



## PHS-QUALITY Project

Job Quality and Industrial Relations in the Personal and Household Services  
Sector - VS/2018/0041



POLICY PAPER: BELGIUM

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## 1. Introduction and Overview PHS in Belgium

This policy paper presents the summary of the case study on Belgium of the EU-funded project entitled Job Quality and Industrial Relations in the Personal and Household Services Sector (PHS-Quality project), with the project number VP/2017/004/0049, coordinated by AIAS-HSI, University of Amsterdam. From a comparative and multidisciplinary perspective, the PHS-Quality project studies the existing public policies and social partners' strategies towards personal and household services in ten EU countries, namely, Belgium, Denmark, the Netherlands, Spain, Germany, France, Finland, Czech Republic, Slovakia and the UK. Personal and household services (PHS) cover a range of activities that contribute to the well-being at home of families and individuals, including childcare, care for dependent older people and persons with disabilities, housework services (such as cleaning, ironing and gardening), remedial classes, home repairs, etc.

In this policy paper, the legal regulation and the public policy interventions on the PHS sector in Belgium are described and we addressed the main research question of the PHS Quality project, namely, how legal regulation, public policy, and social partners' actions can improve job quality and fight informality in the personal and household services sector.

The aims of this project are: 1) To provide insights into the experiences of implementing legislation and public policies aimed to improve rights, reduce informality, and enhance service quality. 2) To analyse the challenges social partners face in improving conditions and rights through collective bargaining /social dialogue. 3) To discuss and disseminate the project results.

In the PHS sector in Belgium we have identified two major categories:

- Care and support services for elderly, dependent and handicapped individuals. These so-called family care services are under a common regionalised responsibility and are exclusively assured by public or non-profit organisations.
- Household services, which are largely dominated by the services voucher scheme. This system was introduced in 2004 at the federal level as a demand-subsidising system limited to a specific list of activities. This system has been later regionalised.

On 1 January 2004, the Belgian federal government launched a system of services vouchers in a new attempt to boost job creation by promoting the demand for domestic services and tackling undeclared work in the Personal and Household services sector. The provision of services in the PHS sector takes place mainly through a system of services vouchers. The services voucher scheme has several objectives with refer to both the quality of jobs in the sector and the quality of the services provided. The voucher system aims to create employment for unskilled workers, to fight undeclared work and promote regular employment in economic sectors where undeclared work is common; to offer certain categories of

unemployed people who perform service jobs for local employment agency agencies the opportunity to move towards a regular employee status; and to improve the work–life balance of service users by making it easier to hire a domestic worker.

Personal and household services (PHS) in Belgium includes various types of services from elderly and childcare services to hired cleaning and home renovation aid. The care services in Belgium are traditionally strongly linked to the public social services. In the recent decades, the share of the market options for PHS sector has grown, especially with intention to endorse customer choice in this sector.

The service voucher system gives residents in Belgium the opportunity to buy a form of credit vouchers for 9 -10 € each. These receipts can then be used by cleaning companies to hire cleaners. The vouchers are then redeemed by the cleaning companies at the government for an amount of 22€. This means that the government takes a large part of the costs out of its own pocket in the form of a subsidy. In the Belgian system there is a buffer between consumer and cleaner. The service voucher system requires that there is always a professional intermediary between the customer and the cleaner. The risk of the Belgian system is that a high public subsidy will go to costs and profits of the intermediary companies and that as a result too little money will end up as salary of the employee. However, a company as an intermediary offers benefits to the consumer. For example, in the event of employee illness, a company can arrange for a replacement. This guarantees the continuity of the service. Many administrative tasks will also be left to the consumer if there is no intermediary. It is also better to prevent fraud when you use intermediaries..

To maintain the affordability of service vouchers, the Belgian approach is to limit them to cleaning and some related tasks. The service vouchers should also only be used by private individuals. An important aim when the service vouchers system was introduced in Belgium was that everyone should be able to become an employee. For example, unemployed, non-working women who were not officially unemployed and undeclared workers who wanted to switch to the white circuit should all have the opportunity to do so. Due to budgetary savings, this was adjusted in 2012, as a result of which 60% of the new jobs must go via service vouchers to benefit recipients, the fully unemployed or people who live on a living wage (the Belgian social assistance). However, in 2015 the Flemish government abolished that part of the system.

The Belgian system has been called an expensive success. The quality of jobs and PHS services that this system tries to guarantee with its triangular model does not always ensure profitability. An action introduced in August 2012 aims to reduce the net cost of the service voucher system for public authorities. Companies of the sector are encouraged to employ 60% unemployed and/or recipients of integration incomes.

