CPB Netherlands Bureau for
Economic Policy Analysis

Analysis Coalition Agreement 2022-2025

Analysis of the **economic and budgetary impact** of the Coalition Agreement.
A **first assessment** of the effects.

CPB Communication

January 2022

Main findings

Following the Motion by Van der Staaij[1], CPB Netherlands Bureau for Economic Policy Analysis, at the request of the 'formateur' (person responsible for forming a new government), calculated the budgetary and economic consequences of the current Coalition Agreement.[2] This was done on the basis of the budgetary appendix to the Coalition Agreement. We asked the Ministry of Finance for further explanation regarding a number of measures.

The effects were set against the baseline situation on the Day of the King's Speech (*Prinsjesdag*) 2021, supplemented by the decisions taken since then. The purchasing power picture has been corrected for inflation.[3] The bassline was not adjusted for changes in economic insights and circumstances since publication of the medium-term outlook, with one exception: for the purchasing power pattern for 2022 and 2023, we used the inflation estimate of the Dutch central bank (*De Nederlandsche Bank* (DNB)).[4] Changes in the underlying economic picture will generally not have a major impact on the effects from the policy package. In March of this year, as in past years, CPB will present its new projections in which the latest insights will be incorporated.

This is explicitly a first estimate of the effects; many proposed policies have not yet been worked out in detail. Where necessary and possible, assumptions have been made in order to make the calculations.[5] If, during the current government's term in office, a design would be chosen that differs from that in our assumptions, the budgetary and economic effects may deviate from the figures presented here.

A number of spending cuts have not been sufficiently worked out to achieve the intended savings. Some measures aimed at limiting increasing costs in health care were not or not fully included in our analysis, because they have not been sufficiently elaborated. This does not mean that these spending cuts are impossible, but it does mean that CPB expects further measures are needed if the intended saving is to be realised.

The package of policy measures contains a substantial amount in spending increases; here, CPB assumed that not all these financial resources will be spent within the current government's term in office. Given the shortages on the labour market, we consider it unlikely that all the planned additional financial resources for infrastructure and defence will be spent within this government's term in office and, therefore, our analysis takes underutilisation into account.[6] On balance, a spending boost of 26.1 billion euros will remain in 2025.

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[1] House of Representatives, 2021, Motion by member Van der Staaij for CPB to analyse the Coalition Agreement, 16 December 2021 (link).
[2] The agreed policies, of course, also impact other aspects of general welfare, such as climate, the physical environment and social cohesion. These effects are just as important as those on the economic dimension, but are not considered here. The other Dutch assessment agencies have published their own reflections on the Coalition Agreement, which form a valuable addition to the analysis presented here. These analyses are by PBL (2021), *Reflectie op de leefomgevingsthema's in het coalitieakkoord 2021-2025* [reflection on the human environment themes in the Coalition Agreement (link)]; and SCP (2022), *Reflectie op het coalitieakkoord 2021-2025 vanuit het burgerperspectief* [Reflection on the Coalition Agreement from a citizen perspective (link)).
[3] See Section 2.4, for further explanation of the baseline.
[4] DNB (2021), Economische Ontwikkelingen en Vooruitzichten DNB [economic developments and projections DNB], December 2021 (link).
[5] See Section 2.1, for further explanation.
[6] See Section 2.2, for further explanation.

The Coalition Agreement, on balance, will not affect the policy-related fiscal burden. There will be an underlying, limited shift from households to businesses. Because the baseline situation includes an increase in the financial burden, the policy-related financial burden will increase by 9.5 billion euros during the government's coming term in office, approximately one third of which will go to households and two thirds to companies.

The boost to spending leads to larger economic growth and more employment in the coming government term, particularly in the public sector. Annual GDP growth will be an average 0.5 percentage points per year greater than under unchanged policy, mainly due to increased government spending. Employment in the government sector and in education will rise sharply, while remaining unchanged in the business sector. As a result, unemployment in 2025 will be 0.8 percentage points below that in the baseline scenario. Over time, labour demand will adjust itself to labour supply and additional employment in the public sector is expected to crowd out that in the market sector. In the long run, the policy package will lead to slightly lower structural employment.

The package of policy measures will lead to a substantially lower EMU balance. As a result of the increase in spending, the EMU balance will decrease by 1.9% of GDP to -2.7% of GDP by 2025. This balance differs from the deficit of 2.5% of GDP estimated for 2025 in the Coalition Agreement. On the one hand, the assumed underinvestment will result in less spending, while, on the other, the macro-economic impact of the measures will be smaller than assumed in the Coalition Agreement. As a result of the policy package, EMU debt in 2025 will rise by 2.1% of GDP to 56.1%. The structural balance (adjusted for economic impact) will amount to -3.1% of GDP.

The policy package increases purchasing power by an average of 0.4%, annually; on balance, the purchasing power will remain the same over this government's term in office. The purchasing power of lower income groups will increases slightly more than that of higher income groups. Given the slightly negative development of purchasing power under unchanged policy, the total purchasing power, on average, will remain at the same level during the cabinet period. In the long term, income inequality will decrease slightly.

As a result of the Coalition Agreement, the financial burden on future generations will rise substantially. Relevant here is the extent to which there are incidental or structural spending increases. The Coalition Agreement assumes that various policy measures will cause only a temporary increase in spending. CPB does not consider this plausible in all cases, and, in line with the starting points that were also used for the assessment of election manifestos, assumes that any policy measures that are not incidental, by nature, will require structural funding.[7] Under this assumption, the sustainability balance will worsen by 2.7% of GDP and the projections of the government debt for 2060, based on the current interest rate structure, will be almost 64% of GDP higher than under the baseline scenario. For comparison, we also calculated the effect if the incidental policies as indicated in the Coalition Agreement would indeed turn out to be temporary — in which case, the sustainability balance would deteriorate by 2.0% of GDP and the government debt would increase by 47% of GDP by 2060. Incidentally, opposite this higher financial burden are also benefits, as the effects of spending increases in areas such as education, climate and the environment will partly be felt by future generations.

[7] See Section 2.3 for further explanation.

1 The Coalition Agreement

1.1 Government budget

The package of policy measures in the Coalition Agreement will increase public spending by 26.1 billion euros and, on balance, does not change the policy-related fiscal burden.[8] These are ex-ante mutations, i.e. without any of the macroeconomic effects. Some of the measures have not been elaborated in detail —see Section 2.1 for the assumptions we therefore made about those measures. These assumptions may affect the budgetary and macroeconomic impact.

In the Coalition Agreement, government spending is increased in 2025, on balance, by net 26.1 billion euros. The net increases in spending mainly relate to climate and environment, education and social security. They start at a time of labour shortages. In addition, in certain areas, the relative increase in spending is considerable. In the areas of defence and accessibility, the spending increases announced in the Coalition Agreement are so large that, in the ex-ante calculations, we assumed they will not be fully realised during the government's term in office and that, therefore, there will be a certain underinvestment. For other spending categories (notably education, security and public administration), the risk of underinvestment is also considerable, but is not reflected in the ex-ante figures. Government spending under the Coalition Agreement, on balance, will further decrease by 1.8 billion euros after the end of this government's term in office. This is partly due to the temporary nature of the expenditure from the nitrogen fund and because some measures will have a negative impact on health care spending. As a result, structural spending will increase by 24.3 billion euros. Should the incidental spending increases announced in the Coalition Agreement indeed prove to be temporary, structural spending will increase by 16.4 billion euros.

