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Labour Market Policy Thematic Review 2018: An
analysis of Personal and Household Services to
support work life balance for working parents and
carers

Belgium

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1 Introduction

The European Commission defines “personal and household services” as a broad range of activities that contribute to well-being at home of families and individuals such as child care, long-term care for the elderly and for persons with disabilities, cleaning, remedial classes, home repairs, gardening, ICT support (EC, 2012).

To describe personal and household services in Belgium, it is useful to make a distinction between non-care related services and care-related services. Table 1 provides an overview of the two main policies in Belgium with regard to personal and household services. Non-care related services such as cleaning are primarily organized through the service voucher scheme (SVS). This scheme subsidises a limited set of non-care activities and enables households to purchase domestic services at a low cost. This scheme is an active labour market policy as it aims to create low-skilled jobs, while at the same time improving the work-life balance of dual-income families by supporting the outsourcing of household work.

Subsidies for care-related services – known as home care and home help (Dutch: *gezinszorg en aanvullende familiehulp*), such as personal hygiene – follow a different logic. In contrast to service vouchers, these services are targeted on those with care needs such as elderly, (chronically) sick or disabled people. The price for the user of these services is not fixed as in the case for service vouchers, but depends on the income, care needs and family composition of the user.

Table 1. Personal and household services in Belgium

Main policy instrument	Type of activities	Number of employees (2015)
Service voucher scheme (SVS)	Mainly <i>non-care</i> : cleaning, ironing, food preparation	130 773
Home care and home help	<i>Non-care</i> : cleaning, housekeeping <i>Care</i> : personal hygiene, drug administration	34 190

In terms of scale the service voucher scheme is more important than home care and home help. In 2015, the SVS employed nearly 131,000 workers, while home care and home help employed 34,000 workers. This review will therefore discuss the SVS extensively in the next section, whereas home care and home help will be discussed more briefly in section 3.

Besides these services, several other measures exist in Belgium to support families with care needs. For instance, workers can take a part-time or full-time career break to care for dependent relatives and are financially supported if they do so. These financial incentives are not discussed in this thematic review (but see, for instance, De Wispelaere and Pacolet (2016)). Instead, we focus on in-kind support provided at home.

In Flanders, there also exists a subsidised system for neighbourhood services (Wijk-Werken, formerly PWA). In this system, users – individuals as well as local organisations - can buy vouchers to pay for services such as home repairs, gardening or logistic support. These services are provided by hard-to-place jobseekers. More than 70 % of these vouchers are purchased by local organisations, particularly schools. In 2014, households purchased slightly more than 900 000 vouchers for an amount of EUR 6.2 million. Households mainly used these vouchers to pay for gardening, domestic services and childcare (Idea Consult, 2015b, p. 32). This scheme will not be discussed further because

it is relatively small compared to the SVS (a cost of EUR 6.2 million in Flanders compared to a cost of EUR 1.3 billion for service vouchers) and has recently been reformed.

Belgium also has a well-developed, state-supported social sector that provides care services like nurseries and day-care, kindergartens and nursing homes for elderly people. Although these services are important in terms of reconciling work and care, particularly for women, these services are not discussed here as they are not provided at home.

The remainder of this paper is organised as follows. The next section describes the service voucher scheme. After stating the objectives (section 2.1) of the scheme and explaining its organisation, including the financial flows between all stakeholders (section 2.2), key statistical information is presented (section 2.3). More specifically, trends in the evolution of the number of users and service voucher employees, the profile of employees, the job quality and the profile of the users are discussed subsequently. Section 2.4 presents the impact of the scheme on the employment rate of the low-skilled, on the work-life balance of service voucher users and on tackling undeclared work. Section 2.5 discusses the cost of the scheme. New emerging actors are highlighted in section 2.6, while section 2.7 gives the contact details of the main representative organisations. Home care and home help are briefly discussed in section 3. Section 4 concludes.

2 The service voucher scheme (SVS)

2.1 The objectives of the scheme

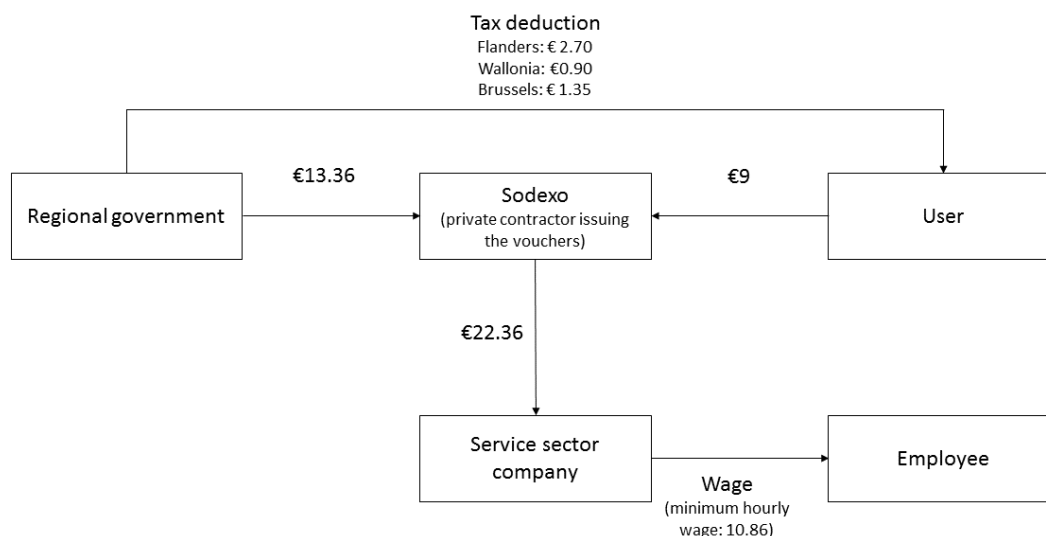
The service voucher scheme (SVS) is the main policy in Belgium to promote the uptake of personal and household services. This scheme subsidises domestic services restricted to cleaning, ironing, washing, mending, food preparation, transport of people with reduced mobility and doing groceries. Care activities such as childcare or elderly care are explicitly ruled out. From the start of the scheme in 2004, the objectives of this scheme were threefold: (i) the creation of low-skilled jobs; (ii) reducing informal sector activities, which were highly prevalent in the domestic service sector before the implementation of the scheme and (iii) improving the work-life balance of the SVS users, potentially increasing working hours of (highly skilled) women who are the prime beneficiaries of the scheme. Section 2.6 discusses whether these objectives have been attained.

The sixth state reform transferred several employment competences, including the service voucher scheme, from the federal to the regional level. Since 1 July 2014 the SVS is the exclusive competence of the three regions. At the present time, the organisation of the scheme is still fairly similar in the three regions. A more pressing issue in the light of this review is that, because of the regionalisation of the scheme, national statistics on the number of users and employees are no longer available from 2014 onwards.

2.2 The organisation of the scheme

Five actors are involved in the scheme. Figure 1 shows the relation between those actors as well as the financial flows involved. Three actors - the users, the service sector companies and the domestic workers - play a key role, and will be discussed subsequently. The two remaining actors - the regional governments and Sodexo, a private contractor issuing the vouchers - play a coordinating and supportive role.

