fraud measures. These measures are anticipated to yield substantial results in reducing the overall occurrence of overpayments (National Audit Office, 2023).

[28] If there is a move from Universal Credit to another benefit, the advance payment is usually deducted from the new benefit. If there is a move off benefits or benefits are denied, the DWP will send a letter with repayment arrangements.

[29] Before Universal Credit, the average overpayment was 6.3% and thereafter it was 5.5% (excluding 2020–2021).

Figure 10.1: There is a slight decrease in overpayments since the introduction of Universal Credit.



Source: National Audit Office, 2023.

3.10.6.Unexpected benefit changes

Some people face difficulties because of the automated features of Universal Credit, since payments are subject to unexpected changes. This leads to problems in household budgeting (Hobson et al., 2019). These unforeseen changes can be categorised as justified or unjustified changes. The changes are deemed justified if income changes result in benefit changes, whereas they are deemed unjustified if errors or delays result in benefit changes.

One source of justified unexpected changes is when people who work in addition to receiving Universal Credit receive their wages weekly, fortnightly or four-weekly, because this does not match the dates of the Universal Credit payments (Hobson et al., 2019). Universal Credit is paid monthly on the date of the first payment. Consequently, work income that follows different payment patterns than the monthly Universal Credit results in fluctuations in Universal Credit payments, as the amount of Universal Credit is based on the actual income of the previous month. For instance, individuals paid weekly experience considerably lower Universal Credit payments during four months of the year, as these four months include five wage payments instead of four. Such variations often pose challenges to households in budgeting for these changes (Hobson et al., 2019).

Another source of justified unexpected changes is inherent in a system where income data is automatically retrieved. That is, any changes in monthly income automatically affect the Universal Credit benefit payments, even if the recipient is not actively aware that their income has changed.

The unjustified unexpected changes arise due to administrative mistakes and delays (Cheetham et al., 2019). The amount of Universal Credit is dependent on income information reported by employers. Administrative errors, data mismatches and delays lead to incorrect or delayed adjustment of benefits and thus to different Universal Credit amounts than expected.

3.10.7.Conclusion

The advantages of Universal Credit might not be fully manifested or have been researched yet, given that it is still in the implementation phase. Additionally, the disadvantages described could diminish over time as individuals become accustomed to and adopt the new system. The conclusion is based on the current situation and should be interpreted with this in mind.

Combining six different means-tested benefits into a single monthly payment has several advantages for the applicant. A main advantage is the reduced administrative burden, because the application process is simplified and combined for all benefits. Due to the simplified application process, take-up rates are likely to increase. Additionally, take-up rates are expected to increase because of the inability to claim one benefit while neglecting other benefits. Furthermore, income security improves as well, since the benefit amount is now calculated based on actual income instead of estimated income. This reduces the repayments of benefits and thereby increases income security.

Universal Credit also might bring advantages for the implementing organisations. The simplification and digitisation of Universal Credit creates opportunities for increased operational efficiency compared to the previous system, as having one implementing organisation that handles applications for all benefits can lead to economies of scope. The digitisation and automation of income information minimises the potential for error through a more accurate understanding of household situations. However, it remains uncertain whether Universal Credit will result in lower administrative costs compared to the previous benefits system, as the anticipated operational efficiencies have not yet been achieved (National Audit Office, 2018).

On the other hand, a main drawback of Universal Credit is the unexpected benefit changes, which result in difficulties for household budgeting. The benefit amount changes directly with income data, which can result in unexpected changes for the household. One reason for the benefit changes is that the actual income in the previous month has changed. This can be because of a permanent change in income, but also because wage payments and Universal Credit do not follow the same payment pattern. Additionally, unexpected changes can arise due to administrative errors, data mismatches and delays in income data.

Table 10.1: Strong and weak aspects of Universal Credit in the United Kingdom

Strong aspects	Room for improvement / Weak aspects
Low administrative burden for applicants, due to one combined application and payment.	Unexpected benefit changes due to automated adjustments of benefits after changes in income.
High take-up rates (expected).	Unexpected benefit changes due to administrative errors, data mismatches and administrative delays lead to incorrect or delayed adjustment of benefits.
High income security, because benefits are calculated based on known income.	
Opportunities for high operational efficiency due to automated payments and economies of scope.	
Less room for administrative error.	