[8] All figures provided in this section are compared against the baseline, unless otherwise stated.

Table 1.1 Impact on government spending of the policy package of measures in the Coalition Agreement

	MEV 2022	Baseline	Net increase in spending in policy package	Policy package + baseline	Baseline	Policy package + baseline
	billion euros 2021	2025	2025	2025	*% per year* 2022–2025	
Social security	103.1	106.9	4.6	111.5	0.9	2.0
Health care	86.0	96.2	0.6	96.8	2.8	3.0
Public administration	83.7	77.3	2.5	79.8	-2.0	-1.2
Education	43.6	46.2	4.9	51.1	1.5	4.1
Transfer payments to companies (a)	33.4	15.2	1.5	16.7	-17.9	-15.9
International cooperation	18.0	16.2	0.6	16.8	-2.6	-1.8
Security	14.0	14.4	1.6	16.0	0.7	3.4
Accessibility	11.7	12.7	1.8	14.5	2.1	5.6
Defence	11.2	12.6	2.9	15.5	3.0	8.5
Climate and environment (b)			5.4	5.4		
Other (b)			-0.4	-0.4		
Total expenditure	404.7	397.7	26.1	423.9	-0.4	1.2

(a) The development of government spending under the baseline scenario is strongly influenced by the upward effect of corona-related expenditures in 2021. This is especially the case for transfer payments to companies and public administration.
(b) For climate and environment and other categories, only the effects of the policy package are reported, without a baseline situation having been specified.

On balance, the Coalition Agreement will increase **social security** spending by 4.6 billion euros. This mainly concerns larger contributions to child care and more spending on welfare benefits, disability and other minimum benefits due to their link with the higher minimum wage. In addition, funds are reserved for measures related to the labour market, poverty and debt alleviation. On balance, the Coalition Agreement will increase spending on **health care** by 0.6 billion euros. This concerns a combination of spending increases and spending cuts, see Section 1.2. The Coalition Agreement increases spending on public administration by 2.5 billion euros. This mainly concerns an increase in the municipal and provincial funds and a reserved amount for the programme on implementation (*Werk aan Uitvoering*). On **Education,** spending will be increased by 4.9 billion euros, and includes areas such as equal opportunities, the quality of education, secondary education and research. In addition, basic student grants will be introduced and salaries in education will be improved. Finally, the spending on scientific research will be increased. On balance, transfer payments to companies will increase by 1.5 billion euros in 2025. A different organisation of the National Growth Fund is accompanied by additional subsidies.[9]

On balance, the Coalition Agreement increases spending on **international cooperation** by 0.6 billion euros. This increase mainly concerns an additional budget for development cooperation. The Coalition Agreement, on balance, will increase the spending on **security** by 1.6 billion euros. This is partly intended to strengthen the police force and the judicial chain. In the area of **accessibility**, the Coalition Agreement results in a net

[9] This analysis does not take into account the possible conversion of ProRail into an independent governing body (zbo).

spending increase of 1.8 billion euros. This mainly concerns management, maintenance and renovation of infrastructure, and infrastructural access to new housing areas. On balance, the Coalition Agreement will increase spending on **defence** by 2.9 billion euros. It is assumed that the largest part will be spent on additional equipment, and the remainder on additional personnel and improved employment conditions.

On balance, **climate and environment** will see additional spending of 5.4 billion euros in 2025. This mainly concerns subsidies to stimulate energy transition, a spending increase to reduce the emission and deposition of nitrogen, and a transition in the agricultural sector. These measures are part of the Climate and Transition Fund and the Nitrogen Fund. The expenditures related to these funds will be charged to the EMU balance and the EMU debt, and will largely take place outside this government's term in office. Of the 35 billion euros in the Climate and Transition Fund, 6.1 billion euros will be spent in the years 2022–2025 and spending will continue thereafter on a structural basis. Of the available 25 billion euros in the Nitrogen Fund, 3.5 billion euros will be spent over the course of the current Cabinet period. To determine the ex-ante amounts in this analysis, we used the timeframe provided in the Coalition Agreement. At the moment, the details of the funds have not been fully worked out. The budgetary and economic delayed impact is therefore uncertain. On **other expenditures**, the Coalition Agreement cuts spending by 0.4 billion euros. This includes some smaller spending increases (e.g. on pandemic preparedness, quality of education, and culture and media), in addition to the contribution from the European recovery fund, which counts as a negative expense.[10]

Multiple measures are expected to improve the finances of government authorities. The general pay-out by the municipal and provincial funds will be increased by 3.4 billion euros. These increased pay-outs are not related to any new tasks for the local authorities, but are in line with national government spending (increases), the partial cancellation of the scale-up credits, the additional budget related to the shortages in youth care and additional budget in other areas. We used the amount of the increase as provided in the Coalition Agreement. Because municipalities can decide for themselves how to spend the resources of the municipal fund, we assumed the spending increase to partly be on public administration (0.9 billion euros) and partly on social support (Wmo)/youth care (0.8 billion euros). Furthermore, we assumed that the remaining part of the increase in the general pay-out will be used to reduce financial deficits at municipalities and provinces.

There will also be specific payments to municipalities and provinces for the implementation of a housing impulse and the Public Housing Fund. In addition, municipalities and provinces will receive additional budget for the implementation costs related to the climate agreement. We assumed that the additional budget for the climate agreement will be provided by means of a specific pay-out. Finally, the municipal fund will be cut by 0.1 billion euros, due to the increase in the contribution for domestic help (Wmo, i.e. social support) for high-income households.

[10] For this analysis, we assumed that there will be a cumulative amount of 5.8 billion euros in non-tax revenues from the EU Recovery and Resilience Facility (RRF). For this analysis, we were not able to verify whether the reforms and the expenditure financed from these funds meet the requirements set by the European Commission.

Table 1.2 Employment effects in the public and health care sectors from the package of policy measures in the Coalition Agreement

	MEV 2022	Baseline	Effect policy package	Policy package + baseline
	billion hours worked, 2021			*% per year, 2022–2025*
Public sector	1565	0.6	2.1	2.7
Health care	1863	2.5	0.3	2.8
Public and health care sectors	3428	1.6	1.1	2.7

The policy package of the Coalition Agreement leads to an increase in **government employment** of 2.1% per year, compared to the baseline. This is mainly because of spending increases in education and public administration. As a result of the policy package, employment in the **health care sector** will increase by 0.3% per year, compared to the baseline situation.

Table 1.3 Effects on the development of the financial burden from the package of policy measures in the Coalition Agreement

	Baseline	Effect policy package	Policy package + baseline
			mutation in billion euros, 2022–2025
Policy-induced development of the financial burden	9.5	0.0	9.5
... for households	4.5	-1.4	3.1
... for businesses	4.9	1.3	6.2
... outside the Netherlands	0.1	0.2	0.2
... for income and labour	6.2	-0.6	5.6
... for equity and profits	2.2	-0.1	2.1
... for climate and environment	0.4	-0.1	0.3
... other	0.7	0.8	1.5
+: increase in financial burden, - : decrease in financial burden			

In the baseline situation, the policy-related financial burden will increase by 9.5 billion euros, mainly due to the rise in health care premiums. The financial burden will also increase as a result of the phasing out of tax-deductible items and corona-related support in income tax. The policy-related financial burden on businesses will increase as a result of, in particular, the expiry of the temporary reduction in the general unemployment fund (Awf) premium, the reduction in the compensation of losses and the tightening of the measure on stripping earnings in corporate income tax.