The high price that the government pays in public subsidies for it has paid off in the form of some successes. The service voucher system is the most successful target group-oriented employment program ever in Belgium. The program has created some 100,000 full-time jobs. The service voucher system has also made it easier for many women to work outside their home. However, these figures need to be looked at somewhat critically, because it cannot be ruled out that service checks have displaced other jobs, so that the ultimate impact on the labour market might be less favorable than the figures suggest.

In addition to this visible improvement in increasing employment in the PHS sector, another important outcome of the service voucher scheme is the fact that undeclared work is being reduced. There is talk of massive whitening of jobs in the black labour market in Belgium.

The Belgian system has an undeniable positive effect on the quality of jobs and services in the PHS sector. However, some studies show that that kind of state subsidized use of services system benefits more the middle class than the socially weak. The question is therefore whether service vouchers do not primarily help the middle class and because of the public funding of those programs a necessary balance with redistributive measures in favour of the weakest groups in the society needs to be ensured.

## **2. Legal framework**

This is the most relevant legislation in the field in Belgium:

### *International Conventions*

The ILO convention 189 regarding domestic work regulates at international level the rights and working conditions of workers in the PHS sector. Belgium ratified ILO Convention No. 189 on decent work for domestic work in June 2015<sup>1</sup> and it entered into force on the 10th of June

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<sup>1</sup> CGSLB, La Belgique ratifie les conventions 189 et 159 de l'OIT, 10 juin 2015 <http://www.cgsלב.be> : <http://bit.ly/1MeGJk7> (1/11/2019)

2016. Many of the aspects of the convention on domestic workers' rights were already covered in Belgian labour law. In fact, during the debates around the adoption of the ILO Convention on domestic work, Belgium was already politically committed to ratify this convention. The adoption of this Convention is a matter of adding value to the protection of workers in the sector, in the sense of having international legislative support also for trade unions and employers to better develop quality of jobs and services in that sector.

*National legislation on domestic work*

Following the ratification of the Domestic Workers Convention some adjustments of the Belgium law were made. Belgium implemented the Royal Decree of the 13th of July 2014 which amended the Belgian legislation to fully comply con the Convention.<sup>2</sup> The main changes introduced by this Decree are:

- The legal definition of 'domestic worker' was modified.
- The specific regulation of the domestic workers is abolished: all domestic workers will be subjected to social security;
- The exception on the registration at the social security system of domestic workers in case of a weekly working time of less than 24 hours was abolished.

With the adoption of that Royal Decree domestic workers became "regular" workers. They enjoy the same social protection as all the other workers. Besides, after the entering into force of that Royal Decree, the general provisions and Title V of the Labour Contract Act also apply to the employment contracts of all domestic workers.<sup>3</sup>

Moreover, in order to comply with article 13 of the ILO Convention on domestic work, which establishes that domestic workers have the right to a safe and healthy working environment, the Law of the 15th of May 2014 expanded the scope of the Act of 4 August 1996 on the well-being of workers to domestic workers.<sup>4</sup>

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<sup>2</sup> Koninklijk besluit van 13/07/2014 tot opheffing van de artikelen 5 en 18 en tot wijziging van artikel 16 van het koninklijk besluit van 28 november 1969 tot uitvoering van de wet van 27 juni 1969 tot herziening van de besluitwet van 28 december 1944 betreffende de maatschappelijke zekerheid der arbeiders.

<sup>3</sup> Labour Contracts Act of 3 July 1978.

<sup>4</sup> Wet van 15 mei 2014 tot wijziging van de wet van 4 augustus 1996 betreffende het welzijn van de werknemers bij de uitvoering van hun werk, wat de dienstboden en het huispersoneel betreft.

### *Services users vouchers system*

The most important legislation regarding the PHS services (domestic work) in Belgium is the services voucher system adopted in 2004. Workers paid with services vouchers have a services vouchers employment contract. This is a normal employment contract with some specific features. The employment contract may be fixed term or open ended, full time or part time. A worker can serve several successive fixed-term employment contracts with the same employer without this leading to an open-ended employment contract. However, this is only possible for a limited period of time, which varies between three and six months. The workers have an employment contract, earn a wage corresponding to legal wage scales, accumulate social security rights and are insured against accidents at work.

The user dates and signs the services voucher(s) and hands one voucher per worked hour over to the worker. Only the vouchers can be used to pay for hours worked. The worker passes the services vouchers on to the recognised company, which in turn sends them to the issuing company in charge of refunding the value of the services voucher to the recognized company.

