



European
Commission

**MORE JOBS IN THE DOMESTIC
SERVICE WHILE REDUCING
THE INFORMAL ECONOMY**

Service Vouchers

Information review: October 2015

BELGIUM

The service voucher scheme is a consumer subsidy introduced in 2004 to create jobs in the domestic service sector by encouraging demand for these services through highly subsidised prices. The key challenge of the system is to make it sustainable. For instance, due to its high cost, the government needed to increase the price of the vouchers paid by the private users. The practice is a great success as the number of service vouchers has increased in recent years. Due to its success, it is a challenge for the service provider to meet the growing demand with suitable domestic workers.

As a consequence of the practice, it has made it easier for domestic service workers to balance work and family life and provide them with wider employment choices.

Name of the PES

Office national de l'Emploi (ONEM) / Rijksdienst voor Arbeidsvoorziening (RVA)
National Employment Office

When was the practice implemented?

2004 – on-going

Which organisation was involved in its implementation?

The private company Sodexo has the contract to manage the service voucher system. Service companies (registered with ONEM/RVA).

Which social groups were targeted by the practice?

- ▶ Jobseekers
- ▶ Long-term unemployed
- ▶ Low-skilled worker

What were the practice's main objectives?

The service voucher primarily benefits long-term unemployed people and other groups excluded from the labour market (especially, but not exclusively, unskilled women who want to (re)-enter the labour market). Furthermore, the service voucher scheme provides incentives to convert undeclared work into regular employment.

The practice is designed with a view not only to directly create employment, but also to make reconciliation of family and work life easier for those who purchase the vouchers – and therefore indirectly contributing to higher employment rates.

What activities were carried out?

Domestic workers have a contract with a registered company, but carry out the domestic work at the residence of the user. They are legally contracted and thus receive social security benefits.

The maximum number of vouchers that can be used by an individual is set at 500 per year. However, the price and tax rebate vary according to number of vouchers (EUR 8.50 for the first 400 with a tax rebate, and EUR 9.50 for the last 100 without a tax rebate). However, for some groups the maximum is higher (e.g. 2 000 vouchers a year for people with disabilities and lone parents).

What resources and other relevant organisational aspects were involved?

The federal government allocates a budget to subsidise the vouchers. A private company manages the vouchers, and manages the domestic workers' contracts, liaising between the users and the domestic workers. The domestic workers have a contract with a registered service company, but carry out the domestic work at the user's residence. Users can order the vouchers via home banking or an electronic account system and they are delivered through paper mail or via the electronic account system. Users then pay the domestic workers for their services with the vouchers (one per hour of service).

Source(s) of funding

National budget (tax revenue).
Private source(s): part of the voucher price is paid by private users.

What were the outputs of the practice: people reached and products?

People reached:

The primary target of the service voucher scheme was to create 25 000 additional jobs, but almost 140 000 people were employed within the scheme in 2013. The average profile of the domestic worker is female, over 40 years old and has a low education level. One in four has a non-Belgian nationality (mainly Polish).

Products:

The vouchers are the main (physical or virtual) product. They can be ordered via home banking or an electronic account system and delivered through paper mail or via the electronic account system. The users pay the workers with vouchers (one per hour) and the registered service companies pay the employees.

What outcomes have been identified?

Between 2009 and 2010, there was a further increase in the number of domestic workers (40 094), indicating that the scheme continues to create jobs. In the same period, 27% of participants left the system, some of them did so because they found other employment in the regular job market. 19% left because their contract was finished, 47% because they resigned voluntarily and 33% because they had to resign.

Most employees remain employed within the scheme, indicating that it is not really a stepping stone to the regular labour market but rather has strong lock-in effects (in 2009, 44% had been working within the scheme for at least 2 years).

In 2013, the financial turnover of the scheme reached EUR 1.65 billion, EUR 1.42 billion of which is subsidised by the government. This places considerable strain on the governmental budget.

What are the lessons learnt and success factors?

- ▶ The voucher system was stilling growing (and generating new jobs) seven years after it was first launched.
- ▶ At the end of 2011, 112 961 domestic workers were employed in the system; many for 3 years or more (which qualifies as long-term work).
- ▶ It is difficult to supply enough domestic workers to meet the demand for the voucher service. Lack of general and technical skills are the main problems with finding suitable candidates for the job.
- ▶ The practice has a significant impact on the employment choices of the voucher users as it makes it easier to balance work and family life. In reality this means that (women in particular) report returning to work or increasing their (paid) work as a result of having domestic help at home.
- ▶ There is little competition in the domestic service sector. However, the biggest challenge for the future is to keep the system financially feasible, both for the government (as the subsidiser) and for the registered service companies.
- ▶ The scheme was an immediate success since it filled a huge 'gap' in the market (official domestic help). However, the success became too costly and financially unsustainable for the government, so the contribution towards the vouchers by the client was increased during the scheme.

More information on the practice

http://ec.europa.eu/employment_social/empl_portal/weesp/BE-1.pdf



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