The Coalition Agreement, on balance, will not change the **policy-related financial burden,** compared to the baseline. **Households**, on balance, will pay 1.4 billion euros less in tax and social security contributions. This reduction is mainly due to the increase in labour tax credit and pensioner credit, the net reduction in energy tax and the increase in untaxed travel allowance. However, the financial burden on households will increase, amongst other things by the higher nominal health care premium, increasing excise duty on tobacco and higher phasing-out percentage of the labour tax credit. For **businesses**, the policy-related financial burden will increase by 1.3 billion euros. This is the sum of various increases in financial burden, including the implementation of the OECD Pillar II agreements at European level. The financial burden on businesses, however, will be alleviated by the abolition of the tax on rental earnings. On balance, the policy-related burden on **other countries** will increase by 0.2 billion euros, as a result of the increase in air travel tax.

The development of the policy-related financial burden can also be constructed from the various cost categories. On balance, the financial burden on **income and labour** will be reduced by 0.6 billion euros. This burden will change mainly as a result of adjustments to the labour tax credit, income tax and health care premiums. The burden on **wealth and capital gains** will be reduced by 0.1 billion euros, on balance. This net reduction is mainly the result of the abolishment of the tax on rental earnings and the adjustments to corporate income tax. On balance, the Coalition Agreement will reduce taxes on **climate and the environment** by 0.1 billion euros. The underlying changes mainly concern energy measures, such as the adjustment of the tax brackets in energy tax (EB) and the storage of sustainable energy (ODE) and climate transition, the increase in energy tax credits and the abolition of several exemptions. On balance, the Coalition Agreement will increase **other costs** by 0.8 billion euros. This is due to an increase in consumption tax on non-alcoholic beverages and the higher excise duty on tobacco.

After 2025, the policy-related financial burden in the Coalition Agreement decreases by 0.2 billion euros, on balance. The alleviation of the financial burden on households will decrease by 0.8 billion euros after the end of the government's term in office, due to the phasing out of the income-dependent combination of tax credits. In addition, the increase in the financial burden on businesses contained in the Coalition Agreement will decrease by 1.1 billion euros after the end of the government's term in office, as a result of the reduction in income-dependent contributions (IAB) and the abolition of the structural tax on rental earnings. The increase in the financial burden on other countries as a result of the Coalition Agreement will remain unchanged after the end of this government's term in office.

1.2 Health care

The Coalition Agreement increases the spending on public health care by 0.6 billion euros in 2025, compared to the baseline situation. This is composed of an increase in the expenditure on public health insurance of 1.9 billion euros, a decrease in the public spending on long-term care (Wlz) of 2.2 billion euros, and an increase in other health care expenditure of 0.8 billion euros.

A number of changes will be implemented in **curative care**. The intention is to limit the volume growth in hospital care, mental health care (GGZ), district nursing and general practitioner care, through a health care agreement in combination with an instrument of macromanagement (MBI). The MBI functions as a deterrent. Furthermore, people’s entitlement to general medical care, pharmaceutical care, care aids, behavioural care and paramedical care that is based on the Wlz or Zvw will no longer depend on how Wlz care is provided, but will be reimbursed from the Zvw for all clients in the Wlz. The amount in mandatory excess will remain at 385 euros until 2025 and a fixed contribution of 150 euros per diagnosis–treatment combination will be introduced in medical specialist care (msz) that counts towards the excess. For other care under the Zvw, the current excess system will remain in place.

In **long-term care**, eliminating the differences between packages of intramural and extramural care under the Wlz (with the exception of dentistry) will lead to a spending cut in Wlz expenditure. The Coalition Agreement also reinterprets the quality framework, which means that the current personnel standard in nursing home care will be abandoned. That results in a efficient spending cut in nursing home care. The integral comparison in nursing home care will be abolished and replaced by an efficient spending cut.

In **other care**, the aim is to increase the personal contribution for domestic help (Wmo) for high incomes. To this end, the national government contribution to municipalities will be reduced, and the municipal and provincial funds will be increased, in part with a view to the shortages in youth care.

Some measures aimed at limiting the increasing expenditure on health care have not yet been included in full in our analysis, because they have not been sufficiently worked out. This does not mean that these spending cuts are impossible, but that CPB expects further measures will be necessary to realise the intended savings. This concerns, for instance, the spending cuts envisaged in the Coalition Agreement for more severe assessment of the effectiveness in the basic health insurance package in the Zvw and the separation of housing and care.

Table 1.4 Effects on main indicators of health care from the package of measures in the Coalition Agreement

	MEV 2022	Baseline	Effect policy package	Policy package + baseline
	billion euros, 2021			*billion euros, 2025*
Curative care (Zvw)				
Public spending (a)	47.1	52.4	1.9	54.3
due to budgetary measures			-0.5	
own payments			0.6	
adjustments basic health care coverage			0.0	
other			1.8	
Own payments (b) (in euros per person)	3.2 (216)	3.3 (227)	-0.5 (-34)	2.8 (193)
Long-term care (Wlz)				
Public expenditure (a)	25.7	30.6	-2.2	28.4
due to budgetary measures			0.0	
own payments			0.0	
other			-2.2	
Other (e.g. Wmo/youth)	13.2	13.2	0.8	14.1
Public health care expenditure (a)	86.0	96.2	0.6	96.8

(a) Net amounts
(b) This concerns personal payments under the mandatory excess for the curative care insured. In the baseline scenario, the excess amount will be 401 euros per person, in 2025 (in 2021 prices). In current prices, this is 430 euros. Note that not everyone will spend the full excess amount.

1.3 Macroeconomic effects

GDP growth averages 0.5 percentage points, per year, above the baseline. This is mainly the result of the increase in government spending on education, public administration, infrastructure and defence. Due to the greater domestic demand and additional subsidies, business investments will increase 0.7 percentage points per year more than in the baseline situation. For households, consumption levels increase as wages rise and their financial burden decreases.

Unemployment in 2025 will be 0.8 percentage points below that of the baseline. Employment increases predominately because of a greater labour demand in the public sector. At the same time, the lower unemployment will drive up wages and, thus, lead to a decrease in employment in the market sector. The labour supply will also increase due to the increase in labour demand, which will limit the decrease in unemployment.

CAO wages at businesses will increase, annually, by 0.4 percentage points more than in the baseline. This is mainly due to the increase in the minimum wage and the lower unemployment level. Wage increases are dampened by a lower tax burden on labour. The rise in inflation is limited, with 0.2 percentage points, because the upward effects of higher capacity utilisation and higher wages partly cancel out the downward effect of lower capital costs. As a result, real wage levels under the collective labour agreements will increase compared to those in the baseline situation.

Tabel 1.5 Macroeconomic impact of package of policy measures in the Coalition Agreement

	Baseline	Effect policy package	Policy package + baseline
			average change in % per year, 2022–2025
Volume spending and production			
Gross domestic product	2.0	0.5	2.4
Household consumption	3.0	0.3	3.3
Government spending	1.1	1.4	2.5
Business investments	2.0	0.7	2.7
Export goods and services	3.6	0.0	3.6
Wages and prices			
CAO wages businesses	2.3	0.4	2.7
Inflation (HICP, a)		0.2	
Real labour costs businesses	0.6	0.2	0.8
Labour market			
Employment (hours worked)	0.8	0.3	1.1
... of which businesses	0.9	0.0	0.9
	level 2025 in %	*effect on level in percentage points*	*level 2025 in %*
Unemployed labour force	4.1	-0.8	3.3
Labour income share businesses	73.8	-0.2	73.7
(a) Harmonised Index of Consumer Prices (HICP)			

1.4 Government financial balance and government debt

The Coalition Agreement will cause the EMU balance to be 1.9% of GDP lower, compared to the baseline situation. The measures will initially reduce the EMU balance by 2.7% of GDP. The macroeconomic delayed impact will cause the EMU balance to increase by 0.7% of GDP. In 2025, this will work out to -2.7% of GDP.