Figure 1. The first actor is the service voucher user. The users purchase the vouchers from Sodexo. In 2016, each individual user could purchase a maximum of 500 vouchers¹, at a cost of EUR 9 per voucher for the first 400 vouchers and at a cost of EUR 10 per voucher for the remaining 100 vouchers. Users receive a tax deduction for the first 156 vouchers² of 30 %, 15 % and 10 % in the Flemish, Brussels-Capital and Walloon region, respectively. The net cost of a voucher is thus EUR 6.30 in Flanders, EUR 7.65 in Brussels and EUR 8.10 in Wallonia. Until 2015, the tax reduction was 30 % in the three regions. In 2015 users purchased on average 123 vouchers. The financial flows between the five actors in 2017 are shown below.



Source: Adapted from Pacolet and De Wispelaere (2010)

The second actor are the service sector companies, which employ the domestic workers and serve as an intermediary between the workers and the users. Both for-profit and non-profit companies are active in the sector, including temporary employment agencies. The share of non-profit companies has decreased in recent years. While 30 % of the companies were private for-profit in 2005, this has increased to 49 % in 2013 (Idea Consult, 2014, p. 27). For each service voucher used in 2017, a service sector company receives EUR 22.36. This means that, in Flanders, the voucher is subsidised for 72 %: the government pays EUR 16.06 (including the tax deduction), while the user pays EUR 6.30. In addition to the subsidies per voucher, service sector companies can – just like any other company – claim (temporary) wage subsidies if they hire disadvantaged groups such as long-term unemployed, people under 25 years old with no or little formal qualifications or people over 55 years old.

The profitability of service sector companies has decreased in recent years. An analysis of the annual accounts shows that companies made on average a profit of EUR 0.36 per voucher in 2013, down from EUR 1.57 in 2008 (Idea Consult, 2015a, p. 67). The variation in profit margins between companies is substantial with for-profit companies generally recording higher profits than non-profit organisations. Twenty-eight percent of the companies recorded losses in 2013 (Idea Consult, 2015a, p. 63). One explanation of the declining profitability is that the subsidy to service sector companies is only partially linked

¹ There are exceptions for single parents, disabled people, and people with a disabled child who can purchase up to 2000 vouchers at a cost of EUR 9 per voucher.

² This ceiling has been changed several times since 2004.

to inflation, while wages as well as operational costs increase with inflation. Other explanations include increasing wage costs due to longer job tenure of the employees, costs related to sick leave and customers that cancel services without sufficient notice (Idea Consult, 2015a, pp. 71-78). Service sector companies have frequently been accused of discrimination by accommodating demands of customers for domestic workers of Belgian origin (Spaas, 2015). Since 2018 the sector itself organises mystery calls to service sector companies in order to reduce discrimination.

The third actor are the service voucher employees. These employees have a contract with the service sector companies, not with individual users of the scheme. Most contracts (70 % in 2013) are open-ended and employees benefit from the same social security rights as other employees. The average gross hourly wage was EUR 11.06 in 2013, which is significantly higher than the legal minimum wage of workers in Belgium (Idea Consult, 2014, p. 24).

2.3 Key statistics

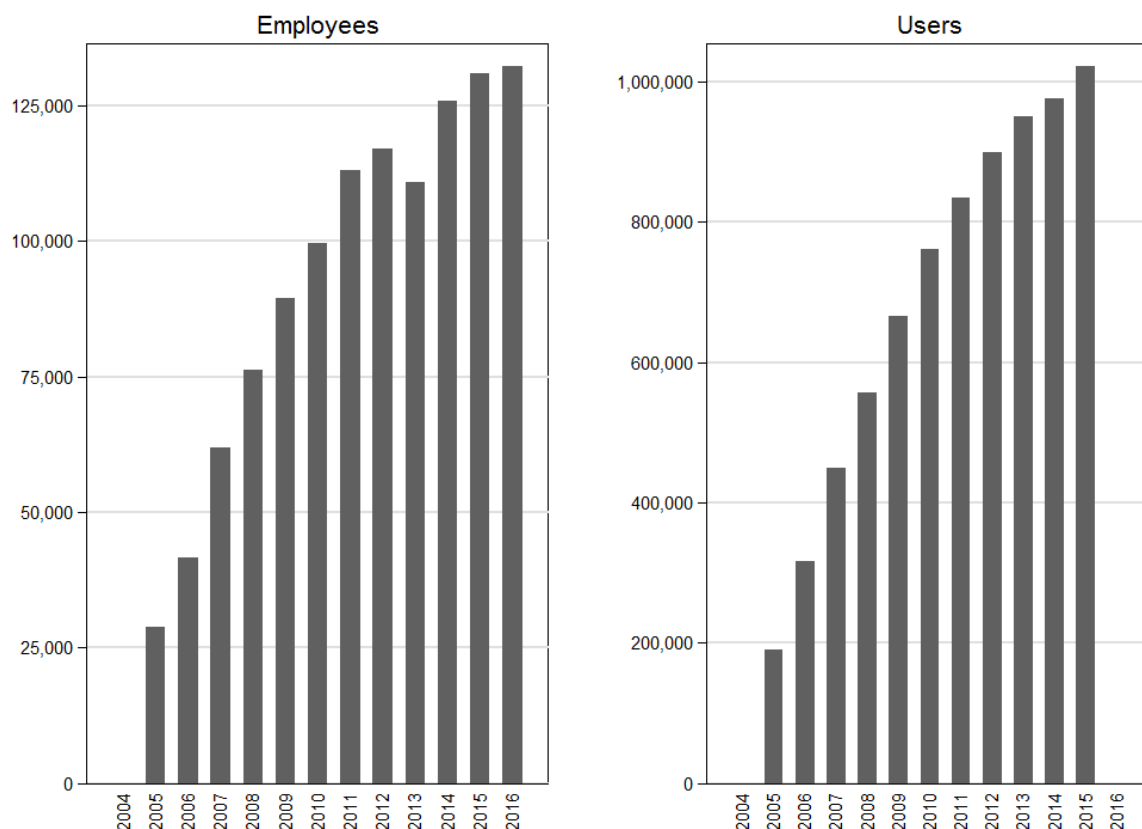
2.3.1 Evolution in the number of users and employees

Table 2 shows some key statistics about the SVS since 2005 based on official sources as well as the annual evaluation reports, each time by the same external evaluator (Idea Consult, 2006-2014). Based on these statistics, figure 1 shows the evolution of the number of SVS employees and users.

The number of users as well as domestic workers has increased exponentially from 2005 to 2011, but the growth has slowed down since 2011. Today the scheme has more than 1 million users and reaches one out of five families. The sector employed 131 000 domestic workers as of 31 December 2015, while about 150 000 workers were active in the sector during 2015. Most workers (>95 %) are women. Hence, the domestic service sector employs 2.5 % to 4 % of the female working-age population in Belgium. Moreover, 29 % of women in low-wage employment are estimated to work in the domestic service sector³. These statistics show that the SVS affects the life of a substantial part of the population.

³ Own estimations based on an administrative dataset of the NSSO. Jobs with a gross, monthly wage lower than EUR 2 000 are defined as low-wage jobs.