5.11. SYNTHESIS

The six cases have different impacts on aspects such as administrative burden, effectiveness of income support, targeting, labour market and education outcomes, income security, the financial position of the recipients and feasibility of implementation. In general, all cases show a trade-off between at least two aspects.

We present a synthesis of the impact of the six cases on the following aspects: the administrative burden for the implementing organisations, the administrative burden for the recipients, the effectiveness of income support (e.g. take-up rates), targeting, the labour market and education outcomes, income security, the financial position of the recipients and feasibility of implementation. The impacts are assessed as if the case was implemented in another country that currently does not have this specific element in its social security system. The impacts shown in Table 11.1 are based on empirical findings, theory and policy documents. The table does not allow for a direct comparison of impact sizes, as the impact is often not quantified in the country itself, let alone that it can be quantified if it were implemented somewhere else. Additionally, the impact depends on the institutional context within a country and may therefore not directly have the same impact in another country. Furthermore, second-order effects are not taken into account. In Table 11.1 a plus means a positive impact, a minus means a negative impact and a zero means no impact. In certain instances, both a plus and minus are shown. This implies contradictory findings, where both positive and negative impacts occur.

The chapter is structured as follows. At first, the impacts of the six cases on the administrative burden for the implementing organisations, the administrative burden for the recipients, take-up rates, targeting, the effectiveness of income support, the labour market and education outcomes, income security and the financial position of households are described separately. Thereafter, the trade-offs between relatively successful policies and feasibility of implementation, targeted policies and administrative burden for implementing organisations, and effective income policies and administrative burden for recipients are addressed.

Administrative burden for implementing organisations

The administrative burden for implementing organisations increases when applicants need to be categorised and/or when applicants are guided more actively. For instance, the focus on schooling and the 225-hour rule in Denmark result in a high administrative burden for implementing organisations as caseworkers must first assess whether the social assistance applicant is ready for schooling or employment. Thereafter, if the applicant is ready for schooling, guidance must be provided for their schooling by creating an education plan. Similarly, if the applicant is ready for work, the caseworker must determine whether exemption from the 225-hour rule is warranted, and if so, provide the necessary documentation for this decision.

The administrative burden for implementing organisations also increases when multiple organisations are involved in the execution of benefits. The mutually exclusive social assistance, and housing and child benefits in Germany, as well as the two housing benefits in Sweden, are examples of how the administrative burden increases due to the involvement of several organisations. In Germany, households that switch benefit schemes have to be reassessed by a different organisation based on similar documents regarding their income and housing situation. Similarly, in Sweden the two housing benefits are examined and executed by different organisations, which also leads to checking similar documents related to the housing situation.

On the other hand, the administrative burden decreases when there is a single implementing organisation. Universal Credit in the United Kingdom and tax credits in New Zealand are examples of how the administrative burden decreases due to a single implementing organisation. In the case of Universal Credit, applicants are now assessed for all benefits simultaneously, eliminating the need for multiple organisations to verify similar documents. However, Universal Credit is scored with a zero because this single implementing organisation now needs to verify all benefits instead of only one, which increases the complexity. When organising benefits through the tax system, the tax authority is the single institution involved in the implementation. The tax authority already possesses income data, which eliminates the need for information sharing with other agencies.

Administrative burden for applicants

In general, a single and/or simplified application procedure reduces the administrative burden for the applicant. For instance, the tax credits in New Zealand have a relatively simple application procedure because applicants simply need to file a tax code when filing taxes. Moreover, for households on social assistance or on unemployment benefits and for households with only wage income, the tax filing is done automatically. Hence, for these households there is no necessity to apply for the benefit as they will get it automatically. Universal Credit is another example of decreased administrative burden due to a single application form for all six eligible benefits. Also, German households with near zero income requiring social assistance only have to submit a single application to receive all eligible amounts, which decreases the administrative burden for them.

