



**European Employment Policy Observatory Ad  
hoc Request**

# **Personal and household services**

**Belgium**

Written by Robert Plasman

*Co-authors : Sébastien Avanzo, Laureline de  
Wind, Sarah Flament, Maxime Fontaine,  
Malory Rennoir*

DULBEA, Department of Applied economics,  
ULB

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Contact email: [empl-c1-unit@ec.europa.eu](mailto:empl-c1-unit@ec.europa.eu)

European Commission

B-1049 Brussels

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## **1 Presentation of the sector in Belgium**

### **1.1 Introduction**

In Belgium, activities related to 'personal and household services' (PHS) more often than not are included under the heading of 'community care services'. Community care services can be defined as 'services that meet individual or collective needs based firstly on an objective sense of community, because they are rooted in a restricted local area, and possibly also on a subjective sense of community, given the inter-personal aspect of the service'.<sup>1</sup> They can include such wide-ranging activities as 'early years child care (0 to 3 years), after-school child care, care for sick children, home help for dependent persons, transport for people with reduced mobility, housing for those in difficulty or even the design and maintenance of collective spaces in degraded neighbourhoods'.<sup>2</sup>

There are many actors involved in the financing and provision of community care services in Belgium, generally reliant upon income from the beneficiaries. The stakeholders, primarily in terms of financing, are the regions and communities (following the 6th reform of the Belgian State, the federal authorities no longer have any powers in this area) along with the local authorities (communes and *Centres publics d'aide sociale* /Social Public Welfare Centres (CPAS)) and mutual societies. The private sector (commercial companies, not-for-profit associations, temporary employment agencies) also plays an important role in service provision. The Belgian system is therefore characterised by a triangular relationship: staff dependent upon service-providing organisations, plus customers who are the end consumers.

### **1.2 The service voucher system**

Since 2004, the main system for providing community care services has been the service voucher system, which is aimed at enabling individuals to pay an approved company (private or public) for help of a domestic nature. An initial version, launched in 2001, focused particularly on child care and home help for the elderly, sick or disabled but numerous changes have since been made to arrive at the current system.

Until the recent institutional reform of the Belgian State, this system was governed by the Law of 20 July 2001 aimed at encouraging the development of community care services and jobs (BM of 11/08/2001), Royal Decree of 12 December 2001 on service vouchers (BM of 22/12/2001), Royal Decree of 7 June 2007 on the Service Voucher Training Fund (BM of 11 July 2007) and the Royal Decree amending the Royal Decree of 12 December 2001 on service vouchers (BM of 1 August 2007). Finally, the special law on the 6th Reform of the State of 6 January 2014 (BM of 31 January 2014) governs the transfer of these responsibilities from the federal authorities to the regions.

The service voucher system was established by the federal authorities but, following the 6th reform of the State, this responsibility was transferred to the Brussels-Capital, Flemish and Walloon regions, along with the German-speaking Community, on 1 July 2014 (and 1 January 2015 for financing). The Flemish and Walloon regions have since made a number of changes. On 6 March 2015, Flanders decided to revoke the regulation on new recruits while Wallonia decided to reduce the level of tax exemption that had been set until 2015. It should be noted that, in the absence of any responsibility for the

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<sup>1</sup> Champetier, Degavre and Nyssens, '*Les services de proximité*', Centre interdisciplinaire de recherche Travail, Etat et Sociétés (CIRTES), Université Catholique de Louvain, <https://www.uclouvain.be/305487.html> (consulted on 15/05/2015).

<sup>2</sup> Henry, A., '*Services de proximité*', Centre d'Economie sociale, Université de Liège, [http://www.ces.ulg.ac.be/fr\\_FR/services/cles/dictionnaire/s---t---u/services-de-proximite-2](http://www.ces.ulg.ac.be/fr_FR/services/cles/dictionnaire/s---t---u/services-de-proximite-2) (consulted on 15/05/2015).

powers transferred, the *Office national de l'emploi* (National Employment Office / ONEm) is still responsible for managing service vouchers.

The service voucher system is a *care* measure given that it prioritises access – simply and through a single cheque – to a service at a very low price (between EUR 6.30 and EUR 9.00 an hour), made possible by significant public subsidies (between EUR 12.04 and EUR 13.04 an hour). It is nonetheless also a *non-care* measure as it is aimed at creating jobs and reducing the amount of undeclared work. By providing a VAT exemption and direct subsidies, a lower sale price is therefore possible, along with a lower purchase price via tax exemptions.

### **1.3 Other community care services**

Alongside the primary measure of the service voucher system there are numerous further community service actions that are principally the responsibility of the regions. These latter are thus responsible for services for the elderly, sick, disabled and home help for dependent persons. The federal level also envisages a number of actions, in line with its powers.