Figure 2. Growth of the service voucher scheme (2005 -2016)



Source: Idea Consult (2006 – 2014), RVA (2016) and NSSO.

Note: The figures about the number of employees as of December 31st are from Idea Consult until 2013 and from the NSSO thereafter. Since the definitions and measurement method might differ slightly, figures from different sources are not perfectly comparable.

Table 2. Key statistics of the SVS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
USERS												
Users (bought at least one voucher, thousands)	191	316	450	557	666	761	835	890	951	975	1,021	Flanders: 668
Number of reimbursed vouchers (million)	17	32	49	65	79	95	105	114	121	120	125	
Average number of vouchers purchased	108		117	131	115	124	127	136	128	119	123	Flanders: 122
User price of a service voucher	6.70	6.70	6.70	7.00	7.50	7.50	7.50	7.50	8.50	9.00	9.00	
Tax deduction	30 %	30 %	30 %	30 %	30 %	30 %	30 %	30 %	30 %	30 %	30 %	Flanders: 30 % (2,70 €) Wallonia: 10 % (0,90 €) Brussels: 15 % (1,35 €)
EMPLOYEES												
Employees as of December 31 st (thousands)	29	42	62	76	89	100	113	117	111	126	131	132
Total employees during the year (thousands)	29	62	87	103	120	137	150	151	150	155		
COMPANIES												
Number of active companies	794	1 162	1 504	1 892	2 292	2 576	2 708	2 753	2 577	Flanders : 1 021	Flanders: 948	
COST OF THE SCHEME												
Subsidy to service sector companies	14.30	14.30	14.30	13.28	13.30	13.30	13.60	13.91	13.54	13.04	13.04	13.04
Value of the service voucher	21.00	21.00	21.00	20.28	20.80	20.80	21.10	21.41	22.04	22.04	22.04	22.04
Total cost (including tax deduction, million euro)	303	508	745	1 020	1 212	1 430	1 655	1859	1 931		Flanders: 1 168 Brussels: 238	Flanders: 1 333

Source: Idea Consult (2006 – 2014), RVA, Department for Work and Social Economy (Flanders), NSSO.

Notes: The figures about the number of employees as of 31 December are from Idea Consult until 2013 and from the NSSO thereafter. Since the definitions and measurement method might differ slightly, figures from different sources are not perfectly comparable. Due to the sixth state reform, which transferred the scheme from the federal to the regional level, national statistics are no longer available from 2014 onwards. This explains why some information is missing in 2014, 2015 and 2016 or is reported by region.

The impressive growth in the number of users goes hand in hand with the increasing budgetary cost of the scheme, which amounted to nearly EUR 2 billion or 0.5 % of GDP in 2013⁴. Note that these costs do not include wage subsidies for service sector companies that hire disadvantaged groups. On several occasions the federal government has increased the user price. The price per voucher for the users has increased gradually from EUR 6.20 in 2005 to EUR 9 in 2015, and has not increased since then.

The budgetary cost per service voucher worker increased substantially from EUR 10 000 per employee in 2005 to EUR 17 000 in 2014. This does not mean, however, that the scheme has become more expensive. This increase can mainly be attributed to an increase in number of hours worked per employee. The price per reimbursed service voucher, i.e. the price per hour worked, has remained fairly constant. It is therefore important to report the total number of full-time equivalent jobs as well as the total number of employees.

2.3.2 The profile of service voucher employees

This section describes the profile of service voucher employees. Table 3 compares SVS employees to other employees in Belgium in terms of gender, age, wage and hours worked, while table 4 evaluates the previous labour market position of new SVS employees.

These descriptive statistics are based on the Viona Chair Labour Market Dynamics panel data derived from a random sample of 20 % of the administrative data of the National Social Security Office (NSSO), which includes all employees in the public and private sector⁵. This panel dataset covers the period 1996 to 2015. It contains the labour market history of 1 367 457 unique individuals. On average, an individual was registered in NSSO's dataset for 37.4 (not necessarily subsequent) quarters. Hence, the dataset contains 51 157 596 observations. The self-employed are not included in this dataset. This employer-employee dataset contains information about the gender, age, wage and number of hours worked of employees on a quarterly basis, but does not include information on the level of schooling or the origin of employees. This information is discussed in the text by relying on other sources. Service voucher employees are identified in this dataset as employees in Joint Committee 322.01, which is the unique committee for service voucher employees⁶.

Table 3 compares SVS employees to employees active in other sectors in 2015 (Q4). Ninety-eight percent of the service voucher employees are women. SVS employees are only slightly older than employees in other sectors. Domestic work is typically low-wage employment. Indeed, SVS employees working full-time have a gross, monthly wage of

⁴ The budgetary cost is even higher when hiring subsidies (i.e. for the low-skilled, the unemployed,) are added. The service vouchers are also exempt from VAT. Pacolet, De Wispelaere, and De Coninck (2011, p. 31) argue that the 'missed tax income' from VAT (about EUR 420 million) should also be considered a cost.

⁵ This dataset is currently being developed by the Research Institute for Work and Society (HIVA – KU Leuven) in the framework of the so-called Viona Chair on Labour Market Dynamics supported by the Flemish government (Viona is the acronym for Flemish Programme for Labour Market Research).

⁶ The committee was established in the third quarter of 2004. For this reason statistics will only be reported from 2005 onwards. The number of SVS employees is slightly underestimated as a limited number of SVS employees (<10 % in 2015) are registered in other Joint Committees.

EUR 1 896 compared to EUR 3 104 for employees in other sectors. Over ninety percent of the domestic workers have wages that fall into the bottom 20 % of the income distribution in Belgium. Few SVS employees work full-time. They work on average 19.6 hours a week. As a result, their gross monthly income (on average EUR 837) is low. Fifty-four and 42 % have a low or medium level of education, respectively (Idea Consult, 2014, p. 37).

The SVS offers job opportunities for women of foreign origin. For instance, nearly 60 % of all female employees from EU-13⁷ countries, particularly from Poland, work in the domestic service sector (UNIA, 2017, p. 55). The number of SVS employees with a non-Belgian nationality is especially pronounced in the Brussels Capital Region, where, in 2013, more than 60 % had a foreign nationality. In the Flemish Region and the Walloon Region the share of SVS employees with a foreign nationality was respectively 15 % and 12 % (Idea Consult, 2014, p. 86). Magalhães (2017) argues that the SVS has led to an inflow of people from EU-13 countries in Brussels (particularly from Poland and Romania, and in a later phase also from Spain and Portugal), who are legally entitled to work as SVS employees. This phenomenon has also been observed by Pacolet and De Wispelaere (2010).

Table 3. The profile of service voucher employees versus other employees in 2015 (Q4)

	SVS employees (JC 322.01)	Other employees
Women (%)	98 %	46 %
Age	41.4	40.2
Gross wage (EUR/month)	1 896	3 104
Employees with wage below 2000 EUR/month (%)	83 %	12 %
Gross monthly remuneration (EUR)	837	2 383
Employees in bottom 20 % of income distribution	92 %	17 %
Hours worked (% of FTE)	49 %	77 %

Source: Viona Chair Labour Market Dynamics panel dataset (derived from a random sample (20 %) of the administrative data of the NSSO); own calculations.

