

## FNV factsheet on sub-minimum wages for young adults in the Netherlands

FNV is concerned about the implementation of the Adequate Minimum Wages Directive in the Netherlands. Not only is the Netherlands already more than a year too late with the transposition of the Directive, FNV also argues that the proposal for implementation falls short of adhering to all the obligations stemming from the Directive. One of these concerns the sub-minimum youth wages. FNV holds that the sub-minimum youth wages in the Netherlands are not in line with the conditions on variations in Article 6 of the Directive. This document provides some key facts which can help to assess if all requirements are met.

### Amounts of the sub-minimum youth wages

Like the normal statutory minimum wage, the sub-minimum youth wages are automatically adjusted twice per year.

Age	21 and older	20	19	18	17	16	15
<b>Current amounts per hour on 01-07-2025</b>	€ 14,40 (Normal SMW)	€ 11,52	€ 8,64	€ 7,20	€ 5,69	€ 4,97	€ 4,32

**Table 1** Currently applicable amounts of the sub-minimum youth wage (Rijksoverheid, Bedragen minimumloon 2025)

### Levels of the sub-minimum youth wages

Throughout the years, the levels of the sub-minimum youth wages have been adjusted. The last change occurred in 2019.

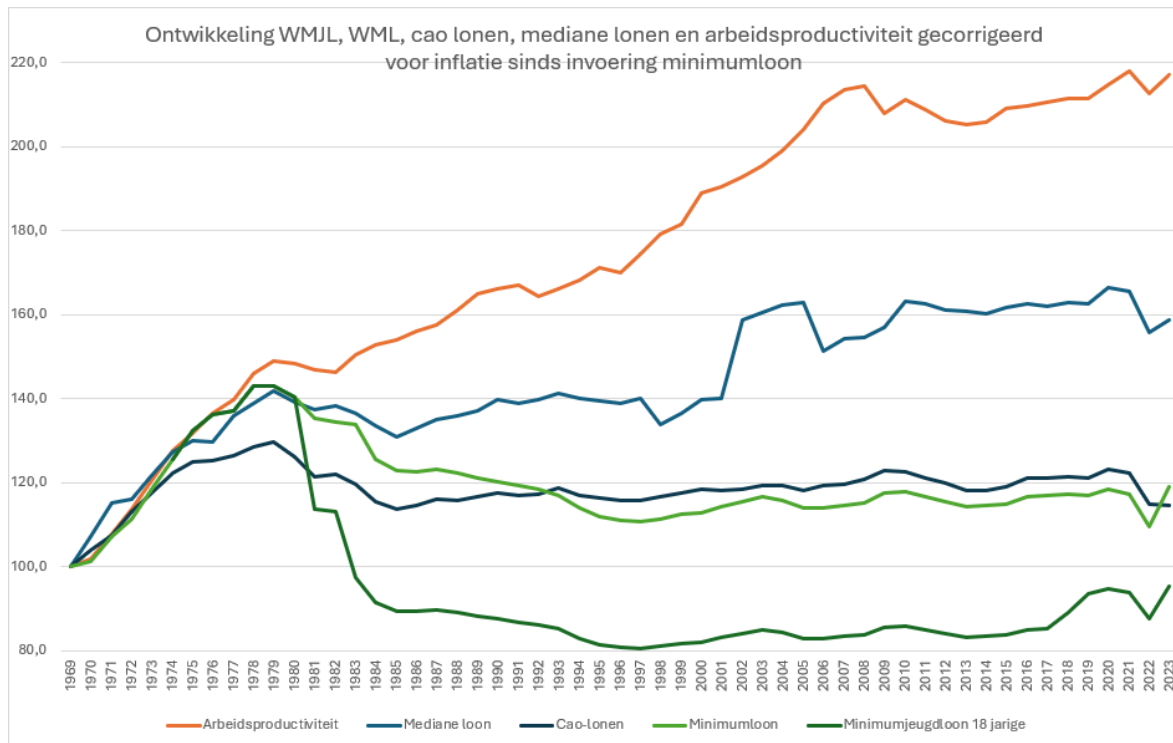
Age	22	21	20	19	18	17	16	15
<b>Levels on 01-01-1974</b>	92,5%	85%	77,5%	70%	62,5%	55%	47,5%	40%
<b>Current levels</b>	100%	100%	80%	60%	50%	39,5%	34,5%	30%
<b>Announced levels, from 01-01-2027*</b>	100%	100%	87,5%	75%	62,5%	50%	40%	30%

**Table 2** Levels of the sub-minimum youth wage compared to the normal statutory minimum wage since the introduction of the sub-minimum youth wages in 1974.