These are primarily *care* measures aimed at facilitating access to certain services on the part of certain beneficiaries (the elderly, disabled or sick). Unlike the service voucher system, they are also often aimed at people on low incomes.

There also exists domestic work contract. Domestic workers are the people who mainly provide domestic manual work (washing, ironing, cleaning, etc.) for household needs of an employer (individual) or his family. Their working conditions are less favourable than those of other workers. The wages of domestic is lower, the number of overtime hours is not limited and the general prohibition of night work does not apply.

Until 2014, the domestic workers did not have full access to social security. Since 1 October 2014<sup>3</sup>, these workers are in principle submitted to the various social security schemes and the contribution of wage moderation. Only some non-manual activities such as, for example, babysitting, help for the elderly, shopping or transport for less mobile people, may still not be reported to the ONSS.

In 2008, 1 069 people were registered with the domestic status in Belgium.

## **2 Main elements on jobs in the sector**

### **2.1 Service vouchers**

There were 149 782 people working in the service voucher sector in 2013.<sup>4</sup> This was lower than in 2012 (151 137) but a 141 percent increase on 2006 when the figure was only 61 759. In 2013, these jobs accounted for 4.2 percent of total employment in Belgium.

In terms of pay, gross salaries have increased since 2004, rising from EUR 8.76 an hour then to EUR 11.06 in 2013.<sup>5</sup> Salaries are not determined by the State but by a specific joint committee (SCP 322.01: « Sous-commission paritaire pour les entreprises agréées fournissant des travaux ou des services de proximité ») which sets the applicable scales. Joint committees and sub-committees exist for each sector. They are composed of an equal number of representatives of employers' organizations and trade union

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<sup>3</sup> Royal Decree of 13 July 2014 (BM of 28 July 2014).

<sup>4</sup> IDEA Consult, 'Evaluation du système des titres-services pour les emplois et services de proximité', Brussels, 2014.

<sup>5</sup> IDEA Consult, 'Evaluation du système des titres-services pour les emplois et services de proximité', Brussels, 2014.

organizations and enable them to conclude collective labour agreements (Conventions collective de travail – CCT) that must ensure unified and appropriate working conditions for companies' activities in each sector.

Women make up the majority of workers in this sector, accounting for 97.4 percent of the total (see Table 1). There are, however, some regional differences: in Brussels this figure is 95.5 percent, in Flanders 97.5 percent and in Wallonia 98.1 percent.

Sixty percent of workers fall within the 30 to 49 year age range.

Workers in this sector are generally low-skilled (54.2 percent) although a significant proportion (41.9 percent) have medium-level skills. Only 3.9 percent are highly skilled.

Finally, 71.9 percent of the workers are Belgian, 20.1 percent come from other European Union countries and 8 percent from outside the EU. It should be noted that, in Brussels, only 22.9 percent of workers are Belgian while in Wallonia they account for 85.3 percent. During the last survey on the origin of service voucher workers (conducted in 2011<sup>6</sup>), the largest proportion of non-Belgian workers were from Poland, followed – to a lesser extent – by French, Portuguese, Romanian and Dutch workers. Non-EU workers are generally younger and more usually employed by a commercial enterprise. These workers also account for a more significant share of both low- and high-skilled workers. In terms of family set-up, there are no significant differences between the workers of different origins.

**Table 1: Overview of service vouchers workers characteristics**

2013		Total	Brussels	Flanders	Wallonia
Gender	Male	2,6	4,5	2,5	1,9
	Female	97,4	95,5	97,5	98,1
Age	< 30	19,0	17,6	19,4	18,9
	30 – 39	28,0	28,0	32,8	26,9
	40 – 49	30,1	28,9	29,1	33,1
	More than 50	22,9	20,7	24,7	20,1
Education	Low-skilled	54,2	62,0	50,3	59,3
	Semi-skilled	41,9	32,1	46,3	37,2
	High-skilled	3,9	5,9	3,6	3,4
Nationality	Belgium	71,9	22,9	77,7	85,3
	EU-27	10,1	56,4	15,3	10,9
	Non-EU	8,0	20,7	7,1	3,8

Source: IDEA Consult

## 2.2 Other community care services

There are very many different actors involved in community care services (not-for-profit associations, social enterprises, public services, etc.) and they benefit from the different kinds of support on offer. It is particularly difficult to produce statistics on the jobs

<sup>6</sup> IDEA Consult, 'Evaluation du système des titres-services pour les emplois et services de proximité', Brussels, 2012, pp. 110-145.

created by these actions as it is not always possible to obtain centralised data or to establish the share attributable to each action.