The positive delayed impact is mainly due to higher government consumption levels. This will lead to additional income through higher employment via wage and income tax revenues and also to higher income from product-related taxes. Lower unemployment reduces government expenditure on unemployment benefits. At the same time, this package of measures also includes those with a relatively limited impact, such as capital transfers to companies.

The structural EMU balance will be -3.1% of GDP by 2025. The structural EMU balance corrects for the policy package's temporary effects on economic growth. Since rapid economic growth is projected for this government's term in office, correcting for this leads to a structural balance that is lower than the EMU balance. The effect of the policy package on the structural balance is therefore greater than its effect on the EMU balance. The structural balance does not take into account any adjustments to policy, the labour market or the economy after this government's term in office.

The debt ratio will increase in 2025, compared to the baseline situation. This is due to a lower EMU balance and despite higher nominal GDP (the denominator of the debt ratio). The increase in nominal GDP is due to greater economic growth and higher prices.

Table 1.6 Effects on government deficit and government debt of the package of measures in the Coalition Agreement

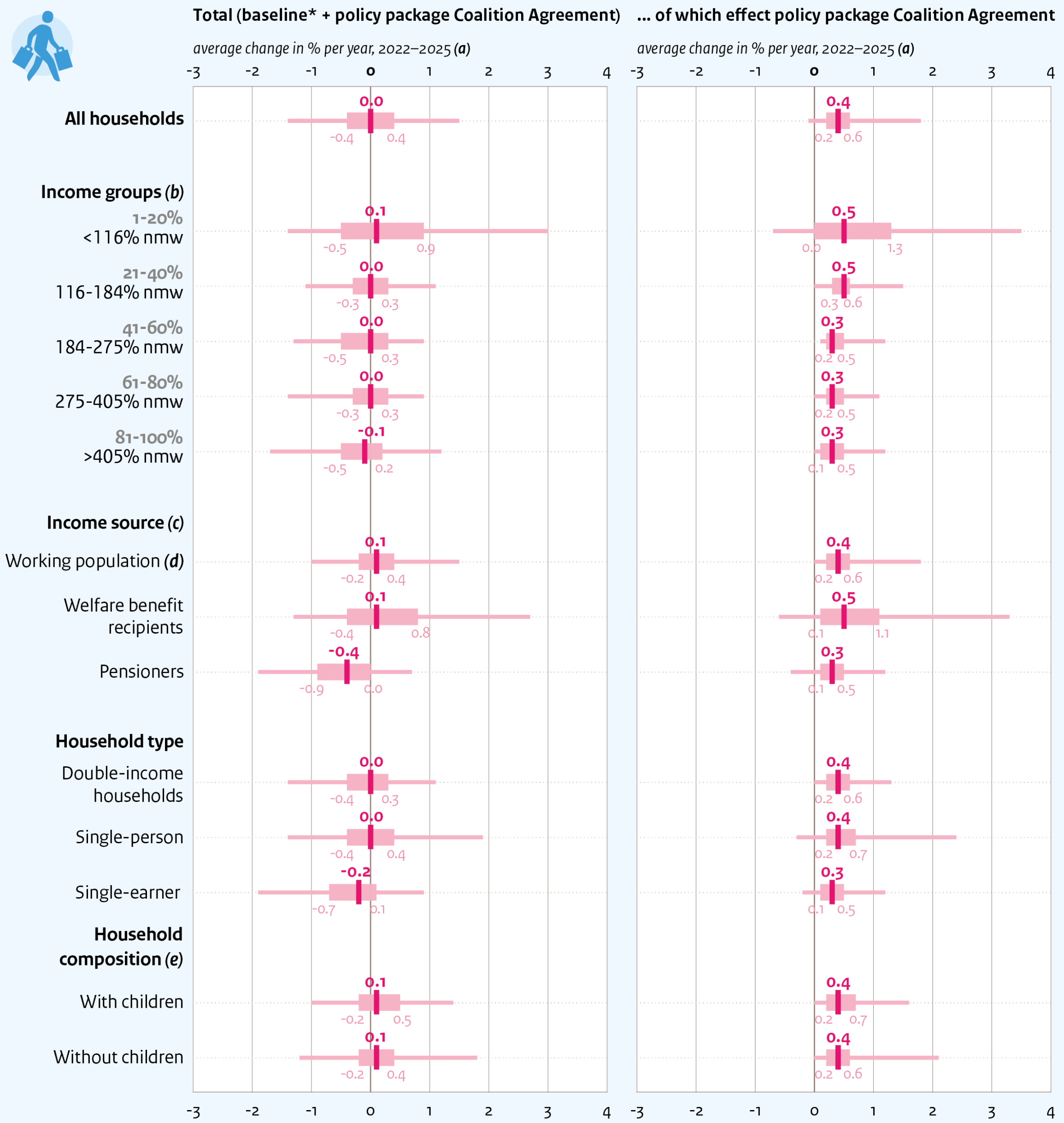
	Baseline	Initial effect policy package	Delayed impact policy package	Effect policy package + baseline
				% of GDP, 2025
EMU balance	-0.7	-2.7	0.7	-2.7
Structural EMU balance (a)	-0.8	-2.3		-3.1
EMU debt	54.0	2.1		56.1

(a) EMU balance corrected for the economy and special non-recurring factors

1.5 Purchasing power effects

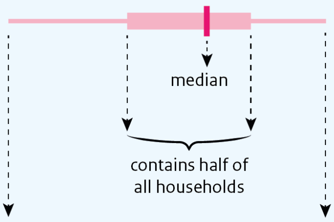
The package of policy measures in the Coalition Agreement will improve static purchasing power by an average 0.4%, per year, compared to the baseline. However, the high inflation under the baseline scenario in 2022 and 2023 has a dampening effect, so that total purchasing power will remain at the same level, in the years 2022 to 2025. The main measures that will contribute to the positive impact of the Coalition Agreement concern the higher labour tax credit, the increase in the national minimum wage, the higher pensioner credits and the increase in child care allowance. The main negative impact of the policy package on the purchasing power of many households is the increase in health care premiums as a result of spending increases in health care during this government's term in office.

Figure 1.1 Box plot effects package of policy measures in the Coalition Agreement and total purchasing power development (including the baseline), average over the 2022–2025 period[11]



The baseline of September 2021 has since been supplemented following the decision-making process and adjusted for these purchasing power calculations with the most recent inflation projections by DNB for 2022 and 2023. See the explanation of the baseline in Section 2.4.

How to read?



The lowest and highest values have been cut at the 5th and 95th percentile, respectively, as the projections of the minimum and maximum are imprecise.