Table 4 shows the labour market position of new employees just before entering the domestic service sector. This gives a first idea whether SVS created new jobs for people that were previously unemployed or inactive or attracted employees from other sectors. The service sector is a dynamic sector with many new employees entering the sector every quarter. For instance, in 2015, in each quarter on average 7 580 people (about 7 % of the total number of employees) entered the sector. Out of these 7 580 new employees, 23 % were employed in the previous quarter, 55 % were not active as an employee in the previous quarter (but had already worked in Belgium as an employee in previous years) and 22 % entered the Belgian labour market for the first time as an

⁷ Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia, Romania, Croatia. In 2014, 2.7 % (187,799 people) of the working-age population (18-64 years old) in Belgium have their origins in an EU-13 country.

employee (either because they had never been active on the Belgian labour market before or have always been self-employed). This latter category includes recent migrants to Belgium that had never worked in Belgium before.

These findings suggest that the SVS offers job opportunities for unemployed or inactive women, but also attracts workers that previously held non-subsidised jobs. Interestingly, the share of new employees that were previously employed in another sector has decreased since 2005, suggesting that the scheme has gradually offered more opportunities to unemployed and inactive people. This is a new finding and contradicts results in previous studies. These earlier results, based on a combination of a survey among domestic workers in 2007 and administrative data in 2011, suggested that the number of unemployed women entering the domestic service sector had actually decreased between 2007 and 2011, prompting fears that the scheme is becoming less cost effective (Marx & Vandelanoot, 2015b; Raz-Yurovich & Marx, 2017)⁸.

Table 4. The labour market position of new employees in the quarter prior to entering the domestic service sector

Year	New employees (average quarter)	Employed per another sector	Unemployed/in active or self-employed¹ (years active employee)	First job in Belgium as employee is not the domestic service sector²
2005	5 029	36 %	41 % (2.47)	23 %
2006	8 131	37 %	40 % (2.22)	23 %
2007	9 709	38 %	38 % (2.22)	24 %
2008	9 716	36 %	39 % (2.13)	25 %
2009	10 750	28 %	40 % (1.87)	32 %
2010	9 900	26 %	44 % (1.85)	30 %
2011	10 221	27 %	44 % (1.86)	29 %
2012	9 518	25 %	48 % (1.8)	27 %
2013	8 508	24 %	54 % (1.78)	22 %
2014	7 971	20 %	59 % (1.7)	21 %
2015	7 580	23 %	55 % (1.75)	22 %

Source: Viona Chair Labour Market Dynamics panel dataset (derived from a random sample (20 %) of the administrative data of the NSSO); own calculations.

Notes: ¹ People in this category have already worked as an employee in Belgium during at least one quarter in the period 1996-2015. Hence, their job as a SVS employee is not their first job in

⁸ In 2012 the government introduced a new regulation stipulating that at least 60 % of the new hires of service sector companies should either receive unemployment benefits or social assistance benefits. The new Flemish government abolished this rule again in 2015, but the regulation is still in place (although made less stringent) in the Brussels-Capital Region and the Walloon Region.

Belgium.² This category includes new SVS employees that have never worked as an employee in Belgium from 1996 to 2015. Hence, their first job in Belgium is as SVS employee.

Earlier evaluation studies also suggested that the number of long-term unemployed people entering the scheme has been decreasing. Our results confirm these findings. A new domestic worker that was previously unemployed, inactive or self-employed (column 4, table 4) was on average not active as an employee for 1.75 years in 2015, down from 1.86 years in 2010 and even 2.47 years in 2005. This suggests that the scheme attracts fewer long-term unemployed people today than in the past.

2.3.3 Job quality

The working conditions of most SVS employees are legally set in the Joint Committee (JC) 322.01⁹ (a collective labour agreement between trade unions and employers' organisations), which is binding for all employees in the sector. Arguably, service voucher employees benefit from decent wages and working conditions, at least compared to domestic workers in most other European countries (Jokela, 2017). Their working conditions have certainly improved markedly compared to the working conditions of domestic workers before the introduction of the scheme when nearly all domestic work was performed in the informal economy at low wages and without full social security rights. Belgium ratified the ILO 189 convention in 2015. This convention determines the rights of domestic workers employed by households (and not by a company, as is the case in the SVS), but also (indirectly) influenced the working conditions of SVS employees.

In 2013 70 % of the contracts were open-ended, while the remaining 30 % were fixed-end contracts (Idea Consult, 2014). These contracts are standard in Belgium and open full access to social security rights such as unemployment benefits, paid leave, health insurance, maternal leave and retirement.

The minimum, gross hourly wage of SVS employees determined by the Joint Committee is EUR 10.86 from 1 September 2017 onwards. Domestic workers are also compensated for travel expenses. While hourly wages are not particularly low, the total monthly remuneration of domestic workers is low because most employees work part-time or even only a few hours a week. In 2015, the average monthly, gross income of a SVS employee was only EUR 830 (see table 3). Surveys suggest that workers choose to work a limited number of hours. A survey among 215 SVS employees in the Walloon Region and the Brussels Capital Region who work on average 25 hours a week shows that most of them do not want to work more hours (Brolis & Nyssens, 2016). In a survey of Idea Consult in 2010 among 2 938 employees, 86 % of the employees are satisfied with the number of hours worked, 10 % would like to work more and 4 % would like to work less. The data is lacking to evaluate whether SVS employees work a few hours a day several days a week, perhaps making it difficult to apply for other jobs, or only work one or two days a week. Anecdotal evidence suggests nevertheless that most employees have reasonable working hours. According to a survey of Idea Consult, 90 % of the employees are satisfied with their work-life balance (Idea Consult, 2012, p. 93). The survey among 215 employees mentioned earlier shows that 85 % of the respondents

⁹ Ninety percent of the SVS employees are registered in Joint Committee 322.01 (Pacolet et al., 2011). Other Joint Committees with SVS employees are, for instance, JC 318.01 and JC 318.02 (for home care and home help), JC 110 (textile), JC 140 (transport), JC 121 (cleaning). In general, wages are higher in these Joint Committees than in JC 322.01.

have fixed weekly schedules and 77 % reports that employers are not too demanding in terms of job flexibility.

In 2015 an employee worked on average three years for the same service sector company. One out of four employees worked for the same employer for less than a year, while 25 % of the employees already worked more than 4.75 years for the same employer.

This relatively long job tenure suggests that domestic workers are satisfied with their job. A survey among employees in 2011 confirms that 84 % of the employees are satisfied or very satisfied with their job, while 16 % are not satisfied (Idea Consult, 2012, p. 90). More specifically, the survey reveals that employees are satisfied with their relationship with customers (96 % is satisfied or very satisfied), the working hours (95 %), the appreciation from customers (90 %) and the contact with and appreciation from the service sector company (89 %). They are, however, less satisfied with the workload (17 % is dissatisfied or very dissatisfied), the physical strain of the job (31 %) and the remuneration (38 %). Nearly half of the employees find their job physically demanding and 55 % do not consider the remuneration attractive.