### **3. Challenges and social partner initiatives**

In Belgium, working conditions and remuneration are fixed in Parity Committees (CPs) at sector level. These are the main bargaining settings between unions and employers associations to conclude collective agreements. There are also Parity Sub-committees, which are subdivisions of the Parity Committees established for a region or a specific business sector. Each Parity Committee concludes its own agreements on remuneration and working conditions (annual leave, year-end bonus, other benefits...) as well as training opportunities.

In Belgium, the social partners are discussing the challenges of the sector in particular in these CPs and inside other discussion bodies such as the social fund and the Maribel fund. Some of these debates deal with the improvement of labour protection and workers' well-being. In general terms the social partners in the subsector agree on the need to defend the objective of good job quality for the workers in the home care sector.

There are interesting examples of joint cooperation of the social partners, for example in the area of training. The employers' obligations regarding training are very tight in this PHS subsector. Training hours are strongly regulated. For a very long-time social partners have had to submit training plans to the authorities.

Regarding the bargaining in the sector, there are new players who have emerged in the discussions with a specific role. An emerging player is the socio-professional integration sector. As this is a sector that receives public subsidies, since its objective and primary mission is to integrate workers into the labour market. Some of the companies in the socio/professional integration sector are service voucher companies. They have become

competitors of the companies providing services in the traditional sector of home care.

#### 4. Policy Lessons and conclusions

In this research project, we have attempted to answer the research question common to all the national studies as it was stated in the introduction: *How can regulation, public policy and the social partners' action improve job quality and fight informality in PHS sector?* The main policy lessons and findings for Belgium are:

- The introduction of the services vouchers in 2004 has been a great success in terms of improved quality of services and jobs in the sector. Indeed, the figures presented in table 1 and 2 of this report show that the number of vouchers bought and the number of registered companies increase every year. These figures clearly show an increase in the number of jobs and less unemployment and thus less undeclared work. In addition, this is a way to increase the number of people on the labour market and therefore reduce the unemployment rate.
- With launching a services vouchers scheme the government has not only achieved a reduction of the amount of undeclared work, but has also managed to reduce the figures of work accidents in the PHS sector and financial fraud (regarding taxation).
- For the local employment agencies, the major issue is still the difficulty of identifying how much undeclared work in the PHS sector is still present in Belgium.
- Belgium has an extensive legal framework regulating the rights of PHS-workers. ILO convention 189 has been ratified in Belgium but has not had much impact on improving the working conditions of workers in the sector, as Belgium was one of the countries with a high protective legislation for those workers before the adoption of that Convention. Apart from this legal framework, the collective agreements provide an equally important framework for pay and conditions for PHS workers.
- The social partners have also developed a series of initiatives to improve pay and conditions. These initiatives are relevant for PHS-workers in both the cleaning and the elder care sectors, but are not always limited to these.
- Due to a substantial overlap between the two selected sectors, we found a number of cross-sectoral similarities. However, the private-formal and private-informal types of PHS are likely to be more widespread in the cleaning than in the eldercare sector, where pay and working conditions on average appear better and the obligations of the employers as regards for example training are more extensive.
- The quality of services may decrease because of constraints/reductions in public spending - in particular in the family home care and care for senior citizens - when regional authorities are forced to reduce their care budgets while the need for care continues to grow.
- The Belgian system has a clear positive effect on the quality of jobs and services in the PHS sector. However, some studies show that that kind

of state subsidized use of services system benefits more the middle class more than the socially weak. So, from that point of view, it is not a very redistributive system.

- The Belgium services voucher system is an effective, but expensive, method (generous in terms of subsidy) of addressing the needs of vulnerable groups in the labour market.
- The main societal benefit of the service voucher system in Belgium is that it helps to bring some of those currently in the informal or undeclared economy into the regular labour market. However, the high level of subsidy in the scheme, raised doubts about value for money and highlighted the potentially market-distorting effects of the fixed-price model incorporated in the services voucher scheme.
- The relatively narrow focus on domestic services and the dominance of women among beneficiaries of the programme of service vouchers leads to a policy suggestions for a broader approach that might cover other potentially vulnerable workers.
- The two sectors under study overlap to a certain extent, in that cleaning at home is an important part of the eldercare and workers in both subsectors provide sometimes similar tasks. Also several licensed companies, which are active in the care and assistance services sector for families and dependent persons or as integration providers, also supply services within the service voucher scheme. Besides, service voucher system is also used by integration companies to facilitate the re-integration of low-skilled persons into employment in the PHS sector.
- Finally, with regard to relations between job quality and service quality, in the cleaning sector our findings indicate that low job quality among care at home workers in some instances influence the quality of the home care services (aide familiale), especially when the services is provided through associate or platform work.