On the other hand, complex or multiple application procedures increase the administrative burden for applicants. For instance, households in Germany can experience an increased administrative burden due to switching between benefit schemes. Households that start to earn income alongside receiving social assistance must transition to housing and child benefits once their income reaches a certain level. This requires new applications. Similarly, households receiving housing and child benefits must switch to social assistance when their income decreases to a certain level. If their income fluctuates around this specific income level, households may need to switch back and forth between schemes and, consequently, between social security agencies. The two housing benefits in Sweden are also an example of an increased administrative burden for the applicant, as documents about the housing situation need to be provided for both housing benefits.

Effectiveness of income support (e.g. take-up rates)

Income support can become ineffective due to how the total social security system is organised within a country. This can be illustrated by two cases. In Germany, the effectiveness of income support is reduced because households can be in a different scheme than the one that is targeted at them. This means they do not receive the intended support, which can result in lower income levels or less reintegration support. In Sweden, the housing allowance becomes an ineffective instrument for reaching households on social assistance because the two housing benefits combined completely cover all housing costs. Consequently, increases or decreases in the housing allowance have no income effect for households on social assistance, as they are offset by a similar decrease or increase in the housing supplement.

Income support can also become effective if take-up rates are high, with take-up rates increasing with increased simplicity of the application process and reduced stigma. Tax credits in New Zealand are an example of how both a simple application process and diminished stigma contribute to higher take-up rates. Tax filing, and thus the application for tax credits, is relatively simple and in principle mandatory for everyone in New Zealand. Therefore, the additional efforts required are minimised. The fact that everyone has to file taxes also reduces the stigma associated with applying for benefits. Another example is the expected increase in take-up rate under Universal Credit due to the simplified application process. Furthermore, under Universal Credit it is no longer possible to apply for one benefit without simultaneously applying for another. This should automatically increase take-up rates.

On the other hand, income support can also become ineffective if take-up rates are low, with take-up rates declining with the complexity of the application process. For instance, mutually exclusive benefits have a negative impact on take-up rates, because applicants often find it challenging to determine which scheme they should apply for. Many applicants do not possess the knowledge to apply directly for the correct scheme or are uncertain about the requirements under each scheme, which deters them from applying.

Targeting of activation programmes and financial incentives

Several cases theoretically improve targeting, as the policies are designed to reach specific groups of the population. Therefore, the activation programmes and financial incentives within these policies are targeted at those groups exclusively. A targeted policy is expected to increase efficiency, because it ensures that resources are directed at the groups that are most likely to benefit. For example, Denmark targets its policy. The focus on schooling is only targeted at those who are young and are likely able to finish an education. The 225-hour rule only applies to those whose are able to work at least 225 hours a year and is therefore targeted as well. Additionally, in Germany social assistance is only targeted at the households with the lowest income and reintegration policies are therefore also automatically targeted at those who are less self-sufficient on average.

Labour market and education outcomes

The two Danish cases have positive effects on the labour market and education outcomes of social assistance recipients. These two policies incentivise social assistance recipients to take up education or employment, by making social assistance less attractive financially. The lower rates for young social assistance recipients without a vocational education increase both the share of young social assistance recipients in education and their share in employment. The implementation of the 225-hour rule was also followed by improved labour market outcomes: the share of recipients who work more than 225 hours a year, the share of recipients with a job and the exit rate from social assistance to employment or education increased.

In Sweden, on the other hand, there are lower financial incentives to start working. The high benefit amounts for social assistance recipients because of full coverage of the housing costs make working relatively less attractive financially and ensure that individuals on social assistance require a high-paying job to significantly increase their net income compared to being on social assistance. This financial incentive decreases further when recipients live in more expensive housing, as the amount of social assistance increases with rental costs. Temporary high marginal tax rates also contribute to the low financial incentives to work in Sweden.