There is some discussion among policymakers whether the SVS is intended as a stepping stone to (non-subsidised) jobs in other sectors¹⁰. Table 5 shows the labour market position of new SVS employees after one, three and five years. The results indicate that the SVS cannot be considered a stepping stone. One, three and five years after entering the domestic service sector respectively 16 %, 21 % and 23 % of the workers are employed in another sector. Most SVS employees either remain in the domestic service sector or are no longer active as an employee in the labour market (implying that they are either unemployed/inactive, self-employed or retired). These results are in line with statements of SVS employees in a survey in 2011. Only 47 % consider the SVS a stepping stone to a better job (Idea Consult, 2012, p. 93).

Table 5. The labour market position of new SVS employees one, three and five years after entering the sector

	Employed outside SVS	Unemployed /inactive/self-employed	Still a SVS employee
After one year	16 %	24 %	60 %
After three years	21 %	35 %	45 %
After five years	23 %	39 %	38 %

Source: Viona Chair Labour Market Dynamics panel dataset (derived from a random sample (20 %) of the administrative data of the NSSO); own calculations.

2.3.4 The profile of service voucher users

There is little publicly available information about the profile of the SVS users. As already mentioned earlier, the scheme counted more than one million users in 2013 and reaches one in five households in Belgium (Idea Consult, 2014, p. 13). The scheme is slightly

¹⁰ For instance, article 64 of the collective labour agreement of December 2010 for SVS employees in Joint Committee 318.02 stipulates that SVS employees should receive preferential treatment if the company has a vacant job for a home help employee (see section 3).

more popular in Flanders, where it reaches 11.6 % of the population, compared to Brussels (10.3 %) and Wallonia (10.2 %).

Six out of ten users are between 35 and 64 years old. In recent years, the share of users aged 65 years and above has increased gradually from 25.1 % in 2008 to 28.0 % in 2013 (Idea Consult, 2014, p. 16). A similar increase can be observed among the users aged 80 years and above (from 9.9 % in 2009 to 11.1 % in 2013). Although not the initial objective of the scheme, these evolutions suggest that the SVS substitutes and/or complements the more traditional home care and home help.

As has also been observed in other countries (Morel, 2015), the prime users of the SVS are dual-income, middle class families, often with children. Using fiscal data, Decoster and Vanheukelom (2017) show that only 2.5 % of the households in the bottom 20 % of the income distribution use service vouchers, whereas 29.3 % of the households in the top 20 % of the income distribution use them. Households with children are also more likely to use service vouchers compared to households without children (25.3 % versus 10.5 %).

2.4 Did the scheme reach its three objectives?

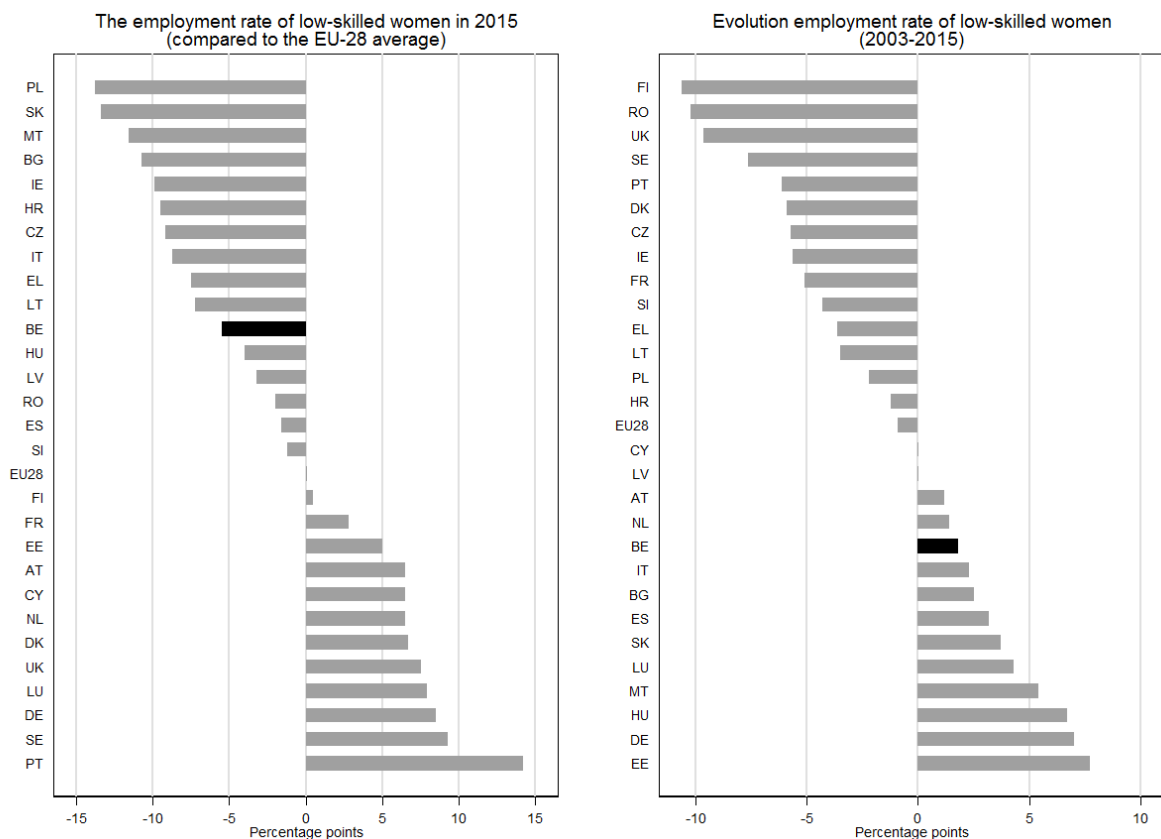
2.4.1 Job creation for the low-skilled

The primary objective of the scheme is raising the employment rate of women with low levels of education. The scheme has been successful in the sense that it has created at least 130 000 jobs in 2015 alone. However, it is hard to tell how many new 'net' jobs it has created due to deadweight loss and displacement effects. Deadweight effects, i.e. women that would also be employed in the absence of the scheme, are likely to be important. Indeed, some women might decide to accept a job in the domestic service sector, rather than accepting a job in another sector. Displacement effects, i.e. job loss in companies that compete (in) directly with the domestic service sectors are likely to be relatively limited. The scheme was designed in such a way that it does not compete – at least not directly – with other non-subsidised sectors that already existed at the time of the design of the scheme in 2004. This was one reason why the activities that SVS employees are allowed to perform is restricted to traditional domestic chores such as cleaning, washing, ironing and food preparation and does not include activities such as gardening for which a legal market already existed. For the same reason, the recent proposal of an employers' organisation to expand the use of service vouchers to activities such as gardening and child care has been criticised. In a survey from 2010 8 % of the employees admitted having performed non-allowed activities such as child care (2.7 %), care of elderly or disabled persons (2.5 %) or gardening (2.5 %) (Idea Consult, 2012, p. 58).

Econometric studies that estimate the net effect of the scheme on the employment rate of low-skilled women do not exist. The study of Raz-Yurovich and Marx (2017) comes closest to an impact evaluation. Using a difference-in-difference approach, the authors compare the increase in the employment rate of low-skilled women, relative to the increase in the employment rate of low-skilled men, before and after the implementation of the scheme. A causal interpretation of their results implies that the scheme increased the employment rate of low-skilled women by 5.46 percentage points and the employment rate of high-skilled women by 2.30 percentage points, while the employment rate of medium-skilled women remained unaltered. The authors warn, however, not to attribute this effect (completely) to the scheme as economic shocks since 2004 might have affected women differently than men, therefore invalidating their identification strategy.