However, there exists partial data on the number of jobs in the PHS sector. First, ONSS (Office national de sécurité sociale - National Social Security Office) provides the number of people working within the NACE 88 sector (Social care without accommodation) at the end of 2013: 164 168. However, this figure does not take all workers into account in the PHS sector. For example, workers in the service vouchers system – which represents the majority of PHS – can be classified into NACE 88 but also 78 (Employment activities), 81 (Services to buildings and landscape activities) or 96 (Other personal services activities) depending on the company they rely on. These elements have the consequence that NACE 88 strongly minimizes the number of active workers in the PHS. A second data source can be the joint committees<sup>7</sup> which depend on the PHS sector workers, namely the Joint Committee 318 (services of family and seniors care) and 322 (joint committee for temporary work and approved firms providing work or services of proximity). 36 972 and 183 214 workers respectively depended on these two committees at the end of 2013. These figures do not take into account all workers who can perform PHS activities. Moreover, they include the temporary workers without the possibility of isolating them given existing data sources.

### **3 PHS approaches and their impact on job creation and employment levels**

#### **3.1 Service vouchers**

The service voucher system is aimed at: (1) creating new jobs, primarily for the low-skilled, (2) reducing undeclared work, (3) helping the unemployed back to work and (4) meeting the demand from private individuals wishing to outsource domestic work.

A service voucher is defined by law as 'a payment voucher provided by an issuing company which enables the user, with financial help from the State in the form of a consumer subsidy, to pay for community care work or services provided by an approved company'.<sup>8</sup> Four activities are authorised in this context: domestic help (cleaning, washing and ironing, mending and meal preparation), transport for people with reduced mobility, shopping and external services of ironing and mending.

A service voucher enables private individuals to receive one hour of services, at a cost that has changed over time (see Table 2.) Each individual may now purchase 400 service vouchers at a cost of EUR 9 per hour and a further 100 service vouchers at EUR 10 per hour. The ceiling per household is 800 service vouchers at EUR 9 and 200 service vouchers at EUR 10. Disabled people, those with a disabled child and some single-parent families with one or more dependent children may purchase a maximum of 2 000 service vouchers a year at EUR 9.

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<sup>7</sup> Joint (sub-)committees are composed of an equal number of representatives of employers' organizations and trade union organizations and enable them to conclude collective labour agreements (Conventions collective de travail – CCT) that must ensure unified and appropriate working conditions for companies' activities in each sector

<sup>8</sup> Law of 20 July 2001 aimed at encouraging the development of community care services and jobs, Belgian Monitor of 11/08/2001.



**Table 2: Evolution of the price of a service voucher, amount of public intervention and reimbursement to the licensed company**

User's order	Face value	Public intervention	Reimbursement to the licensed company
<b>Before 31/12/2007</b>	6,70	14,30	21,00
<b>01/01/2008 – 30/04/2008</b>	7,00	13,58	20,28
<b>01/05/2008 – 31/10/2008</b>	7,00	13,50	20,50
<b>01/10/2008 – 31/08/2010</b>	7,50	13,30	20,80
<b>01/09/2010 – 30/04/2011</b>	7,50	13,60	21,10
<b>01/05/2011 – 31/01/2012</b>	7,50	13,91	21,41
<b>01/02/2012 – 30/11/2012</b>	7,50	14,22	21,72
<b>01/12/2012 – 31/12/2012</b>	7,50	14,54	22,04
<b>01/01/2013 – 31/12/2013 (0 – 400)</b>	8,50	13,54	22,04
<b>01/01/2013 – 31/12/2013 (400 – 500)</b>	9,50	12,54	22,04
<b>Since 01/01/2014 (0 – 400)</b>	9,00	13,04	22,04
<b>Since 01/01/2014 (400 à 500)</b>	10,00	12,04	22,04

Source: DULBEA

Apart from the user, there are four actors involved. The user must first of all purchase a service voucher from the issuing company (currently Sodexo) at the price specified above. This voucher is then exchanged with an approved company (commercial, public or social economy) for an hour's domestic help, provided by one of the company's employees. The consumer benefits from a VAT exemption and the cost of the service voucher can subsequently be partially written off against tax, up to 30 percent when the federal authority was responsible. Since full decentralisation on 1 January 2015, the Walloon Region has decided to reduce this tax exemption to 10 percent.

The approved company then sends the service vouchers it has received to the issuing company, which reimburses it the sum of EUR 22.04 for each one. The difference between this and the price paid by the user (EUR 9 or 10) is made up by a regional subsidy (EUR 13.04 or 12.04).

In 2013,<sup>9</sup> the total gross cost came to EUR 1 930.9 million, of which EUR 1 637 million in public subsidy, EUR 15.6 million for supervision of the measure and EUR 278.2 million to offset the tax exemption.