Income security

Determining benefit amounts based on known income instead of estimated income can increase income security. In the United Kingdom and New Zealand (for part of the households), benefits are determined based on actual income instead of estimated income. This ensures that there are fewer corrections of the benefit amounts and thus increases income security. However, using known income implies that the benefit amounts cannot be exactly matched to the recipient's current financial situation, as there will always be some delay. In the United Kingdom, this delay is relatively short, as the benefit amounts are based on the previous month's income. In New Zealand, income is only fixed at the end of the fiscal year, resulting in a relatively long delay. Therefore, New Zealand offers households the option to receive the benefit weekly or fortnightly, but the benefit amount is then based on estimated income. Households that choose this option do not benefit from higher income security and actually may have to make repayments, leading to debt.

Moreover, consistency of benefits over the income range can also ensure income security. This becomes especially evident when comparing the cases from Germany and Sweden. In both in Germany and Sweden, there are separate housing benefits for social assistance recipients. In Sweden, social assistance recipients do not have to apply for any new housing benefits when exiting social assistance. This creates a relatively smooth transition out of social assistance, with higher income security. In Germany, social assistance recipients only become eligible for housing and child benefits once they exit social assistance, which means they have to apply for these housing benefits when exiting. This creates a less smooth transition, and lower income security if the recipient does not apply for the housing benefits on time.

Finally, income insecurity can also follow from inherent design choices or administrative errors. This differs from income security related to repayment, as this occurs when households do not understand why their benefit amount changes between periods. For example, in the United Kingdom, households with weekly or fortnightly wage payments have a lower income security due to differences between the frequency of wage payments and Universal Credit payments. As some months have more weeks than others, this mismatch between frequencies creates income insecurity due to inconsistency. Moreover, automatic retrieval of income data can also lead to income insecurity, because income changes automatically affect the benefit amounts, even if the recipient is not actively aware of this income change. Administrative errors and delays can, of course, also be a source of income insecurity.

Financial position of households

The financial position of households is strongly related to the design of the social security system. On the one hand, in Sweden the design of the social security system ensures a strong financial position of households on social assistance. This is the case because benefit levels in Sweden are high, due to the housing supplement and housing allowance together completely covering the housing costs. On the other hand, financial incentives in the form of sanctions and lower social assistance rates for some, as seen in Denmark, inherently worsen the financial position of those affected by the policy. The lower social assistance rates for young individuals worsen the financial position of all education-ready social assistance recipients until they finish an education or find employment. Under the 225-hour rule, social assistance recipients are sanctioned if they do not comply with the rule. This worsens their financial position.

Feasibility of implementation

Some cases might be implemented more easily within an existing social security system than others. For instance, implementing refundable tax credits requires that the national tax authority is equipped for this additional task. Furthermore, to decrease the administrative burden for recipients and improve the take-up rates by implementing refundable tax credits, it is important that tax filing is not a comprehensive process. In other countries, tax filing is often comprehensive. Despite the New Zealand tax authority's existing experience with tasks beyond tax collection and the relative ease of its tax filing process, it still took four full years to implement the refundable tax credits. Implementing a system similar to Universal Credit requires a significant effort by both households and implementing organisations. Households need to transition from their current scheme to a completely new system and might have to adapt to new application procedures. The new implementing organisation now needs to assess eligibility for multiple previous schemes instead of just determining eligibility for a single scheme. The full implementation of Universal Credit is expected to take 15 years to complete. The cases in Denmark, Germany and Sweden require fewer extensive adjustments within a current system.

Table 11.1: Overview of impacts of cases on several aspects if the case would be implemented in another country.

	Focus on schooling (Denmark)	225-hour rule (Denmark)	Separate social assistance and benefits (Germany)	Refundable tax credits[a] (New Zealand)	Two housing benefits (Sweden)	Universal Credit (UK)
Administrative burden implementing organisations	—	—*	—	+	—	0
Administrative burden households	0	0	—*/ +	+	—	+*
Effectiveness of income support (e.g. take-up rates)	0	0	—*	+*	—	+
Targeting of activation programmes and incentives	+	+	+	0	0	0
Labour market and education outcomes	+**	+*	0	0	—	0
Income security	0	0	—*	—*/ +	+	—*/ +
Financial position recipient	—*	—*	0	0	+*	0
Feasibility of implementation	0	0	0	—	0	—

Source: SEO Amsterdam Economics.