\* This intended change has only been a letter by the government to the Dutch parliament, but this is not a concrete legislative proposal yet. This could still be subject to political discussion.

### Relative adequacy of the sub-minimum youth wage

The sub-minimum youth wages have been lowered and frozen by policy interventions throughout the years. When this happened in the 1980s, the justification for this was to tackle unemployment under young people. It has not been proven this measure was effective. When the labour market situation improved, the lowered levels stayed. This resulted in a widened gap vis-à-vis the development of other wages, which is shown in Graph 1. This is showing the relative dimension of the adequacy of the sub-minimum youth wages.



**Graph 1** Development of the sub-minimum wage of an 18-year-old (dark green) in comparison with the normal statutory minimum wage (light green), the median wage (light blue) and labour productivity (orange).

### Development of purchasing power

Over time, the situation of sub-minimum youth wage earners has deteriorated compared to 1974, when these have been introduced. Bringing 21-years-old and 22-year-old under the scope of the normal statutory minimum wage, in 2019, explains the reason for their improved situation.

Age	22	21	20	19	18	17	16	15
1974-2024	+ 6%	+ 15%	+ 1%	- 16%	- 22%	- 30%	- 29%	- 27%

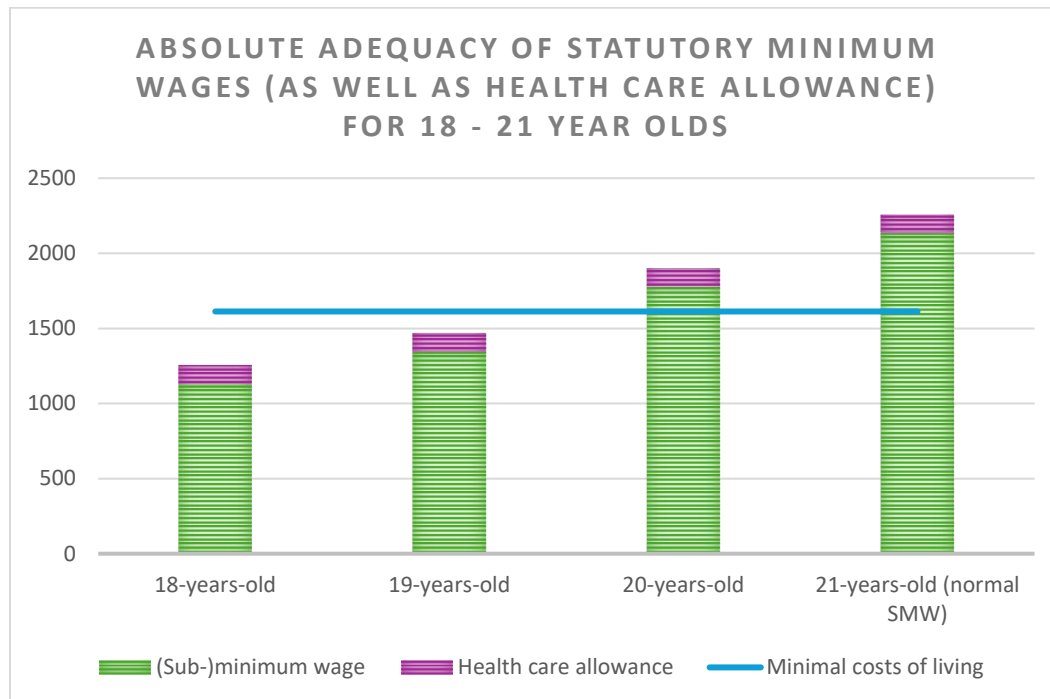
**Table 3** Development of purchasing power of different age-groups since the introduction of sub-minimum youth wages in 1974 (Salverda, 2024)

### Absolute adequacy of the sub-minimum youth wage

Graph 2 shows the absolute dimension of the adequacy. The sub-minimum youth wage for 18-year-old and 19-years-old do not even meet the minimal costs of living that an individual has. This basket of costs is calculated by the National Institute for Family Finance Information (NIBUD). On the basis of a fulltime work week, it is thus impossible to make ends meet.