The direct effect in terms of additional jobs, the indirect effects in terms of the creation of new companies (primary indirect effects), the replacement of old jobs and the impact on users (secondary indirect effects) must, however, be taken into account. The direct effects include the reduced cost of unemployment (EUR 217 million), increased social security contributions (EUR 395.2 million) and increased income tax receipts (EUR 178.4 million). The primary indirect effects include increased corporation tax (EUR 17.7 million) and additional revenues from the hiring of supervisory staff (EUR 49.1 million). Finally, the secondary indirect effects relate to the savings involved in replacing the workers in the service voucher system (between EUR 106.3 and 212.5 million) and the

<sup>9</sup> IDEA Consult, 'Evaluation du système des titres-services pour les emplois et services de proximité', Brussels, 2014, p. 65.

supervisory staff (between EUR 7.7 and 15.5 million) along with additional VAT revenues (between EUR 10 and 34.9 million) and additional tax revenues from users who are now able to work more (EUR 297.9 million).

The net cost, taking into account primary indirect effects, therefore comes to EUR 1 073 million. If secondary effects are taken into account as well then the net cost falls to between EUR 445 million and EUR 584 million.

According to Henry *et al.*<sup>10</sup>, the system of service vouchers is a "quasi-market" defined by the presence of competition between private providers and providers with a social purpose and by a consumer purchasing power used directly by a voucher, or through a third party acting in the name of the consumer. This system results in a free competition for the provider (their number and type are not regulated) and the consumer (who can choose the company of his choice). Other types of PHS (support for families and the elderly, assistance to disabled, etc.) still depend on the tutelary regulation. Governments subsidize specific actors if they meet some legally established rules.

Some people, however, question the effectiveness of the service voucher system.<sup>11</sup> Given the small proportion of unemployed people among the new workers and the long working hours in this sector, the system seems to be more of a (highly subsidised) sector than a springboard for people outside the job market. Secondly, it seems that the users are more often than not well-off couples whose working hours only increase marginally. Thirdly, it is probable that only 10 to 20 percent of workers who were previously not declaring their income have now moved into the service voucher system, which seems low given the cost of the action. In addition, there appears to be a deadweight loss that pushes employers already in the non-subsidised domestic work sector towards the service voucher sector. Finally, there seems to be a significant number of workers carrying out unauthorised tasks (10 percent) and thus *de facto* pushing workers out of these sectors.

Others had already raised concerns over the sustainability of the system back in 2010.<sup>12</sup> Financed at a considerable cost, service vouchers need to be viewed over the long term, and particularly once the economic crisis has come to an end. According to the authors, the knock-on effects are very difficult to calculate and have probably been over-estimated. Although service vouchers have provided a real solution to undeclared work and to the status of workers in the domestic service sector, the sector must not be allowed to become the new mining and metallurgy sector, surviving only due to State aid. To evaluate the relevance of this system, the authors advocate using the criterion of needs met, of *care* instead of *non-care*, as is currently the case.

With a view to the future, the Walloon Parliament (now responsible for the south of the country) has already proposed<sup>13</sup> a number of actions aimed at improving the system. Among the most significant are actions aimed at varying the amount repaid for service vouchers depending on the quality of the job and seniority of the workers, stimulating training and increasing the number of hours provided by workers in order to achieve a minimum 1/3 time per worker.

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<sup>10</sup> HENRY, A., NASSAUT, S., DEFOURNY, J. et NYSSSENS, M., « Economie plurielle et régulation publique. Le quasi-marché des titres-services en Belgique », Academia Press, Gand, 2009.

<sup>11</sup> Marx, I. and Vandelannoote, D., '*Car on donnera à celui qui a (et il sera dans l'abondance): le système belge des titres-services*', *Revue belge de Sécurité sociale*, 2014.

<sup>12</sup> Pacolet, J., De Wispelaere, F. and Cabus, S., '*Les arbres ne poussent pas jusqu'au ciel. Le coût réel des titres-services*', HIVA – Institut de recherche sur le Travail et la Société, 2010.

<sup>13</sup> Walloon Parliament, '*Proposal for a resolution to improve the quality and financing of the service voucher system*', 6 May 2015.

### **3.2 Other community care services**

There are numerous actions aimed at supporting community care services at both federal and regional level.

The following were dependent upon the federal level until the recent State reforms, when they were transferred to the regions and communities:

The local employment agencies (ALE) combine both *care* and *non-care* objectives. They seek, on the one hand, to meet society's needs where these are under-provided by regular work channels and, on the other, to reintegrate not only the long-term unemployed but also those receiving integration income (*revenu d'intégration*) and some welfare beneficiaries into the jobs market. Their workers are able to carry out an activity at the request of private users, not-for-profit organisations, local authorities, non-commercial associations, teaching facilities and agricultural or horticultural companies. Depending on the kind of employer, these workers may provide garden maintenance, childcare or support for children, the sick, elderly or disabled, or even help with administrative formalities or other similar activities.