*Note: The impacts are assessed as if this case was implemented in another country that currently does not have this specific policy as part of its social security system. A + indicates a positive impact, - indicates a negative impact, 0 implies no impact, -/+ indicates both negative and positive impacts, for different groups, 0/+ indicates no or a positive impact, for different groups. * indicates documented evidence and ** indicates causal evidence. The impacts do not indicate any magnitude of effects. Also, the impact importantly depends on the institutional context within a country.*

[a] If the eligible credit amount is greater than the tax owed, a refundable tax credit ensures that the difference is refunded.

Trade-off between relatively successful policies and feasibility of implementation

It appears that New Zealand and the United Kingdom, which score the most pluses and the fewest minuses in Table 11.1, are the only countries scoring a minus on the feasibility of implementation. Changing a system to introduce a policy that decreases administrative burden increases the effectiveness of income support and increases income security, requires rather significant reforms. These reforms are both costly and time consuming to implement. For instance, the anticipated cost of implementing Universal Credit is GBP two billion. The implementation period for the tax credits in New Zealand was four years, while Universal Credit is projected to take even longer, with an estimated fifteen-year timeline.

Trade-off between targeted policies and the administrative burden for the implementing organisation

To target policies at specific groups, more administrative work is necessary. This is evident in both Danish cases. In Denmark, both policies are targeted exclusively at those who are deemed capable of compliance. To ensure that only individuals who are likely to comply are included in the policy, caseworkers must assess each individual. This requires considerable administrative and personnel effort. Germany targets social assistance at a specific low-income group. To ensure that only this specific group qualifies, households are required to switch to another benefit scheme if their income changes. This increases the administrative burden as new applications need to be completed and checked.

Trade-off between the effectiveness of income support and the administrative burden for the recipient

The administrative burden for the household correlates with the effectiveness of income support. For example, both in New Zealand and the United Kingdom, households experience relatively low administrative burdens, leading to higher take-up rates. With higher take-up rates, income support becomes more effective as targeted households are reached. The opposite pattern can be noticed in Germany. In Germany, household burdens are relatively high because households may need to apply multiple times for different schemes when their income changes, or they may be uncertain about which scheme to apply for. This results in lower take-up rates and therefore less effective income support. Similarly, in Sweden households face a relatively high administrative burden as they must apply for two housing benefits. However, due to the design of the housing benefits, a benefit change in the housing allowance does not lead to an income change. This makes the housing allowance an ineffective instrument for income support.

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APPENDIX A

Glossery

Arrears	Paid at the end of the period after the income of the period is known.
Asset tested	Eligibility for the benefit depends on the value of the assets.
Child allowance	The term child allowance is used when eligibility is independent of household income.
Child benefit	The term child benefit is used when eligibility is dependent on household income.
Implementing organisation	The entity responsible for carrying out the specific benefit scheme.
Marginal tax rate	The amount of additional tax paid on every additional unit of earned income.
Means-tested	Eligibility for the benefit depends on the earned income.
Non-contributory	A type of benefit where individuals are not required to make direct financial contributions, such as through payroll taxes or social premiums, to be eligible for benefits.
Non-take-up	The percentage of eligible individuals or households that do not make use of the benefit scheme.
Refundable tax credit	When the eligible credit amount is greater than the tax owed, the difference is refunded.
Take-up	The percentage of eligible individuals or households that make use of the benefit scheme.
Tax credit	An amount that can be subtracted from the income tax payable.
Tax deduction	An amount that can be deducted from taxable income to reduce the amount of tax paid. This is also known as a tax allowance.
Usage	The extent to which individuals or households access the benefit scheme measured in relation to a reference group, such as all households.

6. SYNTHESIS

The EIPA benchmarking study sets out to analyse the performance of public sectors in 35 countries in 10 policy areas. This report is the final of three sub-studies covering the areas of international best practices in social security systems; health; sport.
In the respective chapters of this report, the results of the analysis in the three domains were reported in detail. In this concluding chapter, we synthesise the results to provide an overview and draw general conclusions.