Inspired by Raz-Yurovich and Marx (2017) work, we use Eurostat's statistics to evaluate the evolution of the employment rate of low-skilled women in Belgium. The left panel of figure 3 shows the employment rate of low-skilled women in 2015 relative to the EU-28 average, while the right panel evaluates the evolution of this rate from 2003 to 2015. This shows that the employment rate of low-skilled women in Belgium in 2015 is still 5.5 percentage points lower the EU average (37.3 % versus 42.8 %) and is lower than in France, the Netherlands and Germany. From 2003 to 2015 the employment rate of low-skilled women has increased by 1.8 percentage points in Belgium, while it has decreased in the EU. This increase is smaller than in Germany (most likely because of the rise in mini-jobs there), but similar to the increase in the Netherlands and larger than in France, where the employment rate of low-skilled women even decreased. Given that Belgium did relatively well compared to neighbouring countries, it seems reasonable to attribute part of the 1.8 percentage point increase in the employment rate of low-skilled women to the SVS.

Figure 3. Did the employment rate of low-skilled women in Belgium, compared to other EU-countries, improve since the implementation of the scheme?



Source: Eurostat. Employment rate of women aged 20 to 64 with less than primary, primary or lower secondary level of education (ISCED-level 0-2).

2.4.2 Improving the work-life balance

A second objective of the scheme is improving the work-life balance. Given the popularity of the scheme, the scheme has clearly helped users to balance professional and private life. The question arises what they have done with this extra time. One hoped that the SVS would help women to enter the labour market or increase the number of hours worked. This could potentially improve gender equality as women, who are still doing most of the household chores, could outsource their domestic work. No

econometric study has yet evaluated whether women that start using service vouchers do so because they want to work more. In 2010, 78 % of the service voucher users reported that the vouchers did not lead to a change in their working hours, 1 % reported that they started working again, 11 % reported working more and 11 % reported that without the vouchers they would have decided to work less (Idea Consult, 2011, p. 110). The extra time was mainly used for the family (23 %), housekeeping (22 %), leisure (20 %) and free time (18 %). Marx and Vandelannootte (2014, p. 2) conclude that "there is little evidence that the scheme has significantly boosted participation rates or working hours".

2.4.3 Reducing undeclared work

A third objective of the SVS is reducing informal activities in the domestic service sector, a sector where undeclared work is generally common. Moreover, social security contributions for both employers and employees in Belgium are among the highest in the OECD, which provides a strong incentive for demand and supply of undeclared work. The average tax wedge for a single worker in Belgium in 2016 was 54.0 % compared to the OECD average of 36.0 % (OECD, 2017).

Estimates of the prevalence of informal activities are generally not very reliable, which makes it difficult to assess whether the SVS reduced undeclared work in the domestic service sector. There are no reliable estimates available about the number of undeclared workers before the introduction of the scheme. Intuitively, one would expect that the competitive price of the voucher (EUR 6.30 per hour in 2015, including the tax deduction) – which is by most accounts lower than the hourly wage of an unofficial worker in Belgium – would induce a massive switch from undeclared to declared work. Tentative estimates of the hourly wage of a undeclared worker range from EUR 8.6 per hour (Idea Consult, 2010, p. 101) to EUR 12 per hour (Eurobarometer, 2014, p. 36). In (European) policy reports the SVS is often cited as a good practice to prevent undeclared work¹¹.

The Eurobarometer on undeclared work in 2007 and 2014 tends to confirm that undeclared work is decreasing in Belgium¹². In 2014, 15 % of the respondents in Belgium reported having bought services or goods connected to undeclared work, down from 18 % in 2007 (Eurobarometer, 2014, p. 19). The share of respondents who had carried out undeclared work decreased from 6 % in 2007 to 4 % in 2017, while the share of respondents who know someone carrying out informal activities decreased from 56 % in 2007 to 40 % in 2014 (Eurobarometer, 2014, p.50 & p. 55). Among the respondents that admitted having purchased goods and/or services connected to undeclared work, 10 % admitted having purchased home cleaning services on the informal market in 2014 (Eurobarometer, 2014, p. 25), whereas in 2007 31 % reported having purchased household services on the informal market (Eurobarometer, 2007, p. 102). This suggests that cleaning services are now less frequently carried out by informal workers than in the past, a trend that might be driven by the SVS.

¹¹ See, for instance, the recommendations of the 'European Platform Undeclared Work'.

¹² Note that the sample size for Belgium of the Eurobarometer is most likely too small to determine with any acceptable precision whether the size of the undeclared economy is decreasing. In 2014, 1 000 individuals participated in the survey, of which 150 admitted having bought services and/or goods connected to undeclared work.

2.5 The cost of the scheme

The total budgetary cost of the SVS is well-known and well-documented (see table 2 and 6). The cost for the federal government amounted to almost EUR 2 billion (0.5 % of GDP) in 2013. These costs do not account for earn-back effects such as social security contributions of SVS employees and employers, (income) taxes and the reduction in unemployment benefits. In its annual report, the external evaluator estimated these earn-back effects. Accounting for direct and indirect earn-back effects, they estimated the net cost of the scheme at EUR 1.07 billion (Idea Consult, 2014, p. 74). Hence, the earn-back effects reduce the total cost of the scheme by nearly half. The earn-back effects flow (mainly) back to the federal government (who pays unemployment benefit and receives social security contributions), whereas, since the sixth state reform the cost of the scheme is born by the regional government. This complicates the political economy of the scheme.

These estimates are sensitive to assumptions about the 'deadweight' loss of the SVS as some of the SVS employees would also be employed in the absence of the scheme. In order to estimate the deadweight effect, one should estimate the number of new 'net' jobs created by the scheme. Unfortunately, no econometric study has estimated the deadweight effects of the SVS (Raz-Yurovich & Marx, 2017). It is therefore not possible to estimate the true net cost of the scheme.

An alternative approach to examining the cost (-effectiveness) of the scheme is comparing it to other active labour market policies. Table 6 shows the cost and number of employees of public job programmes and wage subsidies in 2016 in Flanders without accounting for earn-back effects. The annual cost per employee of the SVS (EUR 14 478) is comparable to the cost of sheltered workshops (EUR 14 742) and substantially higher than (permanent) wage subsidies for people with disabilities (EUR 7 984) or for employees aged 55 years and above (EUR 1 449), and higher than temporary hiring subsidies for unemployed people under 25 years old (EUR 858).

The comparison with sheltered workshops is particularly appropriate as it is reasonable to assume that the earn-back effects are roughly similar. In both cases the subsidies are permanent and the employees and employers pay social security contributions, which flow back to the state, while few employees move on to non-subsidised jobs. However, the target population for both policies differs considerably. While the SVS primarily attracts women with or little or no formal qualifications, often of foreign origin, the sheltered workshops focus on people with disabilities which are hard-to-place in the regular economy. In this sense it is noteworthy that the cost per employee in sheltered workshops is roughly the same as for SVS employees, as the former are clearly more vulnerable and disadvantaged than the latter.