The recruited worker must be fully unemployed and receiving benefits, integration income or welfare payments. The job seeker must also have been unemployed for a certain length of time. They are able to work between 40 and 150 hours per month depending on the kind of employer they are working for, up to a maximum of 630 hours of activity a year. A long-term unemployed person receives an overall monthly income equal to the amount of their full unemployment benefit, plus a tax-free sum of EUR 4.10 for each hour provided. This represents an additional income of EUR 184.50 per month for 45 hours of work (EUR 287 for 70 hours of work). Recipients of integration income or welfare payments likewise receive these benefits plus the hourly wage. If the ALE worker incurs travel costs, then the user may be required to pay a partial or total contribution towards these.

These activities can be obtained in exchange for an ALE cheque purchased by private individuals or legal persons (teaching facilities, local authorities, non-commercial associations, not-for-profit associations and agricultural/horticultural companies) duly registered with a Local Employment Agency. Since 1 January 2009, the cost of a cheque for one hour's work has been set at between EUR 5.95 and EUR 7.45. The private user benefits from a tax incentive for the number of ALE cheques purchased for their own use over a year. Since 1 July 2013, the maximum amount of ALE cheques to which the tax exemption can be applied (30 percent) has been limited to EUR 1 380 EUR (EUR 920 non-indexed) per person per year as opposed to EUR 2 720 (EUR 1 810 non-indexed) prior to this date.

The social integration economy, or SINE for short, encourages the reintegration of the unemployed into the jobs market by reducing social security contributions and providing income subsidies. Although not aimed directly at community care services, the kind of workers targeted are often involved in this sort of work. In fact, this measure is aimed at employers in the social economy generally (including ALE, for example).

The reduction in social security contributions amounts to EUR 1 000 per quarter for a minimum of 11 quarters, with no upper time limit. To this reduction should be added a grant of EUR 500 per month paid to the employer by ONEm (by way of integration allowance (*allocation d'insertion*)) or by a CPAS.

The recruited worker must be fully unemployed and receiving benefits, integration income or welfare payments. Moreover, they cannot hold a higher secondary school

leavers certificate. They must also have been unemployed for a certain length of time. The number of workers and their related cost is given in Table 3.

**Table 3: Number of workers (full-time equivalent (FTE)) and expenses (in millions of euros) of SINE reduced social security contributions, Article 60, domestic staff and child care**

	SINE		Article 60		Domestic staff		Child care	
	Nb of workers	Expenses	Nb of workers	Expenses	Nb of workers	Expenses	Nb of workers	Expenses
<b>2005</b>	1.817	5,5	9.298	47,1	65	0,24	5.330	17,6
<b>2006</b>	3.497	11,3	9.745	49,8	59	0,23	5.685	18,4
<b>2007</b>	4.988	16,4	9.677	50,8	53	0,21	5.905	19,1
<b>2008</b>	6.091	21,7	9.486	51,8	50	0,21	6.040	19,5
<b>2009</b>	6.888	26,0	9.774	55,4	49	0,22	6.018	19,4
<b>2010</b>	7.362	27,5	10.587	60,4	48	0,23	6.050	19,4
<b>2011</b>	7.364	28,5	11.236	65,8	46	0,22	6.026	19,2
<b>2012</b>	7.261	29,5	11.678	70,4	42	0,21	5.818	18,8
<b>2013</b>	7.111	28,0	11.556	70,8	37	0,19	5.761	18,8
<b>Growth 2005-2013</b>	291%	411%	24%	50%	-43%	-22%	8%	7%

Source: ONSS, ONSSAPL, DULBEA calculations.

This employment policy, in line with Article 60 (para 7 of the Organic Law on the CPAS), is a form of social assistance that enables the CPAS to find a job for someone who is out of work with the aim of reintegrating them into the labour process. The CPAS is still the legal employer. The centre may employ the person in its own services or make them available to a third party. The CPAS receives a grant from the regional authorities for the duration of the work placement and, as an employer, benefits from an exemption from employer contributions. Once again, this aid does not directly concern PHS workers although a proportion of the people concerned do work in the community care services sector.

The reduction in 'domestic staff' contributions offers reduced employer contributions for the first worker employed as domestic staff, i.e. someone who carries out work in the house, whether manual or intellectual, for the private needs of the employer or their family.

The reduction in 'child care workers' contributions offers reduced contributions for child care workers, i.e. workers who look after children within a family home specifically equipped for this purpose and who are affiliated to a service without being bound by a work contract.