International best practices in social security systems

The chapter provided an overview of social security systems in ten countries: Australia, Canada, Denmark, Finland, Germany, the Netherlands, New Zealand, Norway, Sweden and the United Kingdom. The overview focussed on social assistance, housing benefits, family benefits, healthcare and fiscal policies aimed at low-income households. It looked into benefit regulations, the organisations involved and the application processes.

Furthermore, it presented six examples of social security policies from those countries that could represent best practices. The six examples were evaluated according to six different criteria: the administrative burden, the effectiveness of income support, targeting, labour market and education outcomes, income security, the financial position of the recipients and the feasibility of implementation.

The analysed policies often present **trade-offs** between two or more of the criteria. For example, policies improving the targeting of social benefits can lead to increased administrative burdens.

The chapter uncovered three general trade-offs:

1) The **implementation** of well-functioning policies tends to be **costly and complex**, at least in the early stages.

   The chapter presented examples of policies that successfully decreased the administrative burden for recipients and increased take-up rates, for instance by streamlining application procedures. Such policies have the potential to reduce costs in the long term, however at first they are expensive and time-consuming to execute. Moreover, they require an initial extra effort from recipients, who need to familiarise themselves with the changes.

2) The effective **targeting** of social security policies often requires an increased **administrative burden for implementing organisations**.

   The chapter introduced examples of policies targeted towards specific groups of the population. The policies' main advantage is to make sure that resources only reach those who are likely to gain the most from them. In general, they have the disadvantage of increasing administrative burdens for implementing organisations and, sometimes, of introducing potentially ambiguous criteria for categorising recipients.
   The chapter also observed that the administrative burden is lower when a single organisation is in charge of implementing the policy, as opposed to multiple organisations being involved.

3) **Income support** is generally more effective when the **administrative burden for applicants** is lower.
   The chapter described how certain income support policies have reduced the administrative burden for applicants. Both simplifying application procedures and reducing the number of applications that are necessary to obtain benefits typically lead to lighter administrative burdens. This has resulted in higher take-up rates and, as a consequence, higher income security.

   Other factors are associated with improving income security. For example, calculating benefits according to the known income of recipients as opposed to the estimated income has the advantage of requiring a smaller amount of corrections and less need for repayments. Another example is, ensuring consistency in the receipt of benefits, for instance by not requiring a new application when leaving social assistance, is another contributor to income security. Finally, certain design features of benefits, for example having the same payment frequency as salary payments, positively affect income security.

Health

The Health chapter aimed to evaluate the performance of the health system of the Netherlands, by examining relevant indicators in comparison with other countries. The chapter was based on the theoretical framework presented in Chapter 2 and ultimately aimed to provide useful lessons for policymakers in the domain of health.

Input and activities

Health expenditure per capita in the Netherlands is higher than average, especially in terms of public expenditure. In 2022, only Switzerland, Norway, Germany and Austria had higher expenditure per capita. On the contrary, the share of households' **out of pocket payments** in the Netherlands is one of the lowest with a similar level to France and Germany.

In terms of human resources, while the rate of **physicians** per 1000 inhabitants has grown since 2014, it remains marginally below the EU average. On the other hand, the rate of **nurses** per 1000 inhabitants is above average.

Output and outcome

In line with the majority of countries, the Netherlands has seen a decrease in **child vaccination coverage**, especially concerning **measles**, for which it equalled 89.4% in 2022, just below the sample average of 92.3%. The three top countries were Hungary, Germany and Greece, with rates nearing 100%.

In contrast, the Netherlands far exceeds the sample average of 50% in 2022 for **influenza vaccination** of people 65 and older, reaching 68.4%. Nevertheless, countries such as the United Kingdom, Denmark and Portugal performed even better, with rates exceeding or nearing 80%.

Overall, the coverage of **cancer screening** declined in the Netherlands. For what concerns **cervical cancer screening in women** between 20 and 69, its rate (45.7%) was among the lowest, together with Italy, Germany, Hungary and Poland. On the contrary, the screening rate of 68.4% for **colorectal cancer screening** for 50-74 year olds was the second-highest, only surpassed by Finland (77.3%).