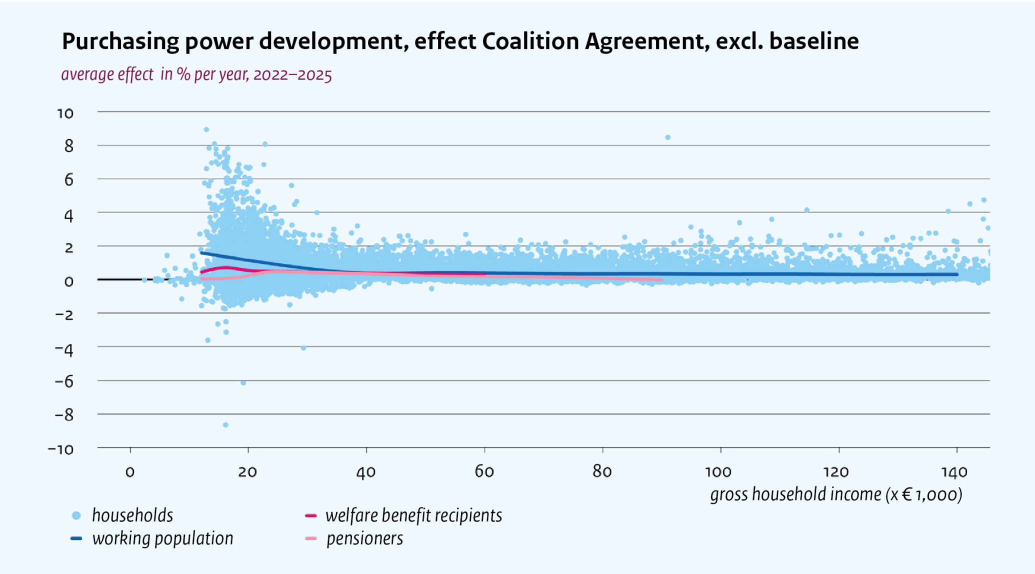
A median is the middle value of a distribution of figures, ordered from low to high. A median purchasing power development of 1.3% for all households means that half of them will experience a purchasing power development of 1.3% or lower, while for the other half this will be 1.3% or higher. For half of all households, the purchasing power development will be within the margin indicated by the pink bar, with a quarter of them above and a quarter below the median. The purchasing power development for the other half will fall outside this range. The whiskers of the boxplot show the lowest and highest purchasing power development.

(*a*) Excluding incidental changes in income.
(*b*) Gross income from employment or benefit payments, at household level; gross national minimum wage (nmw) in the baseline situation in 2025 will be approximately € 26,291, based on a 36-hour work week. The income groups are divided into five groups of roughly equal size, in ascending order of income, each containing 20% of all households.
(*c*) The subdivision according to income is based on the highest source of income, at household level, whereby the main income from profits has been categorised under that of the working population, except for households on early retirement or student grants/loans.
(*d*) For the working population, incidental changes in wage level, such as paid out or withdrawn bonuses, were not taken into account.
(*e*) The subdivision according to household composition is based on the presence of children up to the age of 18, excluding pensioner households.

As a result of the Coalition Agreement, real wages will improve, on average by 0.2% per year, compared to the baseline. Because of the recent strong increase in inflation, in our calculations of purchasing power effects in the baseline scenario, we deviated from the medium-term outlook and instead used the most recent inflation estimate by DNB[12] (see Section 2.4). In addition, the Coalition Agreement will also cause inflation to increase by an average 0.2 percentage points, per year.

The lowest income groups will benefit the most from the policy package, on average by 0.5% annually, compared to the baseline. This is mainly due to the increase in the legal minimum wage. The working population in the lowest income groups will benefit from this (see scatter plot). Although non-wage-related benefits — such as welfare and disability benefits — are indexed, the accelerated phasing-out of the double general tax credit for welfare benefit recipients and the halving of the tax credit for young people on a disability benefit mean that the purchasing power development of benefit recipients lags behind that of employed people in the lowest income groups. The development of state pensions (AOW) will be decoupled from the additional increase in the national minimum wage. Increasing pensioner credits by 376 euro will reduce the difference between pensioners and the lower income groups. However, due to the capitalisation problem[13], pensioners who have no or hardly any supplementary pension cannot cash in on this increase. Parts of the lower income groups suffer from a number of adjustments that have a negative impact on the rent allowance, which will limit their purchasing power, namely the increase in the amount in personal contribution to be paid and the fact that service charges will no longer be added to the total amount in rent.

Figure 1.2 Scatter plot effects of policy package in Coalition Agreement, average over 2022–2025 period



The highest income groups, on average, will benefit from the policy package by 0.3%, annually, compared to the baseline situation. This is mainly caused by the increase in labour tax credits to a maximum of 434 euros. Higher income households with children also benefit the most from the increase in the child care allowance up to 95%. On the other hand, the percentage by which the labour tax credits decreases at

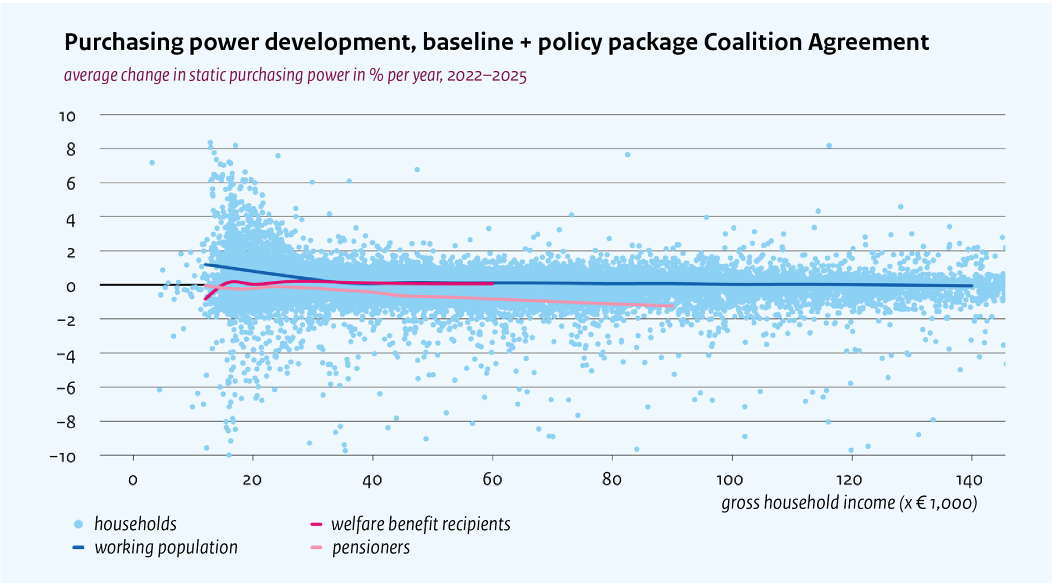
[11] The Coalition Agreement reserves half a billion euros for the labour market, poverty and debt alleviation. This has been included in the budget for the rest of our analysis, but because it is unspecified, it is not included in the purchasing power calculations. Depending on they way this will later be implemented, there may be an impact on purchasing power.
[12] DNB (2021), Economische Ontwikkelingen en Vooruitzichten DNB [economic developments and projections DNB], December 2021.
[13] The total amount in tax credits to be cashed in is maximised to the amount of taxes to be paid. Therefore, those with a higher total amount in tax credits will not receive the total amount in tax credits to which they would be entitled on the basis of their income. These types of households will therefore not benefit from a policy-based increase in tax credit.

higher incomes increases from 5.6% to 6.4%, and the starting point of the top tax rate is decreased by more than 700 euros.