The Dutch government is always pointing to our national system with many tax-funded allowances. It has to be noted first of all that allowances are not part of someone's wage, but are governmental income supportive measures for people with low-incomes. Taking into account allowances thus is not telling much about the adequacy of the minimum wage protection in itself, for this reason. But even if the health care allowances would be taken into account (this is the only allowance a young worker can

be entitled to in practice), these young adults still cannot provide for themselves. The conclusion of FNV is that the sub-minimum youth wages are clearly inadequate.



**Graph 2** Total nett income of a minimum youth wage earner (based on 36 hour workweek (full time), versus the minimal nett costs of living for a single person, according to the National Institute for Family Finance Information (NIBUD, 2024).

### What is the official aim of the Dutch statutory minimum youth wage?

The fact that this question has to be raised is telling in itself. Uncertainty existed for a long time about what the policy goal of the sub-minimum youth wage is. FNV has demanded that this would be specified, because the Directive requires variations to have a 'legitimate aim' under Article 6.

In its report, which has been drafted by the Ministry of Employment and Social Affairs itself, the official aim has finally been crystalised. Sub-minimum youth wages should be *"offering minimum protection and delivering an acceptable compensation in return, which is in coherence with the prosperity situation."*<sup>1</sup> This is taken from the original legislation which introduced the sub-minimum youth wages. In that time (1974), the normal statutory minimum protection would only start to apply from the moment someone turned 23 years old.

The demarcation of the scope in itself cannot be a reason to continue sub-minimum youth wages, because this is leading to unequal treatment between workers on the basis of age. Note meanwhile that previous work-experience is completely disregarded because of the age levels. A younger but more experienced worker can currently still earn less than a new but older worker.

Moreover, the normal statutory minimum wage provides better minimum wage protection. In 2019 the scope of the normal statutory minimum wage has been widened once before, to include 22-years-

<sup>1</sup> Ministerie van Sociale Zaken en Werkgelegenheid, *Verkenning Wettelijk Minimumjeugdloon*, (25 March 2025), <https://open.overheid.nl/documenten/eb6611a0-ab44-4493-ad81-75645d1723f4/file>, page 10.

old and 21-years-old as well. Changing the scope of the normal statutory minimum wage again is possible, and it would make perfect sense to do so.

### **Alternative arguments of convenience**

Throughout the years, multiple different arguments of convenience have been raised in letters from the government to the national parliament, to justify the *raison d'être* of the sub-minimum youth wages. Even though these are not the official aims of the sub-minimum youth wages, FNV will go into these in this factsheet.

#### *Preventing youth unemployment*

Previously, the government has argued that the sub-minimum youth wages would be helping to prevent youth unemployment. Already in 2016, however, the Social Economic Council concludes there is no empirical evidence that there is a causal effect between the magnitude of youth unemployment and the sub-minimum youth wages.<sup>2</sup>

Furthermore, when the sub-minimum youth wages have been increased twice, in 2017 and in 2019, and when the youth levels for 21- and for 22-year-olds have been abolished, there was no change in employment situation among young people. This was the conclusion of two studies carried out by SEO Economisch Onderzoek, on request of the government.<sup>3</sup> FNV does not see how the government can continue to claim the sub-minimum youth wages are an effective instrument to prevent youth unemployment, when this does not show in practice.

#### *Preventing early school leaving*

Arguments of convenience in favour of keeping the sub-minimum youth wages then shifted towards preventing early school leaving. It has never been proven that the sub-minimum youth wages as an instrument has a positive effect on preventing early school leaving, let alone to what extent.

SEO found that the first increase in 2017 had a 'limited effect' on participation of young people. Of those who ended their education, only 0,5% was the result of the increased sub-minimum wage. The second increase in 2019 had 'hardly any effect' on participation in education.<sup>4</sup>

Only 2,37% of the young adults older than 18-years is leaving school early without obtaining a start qualification. This concerns approximately 30.000 people (in 2022). Out of this group, only for 2.700 young people labour market related reasons played a decisive role for early school leaving. It has to be noted that labour related factors could entail more than only the sub-minimum wage. Most early school leavers quit with their education because of school related issues and (mental) health reasons comes second.<sup>5</sup>

Even if the government would be able to prove that sub-minimum wages have a positive effect on preventing early school leaving, then still the assessment has to be made if sub-minimum wages are the best instrument to target the very small group of young people who might drop out of education without a start qualification and to prevent this from happening, or if there are other more

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<sup>2</sup> Sociaal Economische Raad, *Wettelijk minimumjeugdloon*, SER Verkenning, (2016), page 11.

