

OECD THEMATIC FOLLOW-UP REVIEW OF POLICIES TO IMPROVE LABOUR MARKET PROSPECTS FOR OLDER WORKERS

BELGIUM (*situation mid-2012*)

*In 2011, the employment rate for the population aged 50-64 in Belgium was 5.9 percentage points **higher than in 2005** and 9.6 percentage points **below the OECD average**. Further statistical information about the labour market situation for older workers in Belgium is presented in the scoreboard in Table 1.*

A major multi-country OECD review of employment policies to address ageing took place during 2003-05 and was summarised in the OECD synthesis report *Live Longer, Work Longer*, published in 2006. That report put forward an agenda for reform, consisting of three broad areas where policy action was seen as necessary to encourage work at an older age:

- strengthening financial incentives to carry on working;
- removing barriers to continuing employment and recruitment after the age of 50;
- improving the employability of older workers.

One of the main purposes of this follow-up review is to take stock of the progress OECD countries have made in implementing this reform agenda. In the third quarter of 2011, a questionnaire was sent to all member countries, seeking information on the measures and reforms carried out since 2006. For each of the 21 countries¹ that had participated in the original review, the questionnaire was adapted to refer to the OECD's specific policy recommendations in each corresponding country report.

The main actions taken in Belgium since 2003 are described in this Note. A summary assessment of the extent to which Belgium has followed the OECD's recommendations in the report *Ageing and Employment Policies: Belgium* is given in Table 2.

¹ Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, United States. For further information, see www.oecd.org/els/employment/olderworkers.

OECD recommendations to Belgium in 2003 – action taken up to mid-2012

A. STRENGTHENING FINANCIAL INCENTIVES TO CARRY ON WORKING

Move away from an early-retirement culture

Effective implementation of reforms has been delayed

The federal law of December 2005 on the solidarity pact between generations provided for about 60 measures to encourage workers to stay in work longer, but its effects have been minimal. The pact is in three parts, each of which addresses a separate issue: work for young persons, active ageing and social security arrangements.

In June 2012, at the request of the Ministry of Employment and Labour (see www.emploi.belgique.be), the Higher Labour Council took stock of:

- the pact's requirements with respect to active ageing, identifying sixteen measures that have not or have not yet been fully implemented;
- a measure that came into force in 2007: the pension bonus. The bonus is a lump-sum payment which is added to the statutory pension of salaried and self-employed workers if they continue to work after the age of 62. The bonus amounts to two euros (indexed) for each day worked on a full-time basis. Although the benefit has proved ineffective so far, the Council emphasised that it may help increase the number of people working after the age of 62 to the extent that it is an integral part of a broader policy. The Council also felt that eligibility for the pension bonus should not be determined solely on the basis of a minimum age but should also take account of the number of years a person has worked. A financial incentive to prolong a career beyond the minimum length required for early retirement would thus be introduced and the deadweight effect associated with the bonus would be limited, since those who had not completed 40 years of work by the age of 62 would not be entitled to it. The Council also noted that a higher proportion of workers with low incomes and hence lower pensions would benefit from the bonus, and in that respect it would make for greater equity. Adequate information on potential beneficiaries is, of course, essential if the measure is to enjoy the greatest possible success.

Regional strategies have recently been undertaken

In 2011 the Flemish government initiated a comprehensive strategy involving an awareness-raising campaign, a site to promote employment of persons aged 50 and over (www.dejuistestoel.be), and a tool box for managing the careers of persons in this age group and the skills of all workers. The social partners and the Flemish government have entered into a "career agreement" (*loopbaanakkoord*) for 2012 and 2013, which includes provisions for placing more people in careers for longer average periods and in more acceptable working conditions. It is specifically stated that final early retirement for older workers should be avoided. In addition to adapting the employment bonus for those aged 50 and over and prolonging routine support for unemployed persons in this age group until they are 58, the agreement provides for a review of the most effective means of getting them back to work after long periods of unemployment and for initiatives by the social partners in the interim work sector to promote a more active approach to finding them permanent jobs. Moreover, an awareness-raising campaign is to be relaunched in 2012, together with a large-scale training programme. These measures will enable all companies to construct an age pyramid of their staff, which can be compared with those of other companies in the same area of activity and provide employees and workers with a basis for discussion and awareness-raising.

The French and German-speaking communities and the Brussels-Capital and Walloon regions have also taken steps to increase employee awareness of demographic change and facilitate the long-term integration of the unemployed and older workers into the labour market. These measures have focused less on those nearing retirement age.