Finally, there is the Maribel, which is a mechanism for reducing social security contributions (social Maribel) and providing a partial exemption from income tax (tax Maribel) with the aim of creating jobs in the non-commercial sector. Several sub-sectors are affected, including support for families and the elderly, as well as social and health care, which includes PHS.

In 2013, its total cost (including the fiscal aspect) came to EUR 947.7 million with 26 391 jobs (FTE) created, representing increases since 2006 of 52 percent and 31 percent

respectively. Unlike the above actions, Maribel remains under federal jurisdiction following the 6th reform of the State.

Lastly, people with disabilities can be assisted if they are unable to live independently after the age of 65. They can then receive an older person's allowance aimed at paying for access to community care services. In 2010, this allowance was provided to 147 583 people, of whom 1 345 were working, and its cost was between EUR 981.68 and EUR 6 589.77 per year depending on the dependency problem and the person's income.

The following actions have been established directly by the regions:

**In the Brussels-Capital Region:**

Apart from the measures recently decentralised to the country's three regions, there are no Brussels-based actions aimed at supporting community care services strictly speaking. Two measures do, however, relate to getting the low-skilled unemployed back to work, and these activities often involve PHS.

Integration companies (*entreprises d'insertion* / EI) are commercial ventures involved in producing goods or services and aimed at reintegrating hard-to-place job seekers into the labour market.

Local job creation initiatives (*initiatives locales de développement de l'emploi* / ILDE) are not-for-profit associations. They provide services or produce goods and are also aimed at reintegrating the same categories of workers.

For social support tasks, a basic annual grant of EUR 15 000 is provided for the first four workers along with an additional grant of EUR 7 500 for each additional group of four workers hired, from the 5th worker on. For management tasks, a basic annual grant of EUR 31 000 is provided for the first four workers plus an additional grant of EUR 1 500 for each additional group of four workers hired, from the 5th worker on. Finally, for EIs, a regressive subsidy is envisaged for workers from the target population.

**In the Flemish Region:**

'Local service economy initiatives' ('Lokale diensteneconomie' / LDE) have the dual objective of filling the gaps in the market economy for community care services (*care*) and finding jobs for the unemployed (*non-care*). The aim is to meet both individual and collective needs. On an individual level, people are able to access home-based care, sewing, cleaning and ironing as well as child care and transport and shopping services. The collective needs relate to those of society as a whole and include bike repairs, social restaurants and neighbourhood, cycle route and footpath maintenance.

In 2012, this measure affected 1,591 people at a total cost of EUR 20 million (see Table 4).<sup>14</sup> Financing is provided on the basis of the 'cloverleaf' model whereby the cost is covered by different authorities and/or clients benefiting from the services.

**Table 4: FTE number of beneficiaries and expenses of the LDE measure**

LDE	Year		
	2011	2012	2013
<b>Target group</b>	1.669	1.708	1.591
<b>Supervision</b>	455	381	382
<b>Expenses (EUR)</b>	17.592.996	18.382.388	20.045.132

<sup>14</sup> Vlaams Subsidieagentschap voor Werk en Sociale Economie, 'Jaarverslag', 2013.

Source: *IDEA Consult*

Flemish care insurance is not a measure aimed directly at PHS but it offers support of EUR 130 a month to people requiring care in order to cover the costs of non-medical care provided at home or in residential care. This insurance is compulsory for residents aged 25 years and over in Flanders and optional for the inhabitants of Brussels. Residents of the Walloon Region can also benefit if they are working in Flanders or Brussels and have not previously worked in Wallonia. This measure is financed with EUR 330 million<sup>15</sup> from the compulsory contributions of the over 25s, at EUR 25 per person (a special contribution of EUR 10 is provided for those on low incomes).

In the **Walloon Region**:

Wallonia has decided to establish 'job creation initiatives for the community care sector' (I.D.E.S.S.).<sup>16</sup> These are approved structures (not-for-profit organisations, social enterprises or CPAS) offering individuals living in the Walloon Region community care services (small household repairs, courtyard and garden maintenance) and services for those in difficulty (social taxi, social laundry, social shop). Some I.D.E.S.S. will also be able to provide premises cleaning for small not-for-profit organisations. The normal cost of these services is EUR 12.10 EUR an hour (inc. VAT) for services up to a maximum of four hours, ten times a year. In the case of users in difficulty, the prices are reduced and the amount of service provision increased.

A grant covering part of the operating costs and another covering a proportion of the pay of the SINE workers or workers hired under Article 61 of the Organic Law of 8 July 1976 on the CPAS are envisaged as part of this action. The first amounts to EUR 1 500 and may, in some cases, be increased up to EUR 12 500. A second subsidy of EUR 8 000 per worker (EUR 9 000 in some cases) is provided. Total support may not exceed EUR 100 000 per year, per area of activity.