<sup>3</sup> S. van der Werff, J. Zwetsloot, and B. ter Weel ter, *Verkenning effecten aanpassing minimum(jeugd)loon*, SEO Economisch Onderzoek (2018); J. Zwetsloot, T. Vervliet, S. van der Werff, and B. ter Weel, *Verkenning effecten tweede verhoging van wettelijk minimum(jeugd)loon per 1 juli 2019*, SEO Economisch Onderzoek (2020).

<sup>4</sup> Ibidem.

<sup>5</sup> Research Centre for Education and the Labour Market (ROA), *Uitval zonder diploma: Aanleiding, Kansen en Toekomstintenties 2023*, (2024), [https://cris.maastrichtuniversity.nl/ws/files/221128326/ROA\\_F\\_2024\\_11\\_VSV.pdf](https://cris.maastrichtuniversity.nl/ws/files/221128326/ROA_F_2024_11_VSV.pdf).

proportionate measures that could be taken. In the action programme to prevent early school leaving by the ministry of Education, many measures are presented, but none of these are related to the level of wages, nor to sub-minimum wages as an instrument.<sup>6</sup>

### **The principles of non-discrimination and proportionality are not respected**

The group of young people who are negatively affected by the sub-minimum youth wages, since these provide lower minimum wage protection, is very large. On the basis of data of the Dutch Statistics Office, FNV calculated that circa 87%, 62% and 52% of the volume of work done by workers who are 18-, 19-, and 20-years old, respectively, is being paid less than the normal statutory minimum wage. This concerns several hundreds of thousands of jobs.<sup>7</sup>

Paradoxically, students' organisations and education institutions are warning that the high number of hours that young people have to spend on working is leading to worse education results, due to the uncertainty young people experience about their income situation.<sup>8</sup>

It is clear that sub-minimum youth wages as a measure have a disproportional wide negative impact on the minimum wage protection of young people. Even in case the government would be able to prove that applying sub-minimum youth wages are an effective instrument to prevent youth unemployment and to prevent early school leaving – which FNV contests – it is also still utilising a sledgehammer to crack a nut. On the issue of the inadequacy of the sub-minimum youth wages, the unfairness of the development of these wages, as well as on the effectiveness and the expediency of the sub-minimum youth wages, FNV is of the opinion that this measure is not proportionate.

Young workers are treated unequally on the basis of their age, which results in age-discrimination. For these reasons, we hold that the Dutch sub-minimum youth wages are not respecting the principle of non-discrimination, nor the principle of proportionality, the latter including the pursuit of a legitimate aim, which are requirements under Article 6 of the Directive.

### **The Dutch sub-minimum youth wages are also not in conformity with the European Social Charter**

The Dutch government has had many opportunities to take action against the disproportional and discriminatory sub-minimum youth wages. The European Committee of Social Rights concluded, already in 2018, that the Dutch sub-minimum youth wage was not in conformity with the right to fair remuneration under Article 4, paragraph 1, of the European Social Charter. This Committee stated 'the reduced rates of the statutory minimum wages applicable to young workers are manifestly unfair'.<sup>9</sup> In 2023, the Committee reiterated the situation still was not in conformity on the same basis. They concluded that 'the gap between the minimum wages of a young worker and an adult remained manifestly disproportionate'.<sup>10</sup> Recital 2 of the Directive refers to the fundamental social rights in the European Social Charter.

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<sup>6</sup> Kamerbrief 42149551, *Uitwerking Actieplan voorkomen voortijdig schoolverlaten en begeleiden naar een kansrijke toekomst*, Ministerie van Onderwijs, Cultuur en Wetenschap, (26 Oktober 2023), <https://open.overheid.nl/documenten/dpc-22fcd0167572a2f8794938f3cade359779923b7/pdf>.

<sup>7</sup> FNV calculations based on data of Statistics Netherlands (CBS), *CBS statline*, (2024), <https://opendata.cbs.nl/#/CBS/nl/dataset/85263NED/table?ts=1720784916747>.

<sup>8</sup> ResearchNed, *Monitor beleidsmaatregelen hoger onderwijs 2022-2023*, (2023), page 131.