Reforms associated with the regionalisation of the labour market, which were agreed when the current government was formed and are due to be introduced in the next few years, will also open the way to policies tackling specifically regional labour-market problems.

Reform institutional arrangements for early retirement

These arrangements changed very little between 2005 and 2011

As a consequence of the implementation of the Generations Pact, sectoral collective agreements may still allow derogations to the early retirement age for persons aged 56 and over, but only where those concerned have had long professional careers (40 years or more), carried out physically demanding work (night work, work in successive and changing shifts, intermittent work), are unfit for work or have a serious physical impediment. It has, however, been noted that the social partners have been tending to take account of more unworked periods than before in calculating the length of professional careers. Moreover, in cases where restructuring causes collective redundancy in companies acknowledged to be in difficulty and/or restructuring is initiated by the Federal Minister of Employment, early retirement is still possible from the age of 52, and even 50 in certain circumstances.

The age at which people become exempt from registering as job-seekers has been rising steadily from 50 in 2002 to 58 in 2008 for those with 38 years in work (after one year's unemployment). Those over 58 can therefore still qualify as older unemployed persons who are not seeking work and are therefore under no obligation to do so.

Other grounds for early retirement from the labour market, such as disability, are on the increase. In 2011, around 8% of 50 to 64 year olds were registered disabled compared with 6.5% in 2000. The overall increase is almost entirely due to higher levels of disability among women in all age groups, but most notably that of the 60 to 64 year olds. With the steady rise in the legal retirement age for women (from 60 in 1997 to 65 in 2009) together with the increase in the number of years they need to have worked (45 in 2009), women in this age group who are unfit for work are now shown in the statistics as disabled rather than retired, as they used to be.

Further reforms launched at the beginning of 2012

By 2016 the minimum age for early retirement in the public and private sectors will have been raised to 62, and by 2015 the minimum number of years worked will have been increased to 40. As of 2015, the minimum age for unemployment with company supplement (replacing "conventional early retirement") will be raised to 60 for everybody and the minimum number of years worked will be increased to 40. In both cases, exceptions may be made for those who have worked 40 years or more.

Interim measures are planned for persons aged between 57 and 61 at 31 December 2012. Moreover, workers who are now eligible for early retirement benefits but who wish to carry on working will still be eligible at a later date for the benefits they may claim today. This arrangement should ensure that the reforms do not encourage them to retire early.

Opportunities to remain in paid employment while receiving a pension have been increased, which should lead to a rise in the number of people over 65 in the workplace. Civil servants may now ask to remain in their posts after they have reached the age of 65.

Changes in legislation on early retirement made in 2012 (introduction of the “unemployment with company supplement” scheme) and checks on availability should help prolong the trend towards increased employment among the over-fifties. It must be borne in mind, however, that unemployed persons aged 55 or more are not affected by new provisions providing for further reductions in unemployment benefit.

B. REMOVING BARRIERS TO CONTINUING EMPLOYMENT AFTER THE AGE OF 50

Encourage professional training in companies

Under the law of 2005 on the Generations Pact, an on-going commitment (involving training programmes at a cost not exceeding 1.9% of companies’ total payrolls) has been linked to a control mechanism, which is used to determine the amount of the complementary employer’s contribution in the event that the overall objective is not reached. The central agreement of 2007-2008 encouraged the different sectors to provide for older workers when drawing up training agreements and, more especially, make specific training programmes available to them.

To qualify for the target-group reduction established in April 2010, workers acting as mentors for persons undergoing training in a professional environment must have proven professional and pedagogical competence. More specifically, they must have professional experience of at least five years in a line of work they have mastered in the course of an internship or training programme, or a certificate showing that they have passed a test validating their competence as a mentor, or a teaching diploma appropriate to the work in question.

Change priorities in the event of collective redundancies

Up until 2012, the employer was free to choose which workers were to be made redundant, which meant that older workers (who often cost the employer more or who are willing to leave the company voluntarily) were often the first to be dismissed. The government was concerned to put an end to such indirect discrimination and in January 2012 agreed to establish new arrangements. Following consultations, the social partners issued an opinion on the matter (Notice No. 1803), in light of which the initial arrangement will be slightly amended. Now, in the event of a collective redundancy in a company with at least 20 employees, the employer must ensure that the ages of the cohort to be dismissed reflect the age pyramid of the company. This new measure requires that the workers in the company (or the division concerned) be divided up into three age groups: those under 30, those between 30 and 49, and those aged 50 or over. Redundancies must reflect this age structure and may not deviate from it by more than 10%. Some exceptions are provided for, designed in particular to deal with problems that arise where workers fulfil key roles in the company or certain categories of worker are in short supply. Information on redundancies must be conveyed to the Belgian Federal Public Service of Employment, Labour and Social Dialogue (SPF ETCS). If the employer does not respect the age pyramid, an administrative fine will be imposed.