The median impact on purchasing power due to the Coalition Agreement is fairly similar for the various groups distinguished according to income source, household type and the presence or absence of children. Self-employed people are confronted with an accelerated phasing out of the self-employed tax deduction, which results in an average annual purchasing power development of 0.2%, as a result of the policy package. Including the baseline leads to a median purchasing power development for pensioners of -0.4% per year, mainly as a result of the expected limited indexations of supplementary pensions.[14] Single earners will continue to lag behind by -0.2% per year, due to current policies including those in the baseline, in particular the phasing out of the transferability of the general tax credit.

The median effects of the policy package are spread out. Five per cent of households will lose at least 0.1% per year, while another 5% will gain at least 1.8% per year, compared to the baseline situation. Amongst the lowest income group and benefit recipients, in particular, the spread is relatively large. This is mainly due to the fact that the rent allowance is no longer determined on the basis of the actual rent, but on a fixed rent of € 548 per year. As a result, tenants with a high rent will experience a relatively large reduction in income, while tenants with a low rent will experience a large increase. Part of the single households and those without children benefit from this because they relatively often live in a cheap rental accommodation. There is also a large amount of spread amongst benefit recipients as a result of the national minimum wage (NMW) increase. The increase in NMW is linked to minimum benefits but not to wage-related benefits such as unemployment (WW) and disability (WIA) benefits. Combined with a lower rent allowance, this will have negative effects on the purchasing power of some welfare benefit recipients. Finally, amongst households with children, the spread is caused by the increase in child care allowance. Higher incomes, who use relatively many hours of child care, benefit the most from this.

Figure 1.3 Scatter plot showing purchasing power development (incl. baseline), average over 2022–2025 period



[14] The policy of the new reduced indexation limit for pension funds has not been incorporated in the baseline, because it has not yet been sufficiently elaborated. This will probably happen in 2022, when pension funds will be allowed to index pensions when their solvency ratio reaches 105%, which may have a positive impact on the purchasing power of pensioners.

1.6 Long-term policy impact on distribution of income

The policy package of the Coalition Agreement, on balance, will lead to less income inequality, in the long run. The Gini coefficient is 1.3%n compared to the baseline.

Table 1.7 Long-term impact on distribution of income in package of policy measures in Coalition Agreement

	Baseline (a)	Effect policy package (b)	Policy package + baseline (c)
			% (positive = greater income inequality)
Mutation in the Gini coefficient	0.6	-1.3	-0.7

(a) Baseline shows the development of the Gini coefficient for the MEV 2022, including the long-term effects of policy of the outgoing Cabinet.
(b) Impact policy packages shows the effects of the package of policy measures on the development of the Gini coefficient.
(c) Policy package + baseline show the development of the Gini coefficient for the baseline, including the effects of the package of proposed policies.

The main measure that reduces income inequality is that of increasing the national minimum wage and related benefits. Furthermore, increasing pensioner credits and introducing the right to rent allowance above the liberalisation threshold will reduce income inequality. On the other hand, the increase in child care allowance, no longer allowing service costs to be added to the rent amount for rent subsidy entitlement, increasing the personal contribution to the rent subsidy and halving youth disability credits will increase income inequality.

1.7 Structural employment effects

In total, the measures in the Coalition Agreement will decrease structural employment in hours by 0.5%. This decrease is due to measures on social security and labour market policies as well as fiscal measures.[15]

[15] A number of measures in the policy package require further elaboration before the effects on structural employment can be determined. This concerns, amongst other things, the 500 million euros reserved for measures on reforming the labour market, reintegration and alleviating poverty and debt, and the 300 million euros reserved for measures on wage-payment continuation during illness.

Table 1.8 Effects of policy package in Coalition Agreement on structural employment, in hours

	Effect policy package
	change, compared to baseline, in %
Employment in hours	-0.5
...of which fiscal	-0.1
...of which social security/labour market policy	-0.4
...of which pensions	0.0

(a) Rounding may cause the total to deviate from the sum of the parts
(b) 0.1% roughly equals 7500 full-time jobs.

In the fields of social security and labour market policy, the increase in social welfare and minimum wage level leads to a decrease in structural employment. The higher social welfare level makes the transition to a job with a wage level above the minimum wage financially less attractive. In addition, the higher minimum wage level is expected to cause employers to hire fewer people.[16]

In the case of fiscal measures, the abolition of the income-dependent combination tax credit leads to a decrease in structural employment. This decreases the financial incentive to work or work more hours, for single parents and second earners with young children, a group that responds relatively strongly to financial incentives. The decrease in structural employment is limited by the increase in childcare allowance and the increase in the labour tax credit.[17]

1.8 Financial burden for future generations

The policy package of the Coalition Agreement increases the financial burden on future generations, compared to the baseline situation. The sustainability balance will deteriorate by 2.7% of GDP to -4.3% of GDP. The Coalition Agreement increases structural spending on all functions compared to the baseline, except for health care. In particular, the spending on education, social security, climate, environment and defence is structurally increased. In addition, there will be a limited reduction in the financial burden. In the analysis, we assumed the additional government spending to be structural, unless the nature of the underlying measures is incidental (see the explanation in Section 2.3). The expenditures from the climate and transition fund are also assumed to be structural. In total, the structural budgetary impulse amounts to 2.7% of GDP. The policy package also slightly reduces structural employment. Since fewer people will be working and paying taxes than there are in the baseline scenario, this will increase the financial burden on future generations.

The net benefit that citizens derive from the government will increase in the coming Cabinet period and up to 2060, compared to the baseline. As a result of the additional spending, mainly the government benefits will be structurally increased. The net benefit will be higher on average after the government's term in office has ended, because all measures by then will have been fully implemented.

[16] For a further analysis of the impact of changes in national minimum wage level and related welfare benefit payments, see CPB's publication on promising labour market policy, an update of the national minimum wage policy ((in Dutch only) 'Kansrijk arbeidsmarktbeleid – update minimumloonbeleid', April 2020).
[17] For a further analysis of the impact of changes in income-dependent combination credits and child care allowance, see CPB publication on scenarios of child-related measures ((in Dutch only) 'Doorrekening scenario's kindvoorzieningen', December 2020, particularly Section 2.1).

The higher net benefit will not be sustainable in the long term. From 2060 onwards, it is technically assumed that government finances will be made sustainable. To achieve this, additional spending cuts or increases in the financial burden will be necessary, which will reduce the net benefit to the government. These higher costs are nevertheless also offset by benefits, because the effects of the increase in spending in areas such as education, climate and the environment will partly be passed on to future generations.

The package of policy measures in the Coalition Agreement is projected to cause an increase in government debt of 63.8% of GDP by 2060. Because government revenues will structurally lag behind government spending, the projected debts for the Coalition Agreement increases, compared to the baseline situation.

Table 1.9 Effects on the financial burden of future generations from the package of policy measures in the Coalition Agreement

	Baseline	Effect policy package	Policy package + baseline
			% of GDP
Sustainability balance	-1.6	-2.7	-4.3
... of which structural policy incentive		-2.7	
... of which continued impact (e.g. population ageing)		0.1	
... of which effect structural employment		-0.1	
Net government profits			
2022–2025	1.6	1.8	3.4
2026–2059	1.1	2.6	3.6
2060 and beyond (a)	-0.8	-1.7	-2.5
Government debt			
Debt projections for 2060 (b)	28.1	63.8	91.9

(a) Including the remaining sustainability task after 2060.
(b) An interest rate on government bonds based on the interest rate term structure with UFR is assumed. This interest rate in the debt projection replaces the uniform discount rate used in the calculations on ageing and does not contain any uncertainty about the government's income and expenditure. If the interest rate increases, the debt may become significantly higher.