Regarding outcomes, the Netherlands **performs well** compared to the other countries under consideration. In particular, it is one of the best performers for several health outcomes.

Deaths from preventable and treatable mortality have decreased in the Netherlands between 2010 and 2022 and are some of the lowest across the sample of countries, with very similar levels to Australia, Iceland, Luxembourg, Switzerland, Sweden and France.

Among countries with available data, the Netherlands had the lowest **mortality due to acute myocardial infarction and ischaemic stroke** in 2021. Similarly, in 2023, the percentage of residents **reporting unmet needs for medical examination** was close to zero, together with Germany, Malta and Cyprus.

Life expectancy in the Netherlands was 82 years in 2023, above the average for the countries under consideration (80 years). Nevertheless, several countries are characterised by even higher life expectancy. The countries with the highest life expectancy in 2023 were Switzerland (84.2), Spain (84) and Italy (83.8). The number of **healthy life years expected at 65** is in line with the EU average. Nevertheless, the number of **healthy life years expected at birth** was 58.5 in 2022, below the EU average of 62.2. The countries with the most healthy life years expected at birth in 2022 were Malta (70.2), Italy (67.4), Norway (67.4) and Greece (67).

Infant mortality in the Netherlands decreased between 2010 and 2021, however it was still marginally above the sample average. The best performers in this domain were Finland, Sweden and Slovenia.

Some gaps emerged in health outcomes in the Netherlands on the basis of **gender and socio-economic status**. Men report their health being good more often than women (72.2% vs 58.5% in 2023), and the obesity rate is higher among women than men (15.6% vs 12.6% in 2019). The population with the highest incomes is much more likely to report being in good health than those with the lowest incomes (82% vs 54%). Similarly, the population with higher educational attainment is more likely to declare being in good health and less likely to be obese and to smoke daily.

Satisfaction and trust

Finally this chapter focussed on satisfaction and trust. In the Netherlands, the level of **satisfaction with healthcare** is among the highest, equalling 82% in 2022. Only Switzerland, Belgium, Luxembourg, Germany and Austria reported higher satisfaction rates.

Although it is not a specific indicator for trust in the health sector on its own, the chapter highlighted that the Netherlands is among the best performers in terms of **perceptions of corruption in the public sector**, together with Denmark, Finland, New Zealand, Norway and Sweden.

Sport

The Sport chapter examined the performance of the public sector in encouraging sport and physical activity, mainly by observing participation rates in such activities. The chapter did not focus on professional sport, as it considered the participation of the overall population. Like the health chapter, it was based on the conceptual framework presented in Chapter 2.

Input and activities

Public spending on recreation and sport services as a percentage of GDP does not reveal regional patterns. Countries such as Iceland, Hungary and Estonia are among the highest spenders, as opposed to Slovenia, the United Kingdom and Ireland.

More discernible patterns are visible in **private household expenditure**, which is higher in **wealthier countries** (generally located in Northern and Western Europe). As a result, the **combined public and private expenditure** is also higher in those countries.

Output and outcome

Similar patterns were found in output indicators. The percentage of **people employed in the sports sector** is higher than average in Northern and Western Europe and lower in Southern and Eastern Europe. The same applies to **membership in sports or fitness clubs or organisations** and to **access to recreational or green areas**.

Regarding outcome indicators, the same regional clusters are visible. For instance, this is the case for the frequency of **exercising or doing physical activity**. Nevertheless, the **COVID-19 pandemic likely had a negative impact** on sport participation, as it was higher before the pandemic than afterwards in all regions under consideration.

While there is no clear correlation between public spending and participation, **private spending and participation are positively correlated**. This suggests that, in the domain of sport, government spending might have a less discernible impact on outcomes such as participation rates. Public spending focusses on the necessary infrastructure for sport and physical exercise, instead of the actual activities. Whereas, private spending seems to be a more important determinant of participating in sport and physical activities. As mentioned above, private expenditure is higher in wealthier countries (generally located in Northern and Western Europe), where higher participation rates are observed.