<sup>9</sup> European Committee of Social Rights, *Conclusions*, 2018/def/NLD/4/1/EN, <https://hudoc.esc.coe.int/eng?i=2018/def/NLD/4/1/EN>.

<sup>10</sup> European Committee of Social Rights, *Conclusions*, 2023/def/NLD/7/5/EN, <https://hudoc.esc.coe.int/eng?i=2023/def/NLD/7/5/EN>.

## **Other issues Dutch transposition of the Adequate Minimum Wages Directive**

Lastly, FNV would like to flag already that the proposal of the Dutch government for falls short on a couple of other issues too. FNV would be able to share similar factsheets concerning these topics, but we would like to raise awareness already.

### **Deductions for the accommodation of (EU) labour migrants**

In the Netherlands it is possible for employers to deduct 25% from the normal statutory minimum wage (SMW) for accommodation. In practice, this is almost exclusively being used for the housing of (EU) labour migrants. People have to share the accommodation with strangers to them, the quality of the housing (often abhorrent) stands in no relation to the rent, if inspections happen these are always pre-announced, and a worker does not have rental protection. It is creating double dependency of the worker vis-à-vis the employer, who can exercise control over a worker via the accommodation too. When a worker is being dismissed (for whatever reason), the accommodation also terminates. As a result of this, according to estimations of the Dutch Salvation Army, EU labour migrants make up the largest group of people living in the streets (60%). This concerns approximately 10.000 people.<sup>11</sup>

The previous minister of Social Affairs and Employment wrote to the national parliament that the government would be terminating this deduction gradually, in five steps of 5 percent points. The day after the last national elections, however, the current caretaker-minister of Social Affairs and Employment took this decision back. This came out of the blue. The Directive underlines, in recital 29, that deductions of allowances in kind, such as accommodation, present a high risk of being disproportionate. FNV is arguing the deduction for accommodation for labour migrants is disproportionate and is treating people unequally on the basis of nationality in practice. It is not fulfilling the requirements of Article 6 of the Directive.

### **Protection against discrimination of workers wishing to engage in collective bargaining is lacking**

The Netherlands still also lacks specific legal protection against the discrimination of workers and trade union representatives who wish to engage in collective bargaining (Article 4, paragraph 1, sub c, of the Directive). At the moment when workers consider to engage in collective bargaining, they are most vulnerable in practice. FNV urgently calls again to provide for a form of legal protection against such discrimination specifically. This should not be mistaken for the legal protection against adverse treatment (Article 12 of the Directive), which is currently also still lacking in the Dutch legal system. The latter at least has been added to the legislative proposal for the implementation of the Directive, after FNV insisted it would be included.

### **Protection against interference of social partners is absent**

There has never been any legal protection in the Netherlands for trade unions and employers' organisations participating or wishing to participate in collective bargaining against any acts of interference by each other or each other's agents or members in their establishment, functioning or administration. FNV has suggested to improve the legislation on collective agreements on this topic. The government has been and still is reluctant to do so within the transposition of the Directive. Employers are open for establishing protection against interference. Discussions thus continue, but are placed outside the transposition process by the government. FNV urges to establish legal protection against interference.

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<sup>11</sup> Leger des Heils, *Leger des Heils en CNV gaan samenwerken om groeiende dakloosheid EU-arbeidsmigranten te stoppen: Bijna 10.000 arbeidsmigranten zijn momenteel dakloos*, 7 February 2025, <https://www.legerdesheils.nl/artikel/leger-des-heils-cnv-dakloosheid-eu-arbeidsmigranten>.

### **The Dutch national action plan**

For many months, the government has left ambiguity about how a trajectory which they commenced themselves, about the Dutch collective bargaining system and the system to declare collective agreements universally applicable, would be overlapping (or not) with the obligation to draft the Dutch national action plan.

The three trade union confederations were therefore surprised to learn only this month that a two-pager, combined with a recommendation by social partners within the setting of the Labour Foundation, and a letter from the government to the national parliament would make up the entire Dutch national action plan. FNV perceives this as a lost opportunity to draft a robust national action plan.

FNV has now requested the government to quickly start working on a clarification of what the concrete measures in the Dutch national action plan will be entailing, in close cooperation with the social partners. A bilateral meeting with the government has been planned later this month, which FNV will approach constructively.