Generally speaking, **the three regions** have established very similar elderly support services aimed at enabling these people to access personal care. There is an extended network of local and regional social care centres that coordinate the home care and assistance.

Elderly support services include the following: home help, cleaning and help around the house, home nursing care, physiotherapy, equipment loans, child care services, palliative care, social services, meal deliveries, repair services, personal alarm systems and hairdressing.

These different services are financed with subsidies from the regions, in addition to the measures already noted above, along with local funding and funding from social security. There are numerous different service providers: communes, mutual associations, CPAS, provinces, not-for-profit organisations, foundations, inter-communal authorities, etc.

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<sup>15</sup> Agentschap Zorg en gezondheid.

<sup>16</sup> Decree of 14 December 2006 on the approval and subsidising of 'Job Creating Initiatives in the Community Care Sector' or IDESS for short (Belgian Monitor of 5 January 2007) and the decision of the Walloon Government dated 21 June 2007 implementing the decree (amended by decision of the Walloon Government dated 27 May 2009).

## 4 Workers in PHS – current and future employability in the sector

### 4.1 Service vouchers

#### 4.1.1 Working conditions

There were 2,577 companies active in the service voucher sector in 2013,<sup>17</sup> with a total of 2,448 approved companies at the end of that year. This difference can be explained by a loss of accreditation on the part of some companies. After significant growth during the initial years, this gradually slowed after 2007, turning negative in 2012. This downward trend can be explained in particular by the more stringent conditions established for obtaining accreditation from 2007 on.<sup>18</sup> The companies active in this sector are primarily commercial companies (49.1 percent) but also private individuals (13.5 percent), not-for-profit organisations (11.9 percent), CPAS and communes (11.3 percent) and ALE (10.2 percent). The remaining workers are employed by temporary employment agencies (0.9 percent) and integration companies (3.7 percent).

In 2013, 30.5 percent of new contracts were signed on an open-ended basis and 69.5 percent on a fixed-term basis (see Table 5). Although the proportion of open-ended contracts may seem low, it does nonetheless result in a stable system. In fact, most of the workers who are already employed already have an open-ended contract.

**Table 5: Fixed-term and open-ended contracts in service vouchers employers**

2013		% FTC	% OEC
Employers	Private companies	64,9	35,1
	Interim	92,0	8,0
	Social integration	42,0	58,0
	Nonprofit organizations	43,0	57,0
	CPAS et municipalities	54,6	45,4
	"ALE"	37,0	63,0
	Natural persons	53,5	45,6
<b>Total</b>		69,5	30,5

Source: IDEA Consult

In general, the system is more or less advantageous to workers. While there are fixed-term contracts lasting a day, a week or a month, since 1 September 2009 workers have automatically obtained an open-ended contract once they have been working with the same company for three months.

The working time of staff is linked to the flexible nature of the jobs in the service voucher sector. In 2013, only 11.2 percent of workers were employed full-time while 24.6 percent were employed between half and full-time and 64.2 percent less than half time. This situation does, however, conceal differences between men and women. The former benefit from full-time work in 25.3 percent of cases while women only work full-time in 10.8 percent of cases. It should, however, be noted that the proportion of workers in full-time employment is increasing (10.4 percent in 2009) while the proportion in less than half-time work is falling (27.5 percent in 2009).

<sup>17</sup> IDEA Consult, 'Evaluation du système des titres-services pour les emplois et services de proximité', Brussels, 2014.

<sup>18</sup> Royal Decree of 16 January 2007.

The average number of hours actually worked has been increasing since 2005. It was between 18.4 and 22.1 in 2013, depending on the source<sup>19</sup> (see Table 6).

**Table 6: Hours worked by a "titres-services" worker (in euros per hour)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>ONSS</b>	15,0	15,6	16,5	16,9	17,2	17,6	17,9	18,3	18,4
<b>ONSSAPL</b>	18,6	20,9	22,5	22,2	20,6	21,3	22,2	22,2	22,1

Source: IDEA Consult

The workers benefit from a salary on a fixed scale established by their joint commission (gross salary of 11.06 in 2013). They also have the right to full social protection (health, unemployment, family benefits, etc.).

In terms of job quality,<sup>20</sup> non-Belgian workers are at a disadvantage. Non-EU workers thus have a higher turnover, need more time to find a job in the system and are more rapidly directed towards the service voucher system by unemployment offices, meaning there is less chance that they have consciously chosen to work in this system. They also hold more fixed-term contracts and would like to be able to work more hours.