Satisfaction and trust

Satisfaction with sport facilities and outdoor recreation is higher in Northern and Western European countries, as opposed to their Southern and Eastern counterparts. The same is observed in relation to trust, measured through indicators of **membership in sports or fitness clubs or organisations and voluntary organisations in the sports and recreational sector**. Countries with high membership rates, specifically in voluntary organisations, can be considered as countries characterised by stronger **social cohesion and civic participation**.

7. LIST OF AUTHORS

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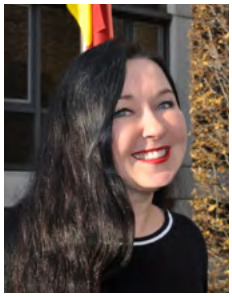
Frans van Dongen is a programme manager on public performance at the Ministry of the Interior and Kingdom Relations in the Netherlands. In this position, he is responsible for the development, exploration and dissemination of empirical and practical knowledge about the performance of the public sector including drivers for success, efficiency, effectiveness, and innovation. He acts in close collaboration with various partners, both nationally and internationally. The purpose of these actions is to inspire and support government organizations to improve their performance. In addition, he is the representative of the Ministry of the interior and Kingdom Relations at EIPA's board of governors and the Dutch member of the steering committee for the European Public Sector Awards.

EUROPEAN INSTITUTE OF PUBLIC ADMINISTRATION

Iwona Karwot



Iwona Karwot is the Project leader for the present Benchmarking Study, 2022-2025, working in close cooperation with the Ministry of the Interior and Kingdom Relations in the Netherlands. In particular, she oversaw the planning and preparation of the content and budgeting proposal of the project. She has conducted the negotiations of the subjects and the involvement of experts for the full length of the study. Iwona is a Senior Expert at EIPA, specialising in cohesion policy programming, implementation, audit and anti-fraud measures. She is developing and running of seminars in close cooperation with the European Court of Auditors and the EU Commission, OLAF. In 2021 she co-authored 'The Gender Gap in the EU's Public Employment and Leadership', for the European Parliament.
Before joining EIPA in 2008, she worked as an Associate Senior Lecturer of Postgraduate Studies in European Union Funds at the University of Łódź and the Catholic University of Cardinal Stefan Wyszyński, as a lecturer for the Academy of Human and Economic Science in Zamość and the Centre for European Studies in Strasbourg. She holds an MA in Political Science and International Law, and a PhD in Political Science and European Law.

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Most of his research aims at understanding health systems and the underlying causes of unwarranted differences in performance. Since 2010, he is coordinating the Spanish national counterpart to the WHO Observatory for Health Systems and Policies.

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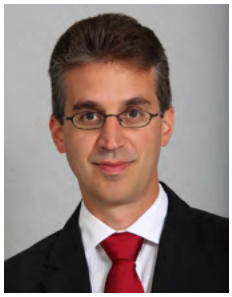
SPORT

Nils Asle Bergsgard

Nils Asle Bergsgard occupies the position of full professor at the University of South-Eastern Norway. He held the position of vice dean for research at the Faculty of Humanities, Sport and Educational Science for a period of four years, but has now returned to his permanent role at the Department of Sports, Physical Education and Outdoor Studies. His research has primarily focused on the field of sports policy, encompassing both grassroots and elite-level sport within the Norwegian context and beyond. He has authored several journal articles and books on these subjects. Recently, he has directed particular attention towards the examination of policies on the development and management of sports facilities. Additionally, he has a keen interest in the interdisciplinary fields of cultural sociology and welfare policy.

INTERNATIONAL BEST PRACTICES IN SOCIAL SECURITY SYSTEMS

Daniël van Vuuren



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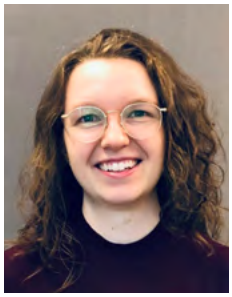
Kim van Berkel



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