The analysis also shows what the impact of the incidental expenditures in the Coalition Agreement will be if they indeed prove to be temporary. This is in contrast to the analysis in Table 1.9, in which measures that are not by nature incidental are assumed to be structural and, thus, will continue beyond the end of the government's current term in office. Incidental expenditures increase the level of government debt on a non-recurring basis. Structural spending increases, on the other hand, put the debt on a permanently higher path and thus shifts considerably more of the financial burden on to future generations.

Under this alternative assumption, the policy package increases the financial burden on future generations. The sustainability balance deteriorates by 2.0% of GDP to -3.6% of GDP. The structural increase in spending is lower in this variant, because part of the spending will stop at the end of the current government's term in office, or in the years that follow. This concerns, for instance, the spending from the climate and transition fund. Even without assuming this spending to be structural, the related net benefits will not be sustainable, in the long term. The required adjustment in 2060 will however be smaller than in Table 1.9, because part of the spending in this variant already ends before 2060. By 2060, the government debt will be higher by 47.2% of GDP, as a result of the policy package of the Coalition Agreement. This also increases the projected debt in this variant, albeit by less than in Table 1.9.

Table 1.10 Variant with incidental spending according to the Coalition Agreement

	Baseline	Effect policy package	Policy package + baseline
			% of GDP
Sustainability balance	-1.6	-2.0	-3.6
... of which structural policy incentive		-1.8	
... of which continued impact (e.g. population ageing)		0.0	
... of which effect structural employment		-0.1	
Net government profits			
2022–2025	1.6	1.8	3.4
2026–2059	1.1	2.0	3.0
2060 and beyond (a)	-0.8	-1.4	-2.1
Government debt			
Debt projections for 2060 (b)	28.1	47.2	75.3

(a) Including the remainder of the sustainability task after 2060.
(b) We assumed an interest rate on government bonds based on the interest rate term structure with UFR. This interest rate in the debt projection replaces the uniform discount rate usually applied in the calculations on ageing and does not contain any uncertainty about government revenues and expenditures. If the interest rate should increase, the debt may turn out to be significantly higher.

2 Responsibility

2.1 Starting points and assumptions

This analysis is based on the budgetary appendix to the Coalition Agreement. Where available, further explanation was requested from the Ministry of Finance. The budgetary appendix was the starting point, and, for our calculations, we did not include those policy measures that are proposed in the Coalition Agreement but were not in the budgetary appendix (see Section 2.5).

Many measures need to be worked out in more detail; certain assumptions were made where necessary for our calculations. For many of the spending increases, it is not yet known in detail how the additional financial resources are to be spent. For the macroeconomic impact, it is relevant whether additional resources are used for adding jobs, higher wages or material purchases. Where necessary, CPB made certain assumptions, such as those based on historical data, to complete the analysis. If, during the government's term in office, a design were to be chosen that differs from the one we assumed, the effects may turn out to deviate from the figures presented here. Chapter 4 lists the assumptions made at measure level.

For a number of spending cuts in health care, if there is no additional elaboration, the preconditions for realising them are lacking. Some measures aimed at limiting the increase in the expenditure on health care were not or not fully implemented in the analysis, because they are insufficiently detailed, see Table 2.1. This does not mean that these spending cuts are impossible, but it does mean that CPB expects further measures will be needed to realise the intended savings.

In view of the short lead time, the limitations to legal and technical implementation were considered to only a very limited extent. Obviously, a feasibility assessment made by CPB should never take the place of a fully fledged implementation assessment. Nevertheless, it is important to note that, given the limited time available, this assessment does not include an outline of the legal and implementation feasibility, as is generally done for our assessments of election manifestos. Where evident, possible risks on individual measure level are included in Chapter 4 of the full Dutch report. A general assessment was also done for the measures that relate to the financial burden. This is a much lighter assessment than the one CPB would perform when certifying the budgetary projections for fiscal measures.

Table 2.1 Not included measures, compared against the baseline, ex ante, billion euros

(+) is spending increase, (-) is spending cut						
		CPB		Coalition Agreement		
	subject	**2025**	**structural**	**2025**	**structural**	
CA_291_a	Enhancing the efficiency review of standard health care package Zvw	0.1	0.1	0.1	-1.1	The aim is to include scientifically proven effectiveness of care as an assessment criterion for the basic package. The intended savings were not included in the calculations, because further measures and preconditions would be required to realise it.
CA_297	Normative elements in tariff setting	0.0	0.0	-0.1	-0.1	The aim is to introduce standardised elements into the pricing of curative care under the Zvw. The intended spending cuts were not included in the calculations, because further measures and preconditions would be required to realise it.
CA_304	Separating housing and care	0.0	0.0	0.1	-1.2	Proposal for a measure with respect to separating housing from health care. The budgetary effect of the measure was not included in the calculations, because CPB considers further measures would be necessary to realise the intended savings. For instance, there is no concrete elaboration of how health insurance organisations will be stimulated to increase their focus on the purchase of extramural forms of care and whether clients in nursing homes will have to pay their own housing costs.
Part of CA_393	From 2024 onwards, additional policy measures in youth care will supplement the current reform agenda, leading to structural spending cuts of 0.5 billion euros. These measures could include a combination of standardising the duration of treatment or the introduction of a personal contribution.	0.0	0.0	-0.5	-0.5	The additional policy measures aimed at spending cuts on youth care were not included in the calculations, because these proposals have not been sufficiently elaborated to realise the intended savings.

2.2 Cumulation, underinvestment, crowding out

The package of policy measures of the Coalition Agreement contains major spending increases, the feasibility of which is uncertain. This concerns the uncertainty about individual measures as well as the combined effect of the total package. The recent past has shown that spending additional resources can be intractable, especially in the short term. Finding suitable personnel, for example, is increasingly difficult in today's tight labour market.

CPB expects that, in a number of policy areas, a full allocation of additional funds is unlikely to be achieved within the current government's term in office. This applies in particular to spending increases in the areas of defence and housing development, see Table 2.2. In these policy areas, specific bottlenecks play a role, such as the time required to find and train suitable personnel, supply problems, the lead time of tendering and permit procedures, or a combination thereof. For the measures concerned, the spending increase assumed by CPB will be lower in 2025 than described in the Coalition Agreement, and increases thereafter to their structural value (see Chapter 4 of the full Dutch report, for a description per measure).

The size of the policy package can lead to prices being pushed up and crowding out. The size of the policy package is such that there is a risk of wages and prices being driven by additional government spending rather than by economic activity. Additional spending may partly crowd out economic activity in other sectors.

Table 2.2 Spending measures with underinvestment, compared to the baselline, ex ante, billion euros

(+) = spending increase; (-) = spending cut						
		CPB		Coalition Agreement		
	title	**2025**	**structural**	**2025**	**structural**	
CA_208	New housing	0.5	1.0	1.0	0.0	Due to the necessary procedures, this measure has a relatively long lead time. The analysis, therefore, assumes that part of the spending planned in the Coalition Agreement for 2022–2025 will not take place within that period. This measure also deviates from a structural perspective, see Section 2.3.
CA_386 - CA_389	Defence	2.9	3.0	4.2	3.0	The increased expenditure in the Coalition Agreement contains a spending increase of 2.8 billion euros and maintenance costs of 1.4 billion euros. The largest share of the underinvestment is projected to occur in the increase in spending, with the exception of the budget for modernising the wage structure (0.5 billion euros). The latter is expected to take place within this government's term in office.