#### 4.1.2 Training and supervision

Since 11 July 2007, there has been a Service Voucher Training Fund to improve the training of workers in this sector. This Fund enables the partial reimbursement of training costs (internal or external to the company). The amount granted for internal training is EUR 40 per hour, plus a reimbursement of management costs of EUR 10 per half day and offsetting of the salary costs by an amount of EUR 14.5 per hour. A higher level of reimbursement is also envisaged for newly-employed workers who were previously unemployed or receiving integration allowance. In this case, the amount is EUR 150 for a minimum of nine hours of training and EUR 350 for a minimum of 18 hours.

In 2012,<sup>21</sup> 40 246 workers from 788 companies were trained at a total cost of EUR 3.2 million. This means that 26.6 percent of the workers in this sector were trained in 2012. Nonetheless, only half of the companies used the budget allocated to them fully, given that the Fund was endowed with EUR 7.6 million for that year. This system could thus be substantially improved.

The training appears as a central commitment of public authorities. Indeed, they have set up training funds taking into account both cost of training and compensation for the hours of work. This fund also reflects a real will of the authorities, knowing that its financial endowment is higher than its usage. Finally, the social partners (labour unions and employers) have also worked together to increase the educational level of active workers in the PHS sectors by setting short-term training objectives.

Financing the service voucher funds is achieved through employer contributions equal to 0.20 % of the total payroll. This fund is also submitted to an annual assessment report.

The driving forces for service voucher companies not to use more training funds are difficult to highlight. It is possible to notice that small and new companies hardly conduct

<sup>19</sup> ONSS and ONSSAPL.

<sup>20</sup> IDEA Consult, 'Evaluation du système des titres-services pour les emplois et services de proximité', Brussels, 2012, p. 143.

<sup>21</sup> IDEA Consult, 'Evaluation du système des titres-services pour les emplois et services de proximité', Brussels, 2014.



the approach to the training fund. Private commercial companies and individuals are also very few to use this fund when they employ the majority of workers. Instead, ALE (local employment agencies) and social integration companies are heavy users of the funds. This lack of interest for training of private companies is surprising when governments actively support it.

Knowing that the service voucher system has been especially set up to fight against undeclared work, the risk that workers leave their job for a better job after gaining experience and training is low. Moreover, the system of service voucher is more advantageous for the workers than the others system in the PHS sector in Belgium. Many studies show rather a transfer of workers from conventional sector firms to service voucher companies. In terms of domestic work, the conditions are less favourable as it can be seen below.

In 2013, 4 595 people participated in worker supervision within the service voucher sector, corresponding to a management rate of 33 to 1. Significant differences can, however, be seen between kinds of employer. In temporary employment agencies, therefore, the rate is 64 to 1, while within CPAS and communes it is 15 to 1.

#### **4.2 Other community care services**

The Royal Decree of 8 January 2015<sup>22</sup> makes it compulsory to apply the collective labour agreement of 7 May 2014 on approved companies providing community care work or services and related training efforts. It is envisaged that the social partners will undertake to increase the training participation rate by 5 percent per year over the 2013-2015 period and that training time will be officially scheduled within these companies.

The Royal Decree of 24 March 2015<sup>23</sup> applies another provision of the collective labour agreement related to union training. This sets a quota of union training days that may be taken by workers' representatives.

### **5 Feasibility for EU action in PHS**

A project on the quality of social economy enterprises, implemented in 2011 by 'ESF-agentschap', on the one hand, and VLAB (a federation of adapted-work enterprises) and SST (a federation of assistance-through-work enterprises) on the other, demonstrated the importance of comparisons. With the help of ESF, it has thus been possible to flag up a series of good PHS practices that would improve quality. The European Union's involvement would be welcome in terms of highlighting these effective actions and sharing the results.

While the PHS sector offers an effective response to a market that is incapable of providing services to some people at a sufficiently low price, and also reintegrates workers into the formal labour market, this often comes at a high price to the public authorities. Questions have thus been raised as to the appropriateness of granting such subsidies for these actions. By way of example, there has been a gradual increase in the price of the service voucher and a reduction in the tax exemption as a way of responding to the system's funding problems. This runs the risk of dissuading some consumers from using these services, however, and even of encouraging them to use workers in the informal economy if they charge less than the cost of the service voucher. This solution is bad both for the people requiring these services (for whom quality was assured), for the economy (by preventing the outsourcing of domestic work, for

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<sup>22</sup> BM of 18 February 2015.

<sup>23</sup> BM of 9 April 2015.

example), for the State (which loses tax and tax-related revenues) and for the workers themselves (who lose their social security rights). European Union intervention to provide financial support for these actions would enable their sustainability to be ensured, while guaranteeing that they are in line with the EU's expectations.

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