Table 6. The cost of a selection of active labour market policies in Flanders in 2016

Type of ALMP	Programme	Cost (million €)	Number of employees	Cost per employee (€)
The Service Voucher Scheme		1 333	92 070	14 478
Public job programmes	Sheltered workshop ¹ (mainly people with disability)	257	17 428	14 742

	Sheltered workshop ² (mainly hard-to-place workers)	77	4 935	15 660
Wage subsidies	People with disabilities ³	82	10 283	7 984
	Employees aged 55 and above	141	11 2541	1 249
	Hiring subsidies for unemployed people under 25 years old	26	29 833	858

Source: Department for Work and Social Economy (Flemish Government)

Notes: ¹ In Dutch: beschutte werkplaatsen. ² In Dutch: sociale werkplaatsen. ³ In Dutch: VOP (Vlaamse OndersteuningsPremie), statistics for VOP are for 2015.

2.6 The platform economy

In many respects, the domestic service sector has not been influenced significantly by technological change in the last decade. One aspect where new technological solutions have had an impact is in the delivery of service vouchers. Traditionally, paper service vouchers were used, but we now observe a switch to electronic service vouchers. In 2016, 40.9 % of the Flemish users used electronic service vouchers, up from 12 % in 2009 (DWSE, 2017, 2018). Electronic vouchers allow users and employees to register services directly online (through a website or dedicated app). They are promoted by Sodexo as well as the Flemish government because they reduce the administrative cost of the scheme.

New platforms offering domestic services are emerging, but this evolution is still in an early phase. Examples are platforms like Helpper, KlaarIsKees, ListMinut or WeTasker that link people offering domestic services (including cleaning, but also services that are not covered by the SVS such as gardening, small home repairs or baby-sitting) with potential customers. Recently, the federal government has created the so-called 'flexi-jobs', which allow employees who have at least a part-time contract of 80 % to take a second job¹³. The income of this second job is not taxed if employees make less than EUR 6 000 per year. For now, this system is only allowed in a limited number of sectors (of which the HoReCa is the most important one), but the government aims to extend the system to other sectors¹⁴. This could potentially disrupt the sector of personal and household services as it is expected that employees with a part-time contract in other sectors will start to offer services such as cleaning, gardening or house painting. Another recent evolution (March 2017) is a new law on the collaborative (or sharing) economy, which allows individuals to earn up to EUR 5 100 per year (indexed gross amount for 2017) for services provided through platforms. This income is taxed at 10 %, which is

¹³ KB of 13 December 2016.

¹⁴ At the time of writing (February 2018), the Common Community Commission (a body responsible for matters in Brussels that are common to both the French speaking and Flemish community) had declared a conflict of interest against the decision of the federal government to allow employees to earn EUR 500 per month in untaxed income from a second job. This conflict of interest implies that the decision is postponed for 60 days in order to find a solution between the different stakeholders.

significantly lower than the Belgian income tax¹⁵. These new laws might boost the development and growth of peer-to-peer service providers in personal and household services and platforms to match supply and demand for services.

2.7 Main representative organisations active in this field

The following representative organisations follow the domestic service sector:

Trade unions

- **ABVV**
<http://www.accg.be/nl/sector/dienstencheques>
- **ACLVB**
<http://www.aclvb.be/nl/sector/dienstencheques/dienstencheques>
- **ACV**
<https://acv-voeding-diensten.acv-online.be/acv-voeding-diensten/ik-werk-in-de-sector/dienstencheques/Dienstencheques.html>

Employers' organisations

- **Federgon**
<https://www.federgon.be/nl>

Regional governments

- **Government of the Brussels Capital Region**
<http://be.brussels/services-en-ligne/vivre-a-bruxelles/famille-et-vie-privee/aide-aux-personnes-et-aux-familles>
- **Flemish Government**
<https://www.werk.be/>
- **Walloon Government**
<https://www.leforem.be/a-propos/titres-services.html>

Sodexo (company issuing the vouchers and disseminating information to the general audience)

- **Brussels Capital Region:** <http://www.titresservices.brussels/>
- **Flemish Region (Flanders) :** <http://www.dienstencheques-vlaanderen.be/>
- **Walloon Region (Wallonia):** <http://www.wallonie-titres-services.be/>

3 Home care and home help

3.1 Home care and home help versus the service voucher scheme

Besides the service voucher scheme, both care and non-care related services are also provided through *home care and home help* (Dutch: *gezinszorg en aanvullende thuiszorg*). 'Home care' (Dutch: *gezinszorg*) refers to help with daily activities such as personal hygiene and housekeeping provided by licensed care professionals. 'Home help' (Dutch: *aanvullende thuiszorg*) refers to 'additional support' with housekeeping,

¹⁵ KB of 12 January 2017.

particularly cleaning. Home help competes directly with the service voucher scheme as the tasks performed are very similar, while home care includes more care-related activities (i.e. personal hygiene) that are not allowed with service vouchers (Pacolet et al., 2011). Non-profit and profit companies are active in the sector and offer both home care and home help.

Home care and home help differs from the service voucher scheme in several respects (Vlaams Parlement, 2016).

1. Home help includes domestic services such as cleaning that are also provided by the SVS, but home care also includes more care-related activities (help with eating, moving around, drug administration, personal hygiene) that are not provided by the SVS. In addition, home care aims to closely collaborate with and build networks between other caregivers including informal carers, GPs and social workers.
2. Home care and home help is targeted to households with care needs such as the elderly, disabled and sick people, whereas service vouchers can be used by all households irrespective of their care needs.
3. The user price of home care and home help depends on the income, care needs and family composition of the user, whereas the user price of a service voucher is fixed. In 2012, the average hourly price of home care and home help was EUR 5.45 and EUR 6.64, respectively (Pacolet, De Coninck, & De Wispelaere, 2013, p. 103). For most households, home help is more expensive than service vouchers.
4. Home care and home help has a fixed annual budget that has to be shared among all families with care needs. The budget of the SVS is not fixed, but increases commensurately with demand for service vouchers.
5. Since the primary objective of home care is supporting families with care needs, home care is the competence of the Department of Welfare, Public Health and Family (regional government). The SVS is in the first place a labour market policy and, therefore, the competence of the Department of Work and Social Economy (regional government).

Because services offered by home help can in many cases also be provided with service vouchers, many organisations that offer home care and home help (e.g. *Familiehulp*, *Solidariteit voor het Gezin*) also offer domestic services paid for with service vouchers.

3.2 Home care and home help employees

Wages and working conditions of home care and home help employees are set in the Joint Committee 318.01 for employees in the French and German Community and in the Joint Committee 318.02 for employees in the Flemish Community. Table 7 provides key statistics about these employees.

In 2015 (Q4) there were 9 030 and 25 160 home care and home help employees in the French and Flemish Community, respectively. In both communities, this sector is dominated by women (>95 %). Most employees do not work full-time and average wages are relatively low. As a result, the monthly, gross income of home care and home help employees is approximately EUR 1 500.

It is interesting to compare the profile of service voucher employees (see table 3) and home care and home help employees. In both cases the average employee is a woman aged 40. Home care and home help employees have higher average gross wages

(EUR 2 422 versus EUR 1 896) and work more hours (66 % of a FTE versus 49 %) than SVS employees, which explains why home care and home help employees have a higher gross monthly income than SVS employees (EUR 1 500 versus EUR 837).