2.3 Funds and other incidental resources

The Coalition Agreement contains a large number of incidental spending increases. This concerns some large budgetary funds, as well as a few dozen smaller policy measures. It is striking that the Coalition Agreement relatively often assumes that additional spending will be terminated not until after the current government's term in office, that is to say by a future government.

The differences between incidental and structural spending is relevant when assessing the long-term impact of the policy package on government finances. Incidental spending increases the level of government debt only once. Structural increases in spending, on the other hand, put the debt on a permanently higher path and thus will shift a considerably larger part of the financial burden on to future generations. In addition to these higher costs, however, there are also benefits, because the effects of the increased spending on, for example, education, climate and the environment will partly also affect future generations.

There can be sound reasons for deciding on incidental spending increases. If policy addresses a problem that is limited in time, or requires a single transition, it is logical and plausible that any additional spending is temporary. For example, the Coalition Agreement includes additional financial resources for dealing with stream valleys in the Meuse River, in response to the title recent flooding event in the Province of Limburg. The proposed compensation for the student loan system is non-recurring, while the duration of the fund for reducing nitrogen emissions corresponds with the related reduction target.

The lack of structural funding, however, is not evident in all cases. The policy package also contains incidental measures for which the temporary nature is not obvious, such as funds for lifelong development, and research and treatment of Alzheimer's disease, obesity and cancer. Temporary funds have been provided for scientific research and public housing, but why the nature of this task would change once these funds expire is unclear. For the climate fund, financial resources have been allocated up to 2030, whereas more far-reaching goals have been set for 2040 and 2050.

CPB assumed that non-incidental policy will be financed in a structural way. Past experience has shown that incidental policies that are structural in nature are often not abolished, in practice.[18] In fact, such incidental policies are announcements of spending cuts to be made by subsequent Cabinets, leaving not only the implementation but also their content up to those future Cabinets. For this reason, CPB assumes that such policies will continue to weigh on the government budget on a structural basis. This assumption was also used in our analysis of the election manifestos. For the sake of comparability with the budgetary appendix to the Coalition Agreement, we also calculated the effects in the case that the expenditure designated as incidental in the Coalition Agreement indeed turns out to be temporary.

2.4 Explanation of the baseline

The baseline for the analysis is the medium-term outlook that was published in September 2021,[19] supplemented by the decisions made since then. The decision-making process between Prinsjesdag (i.e. the Day of the King's Speech) and 23 December 2021 has been included in the baseline, insofar the individual measures have an impact in 2022 or beyond. This concerns extensive support measures, the measures from the Hermans Motion, those from the Tax Plan 2022 including the bills of amendment, and the fiscal policy measures from the bill on future pensions ('Wet toekomst pensioenen'). An overview of all the measures included can be found in Section 2.5.

The baseline had not been adjusted for changes in economic insights since the construction of the medium-term outlook. Nor were realisation figures for economic and budgetary developments included. The main changes compared to the picture presented on the Day of the King's Speech 2021 are higher inflation and the introduction of a new lockdown. CPB will publish an update of the economic picture in March 2022, with its Central Economic Plan (CEP), together with a full incorporation of the policies of both the outgoing government and the Coalition Agreement. As the CEP consists of projections rather than a calculated analysis, our estimation of the effects may turn out differently. Changes in the underlying economic situation, in general, do not have a major impact on the effect of the policy package.

For the purchasing power, a correction was partly applied for higher inflation. For 2022 and 2023, we used the inflation projections by DNB (the Dutch central bank), which is higher than in our baseline scenario, by 1.2 and 1.1 percentage points, respectively.[20] On average, over the 2022–2025 period, this will result in a 0.5 percentage point lower purchasing power development, per year. The higher inflation has not been

[18] For example, the level of scale-up credits in the municipal fund.
[19] http://www.cpb.nl/actualisatie-verkenning-middellange-termijn-2022-2025-september-2021
[20] DNB (2021), Economische Ontwikkelingen en Vooruitzichten DNB [economic developments and projections DNB], December 2021 (link).

incorporated in the macroeconomic picture, nor has the impact of higher prices on, for example, wage development been taken into account. The consideration to adjust the baseline on this point is that the policy of the outgoing government that was aimed to reduce the financial burden in 2022 was explicitly linked to the increased inflation. It, therefore, would not be logical to include the measures in the purchasing power picture, but leave out the higher inflation.

The baseline for this analysis is of a highly technical nature. Chapter 3 of the full Dutch report shows how the baseline is composed of the medium-term outlook and the policy measures taken since. In 2025, the EMU balance will be 0.3% of GDP higher than that in the medium-term outlook. The median purchasing power will deteriorate by an average 0.5% per year. Here, the impact compared to the medium-term outlook is not only made up of new measures but also includes the aforementioned correction for higher inflation.

2.5 Measures not included

The budgetary appendix to the Coalition Agreement was used as the starting point for this analysis. Some measures from this appendix were not included because there were no financial resources reserved for them and they had not yet been worked out in detail. This mainly concerns the following measures:

- Studies on the business succession regulation (BOR);
- Introduction ascending CO_2 price in industry;
- Introduction of a budget-neutral and flat road pricing rate for passenger vehicles and delivery vans.

In addition, policy proposals in the Coalition Agreement that are not included in the budgetary appendix were also not included in our analysis. These proposed policies may have budgetary or economic effects if further elaborated. This mainly concerns the following measures (non-exhaustive list):

- Expand sheltered employment positions;
- Decrease social housing rents for people on a lower income, and increase the rent for people on a higher income;
- Extend supplementary earning limit Participation Act;
- Enhance the quality of teacher training;
- Government agreement to guarantee trainee positions and fitting remunerations for students pursuing a vocational education;
- Preconditions profit sharing health care providers;
- Anticonception for vulnerable groups;
- Reduce the value added tax (BTW) on vegetables and fruits to 0%;
- Rent protection for medium rent levels;
- Enable home purchase for tenants of ground-level housing corporation homes;
- Help new home buyers; for example, by way of a housing premium (i.e. premium-A houses);
- Reduce the differences between workers on a permanent contract and those on a flexible contract;
- Help unemployed people to find work;
- Improve labour participation and the position of people with a permanent disability;
- Standardisation exchanging data between patient and health care provider and the set up of a personal health environment;
- Bring the number of unnecessarily unemployed people down to zero.

Unlike in the analysis of the election manifestos, we did not include mandatory measures with no EMU-relevant effect in our analysis. Non-EMU-relevant financial burden is often the result of standards, requirements or obligations imposed by government, either directly or indirectly (implicitly via other measures) without any effect on the statutory tax and contribution revenues, such as blending obligations or energy standards. Calculating such non-EMU-relevant costs requires further analysis, which is often performed in cooperation with PBL Netherlands Environmental Assessment Agency. The lead time, in this case, did not allow for such joint analyses. In any event, the following is a non-exhaustive list of measures that may involve a non-EMU financial burden:

- Increase CO_2 tax for industry
- Mandatory insulation standard rented housing
- Implement blending obligation green gas
- Standardise hybrid heat pumps
- Standardise the use of recyclate in building materials
- Standardise sustainability level of industrial buildings