Table 7. Home care and home help employees by community in 2105 (Q4)

	French and German Community (JC 318.01)	Flemish community (JC 318.02)
Number of employees	9 030	25 160
Women (%)	96 %	97 %
Age	43.1	44.0
Gross wage (€/month)	2 422	2 424
Employees with wage below 2000 €/month (%)	14 %	31 %
Gross monthly remuneration (€)	1 549	1 497
Employees in bottom 20% of income distribution	25 %	40 %
Hours worked (% of FTE)	66 %	65 %

Source: Viona Chair Labour Market Dynamics panel dataset (derived from a random sample (20%) of the administrative data of the NSSO); own calculations.

3.3 The cost of home care and home help

In contrast to the service voucher scheme, home care and home help have fixed annual budgets (Pacolet et al., 2013). Home care is financed by the communities but there is also an income-related co-payment. For instance, in Flanders the total cost of one hour of home care amounted to some EUR 34 in 2011 of which EUR 4.94 was paid by the user (Pacolet et al., 2013). Each year the maximum number of hours that can be subsidised is determined for each municipality in Flanders. The number of hours is a function of the age of the residents in the municipality. For instance, residents aged 59 and below count for 0.62 hours/year, while residents aged 85 and above count for 40 hours/year. Hence, more subsidies are available in communities with an older population. These subsidies are then shared among all providers of home care and home help. In 2017, the maximum number of hours that could be subsidised in Flanders was 23 138 886, which is expected to increase to 24 776 520 by 2021.

The rules used to determine and allocate subsidies to home care and home help companies are complex. Companies receive subsidies for each hour of services provided, but they also benefit from subsidies for managers and subsidies that cover (part of) the overhead costs and benefit from tax breaks on social security contributions (i.e. *Sociale Maribel*) (see Pacolet et al. (2013) for a thorough overview of all different subsidies and all governments involved).

In 2018 subsidies for home care and home help in Flanders is budgeted at EUR 681 million¹⁶. This implies that the cost per job – not accounting for earn-back effects – is EUR 27 066, while the cost per full-time equivalent job is EUR 41 641. Subsidies per full-time 'logistic' worker in the home help sector, who carry out similar activities as SVS employees, are limited to EUR 30 461 in 2018. Subsidies for these workers are thus comparable to subsidies for SVS employees (EUR 30 461 versus EUR 29 500).

¹⁶ <https://www.vlaamsparlament.be/dossiers/begroting-2018>

In the French community there are subsidies per geographic zone and per service. The agencies receive a global budget for IADL services (Instrumental Activities of Daily Living) which usually does not cover the overall needs of their clients. The budget is based on the number of hours x costs of an hour of domestic aid and overhead costs. Also in the French community a yearly ceiling to the number of hours of ADL (Activities of Daily Living) to be provided is laid down per geographical area (related to number and age of inhabitants) and per service. The budget for home care in Wallonia amounted to some EUR 180 million in 2016.¹⁷

4 Conclusion

Personal and household services are well-organised in Belgium. The most important policy in this area is the service voucher scheme, a scheme that is perhaps not unique of its kind, but definitely in its scale. The scheme makes non-care domestic services, primarily cleaning, available at a very low cost. The scheme has both strengths and weaknesses, which we summarise here.

Strengths of the scheme

- Users, mainly dual-income, middle-class families, benefit from a well-organised scheme that makes high-quality domestic services accessible at low prices. This improves work-life balance. Because these services are provided through service sector companies, individual users do not have a contract with the domestic workers. This reduces 'search' costs for households and limits the administrative burden to a strict minimum.
- The scheme creates (decent) jobs for low-skilled women. More than 130 000 women were employed as domestic service workers in 2016. There is some evidence that the scheme has increased the employment rate of low-skilled people.
- It helps to avoid a further polarisation of the labour market in which high-skilled people enjoy high-wages and excellent working conditions, while low-skilled people such as domestic workers have no job security and low wages.
- It reduces the informal economy.
- Domestic workers benefit from relatively good working conditions. Most workers have open-ended contracts and all workers are granted full social security rights (unemployment benefits, retirement, paid leave). Working conditions have most likely improved markedly compared to working conditions of domestic workers in the informal economy, although wages in the sector are still relatively low.

Weaknesses of the scheme

- The scheme is incredibly expensive. The budgetary cost amounts to EUR 2 billion (approximately 0.5 % of GDP).
- These subsidies reach the low-skilled, but not necessarily the most vulnerable jobseekers. Moreover, the scheme is not a stepping stone to better jobs in other sectors.

¹⁷

https://www.aviq.be/handicap/pdf/documentation/publications/revues_rapports/rapport_annuel/rapport_annuel_AVIQ_2016.pdf

- One explanation for the high budgetary costs is that the scheme is accessible to all households at a fixed price, regardless of the need for domestic services or their income.
- Because the scheme is now so popular, it has become politically sensitive to reform and to take on the vested interests of all stakeholders involved (users, employers and employees).

It is difficult to predict how the scheme will evolve. The discussion is still ongoing (i) whether the tax deduction of the scheme should be abolished, (ii) whether the user price should be increased, (iii) whether the user price should depend on the income and/or family composition of the user, (iv) whether service sector companies should be allowed to set their own user price (hence allowing price competition between companies), (v) whether service sector companies should be obliged to hire the (long-term) unemployed and people on social assistance, rather than attracting employed workers and/or migrants and (vi) whether the set of activities for which vouchers can be used should be extended to, for instance, gardening. Given the vested interests at stake, it is conceivable that the scheme will not change at all in the near future.

Service vouchers can in principle not be used for care-related activities. However, given that vouchers are so popular among elderly people, the scheme does support elderly customers that need limited support (i.e. elderly users that only need support with housekeeping). In that sense, service vouchers can be considered as a policy to support families with care needs.

A parallel system is home care and home help. These services are targeted towards those families that are most in need of care services such as elderly, disabled or sick people. Besides housekeeping, home care also offers more care-related services such as personal hygiene. This sector invests in building networks around patients and aims to work in a multi-disciplinary way, a trend that is likely to continue. In 2015, the sector employed 34 000 workers, mostly women. In 2018, subsidies for this sector in Flanders are budgeted at EUR 681 million (0.3 % of regional GDP).

Since the introduction of the service voucher scheme in 2004, the organisation of personal and household services has not changed markedly. This could soon change however. The federal government is currently considering a law that would allow employees and self-employed people (as well as retired people), that have a contract of at least 80 %, to earn EUR 500 per month in untaxed income from a second job. This would enable individuals to offer personal and household services such as gardening to households that request those service but for whom the cost or the administrative burden is currently too high. How and whether this policy will transform the labour market is difficult to predict. On the one hand, it is expected that this policy could lead to the development of new markets for services that are now typically not outsourced or that are carried out in the undeclared economy (such as gardening and small home repairs). On the other hand, these 'flexi-jobs' might also compete with existing jobs, including with jobs in the domestic service sector. Finally, this policy might lead to new online platforms that match supply of flexi-jobs to demand for services and encourage innovations in the personal and household service sector.

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