Avoid measures based solely on age

Employers pay reduced salary costs for some older workers

At the beginning of the new millennium, a federal measure was introduced to reduce salary costs for all workers over 57 and for workers over 50 who receive a quarterly salary of less than EUR 12 240. The recovery plan agreed upon by the government in July 2012 reformed these arrangements and the new provisions will enter into force on 1 January 2013. Thereafter, charges will be reduced for employees aged

at least 54 who earn less than EUR 12 240 per quarter. The costs are further reduced as employees get older, amounting to EUR 1 000 for those aged 58 or over and EUR 1 500 for those aged 62 or over.

Costs are also to be reduced for employers recruiting persons aged 45 or over who have been registered as job-seekers for six months (Activa plan). Under the Win-Win plan, launched in 2010 in response to the crisis, this incentive was prolonged for 12 months if recruitments were made in 2011 (24 months if they were made in 2010). The Win-Win plan came to an end on 31 December 2011.

In 2006 the government of the Flemish region introduced an additional subsidy to encourage recruitment of older workers. Between 2010 and 2012, employers in the German-speaking community who recruited an unemployed person over 50 were entitled to a job-creation premium, provided they fulfilled certain conditions.

Some progress has been made in providing more balanced job protection for different age groups

In the case of collective redundancies announced since April 2009, workers receive a severance indemnity equal to three months' salary for those under 45 and six months' salary for those aged 45 or more. This benefit had previously been granted only to workers over 45. The indemnity is paid by the employer and either replaces or supplements, as appropriate, the amount normally paid in lieu of notice.

However, changing jobs becomes more difficult as the time spent by the employees with the company increases: workers have little incentive to change employers because they do not wish to lose the job protection entitlements they have accumulated (high redundancy payments and long notice periods). Current negotiations to bring the status of blue-collar and white-collar workers into line should address and seek to alleviate these disincentives to job mobility.

At the beginning of 2012 several measures were taken to help older workers

In January 2012, in an effort to help raise companies' awareness of the value of older workers and the economic benefits of age diversity, the government agreed that every company should implement an annual plan to recruit older workers, which should comprise practical measures tailored to the company's size. This initial proposal was amended to take account of Notice No. 1802 issued by the National Labour Council and incorporated into a collective agreement (CCT No. 104). Every year companies with at least 20 employees would have to draw up a plan to recruit workers aged 45 or over and each company would have to give workers' representatives an account of the efforts made to keep these employees in work or in some cases to recruit more of them. A model devised by the social partners would be used to evaluate the previous year's programme and provide information on, *inter alia*, recruitment, capacity building, progress in careers, opportunities for internal transfer, and adaptation of working hours and conditions. The scale of the programme would be more limited for companies with fewer than 50 employees.

Review pays scales based on age or length of service

Over the period 2006-2008, the different employment ministers spoke to the social partners about the need to remove any reference to age from salary scales in order to comply with the principle of non-discrimination on the basis of age, which is enshrined in European law and has been transposed into Belgian law. As of 2008, the joint committees concerned have steadily modified collective agreements on salary scales. Most of them have chosen professional experience as the new criterion for determining starting salaries and subsequent increases. Each joint committee decides which years are to be taken into consideration depending on the specific characteristics of the sector.

Much remains to be done, however, if salaries are to reflect skills and experience more accurately, regardless of the age of workers. Negotiations underway to bring the status of blue-collar workers more into line with that of white-collar workers may, among other things, provide a means of revising the system of salary increments which cannot easily be separated from other aspects of career development. Moreover, new provisions are planned that will partly eliminate one particular obstacle to the employment of workers, namely that companies have to pay them complementary early retirement benefits in the event of their being made redundant under existing agreements.

C. IMPROVING THE EMPLOYABILITY OF OLDER WORKERS

Improve working conditions

At federal level, the Occupational Experience Fund, set up at the SPF ETCS in 2004, is used to give financial support to projects designed to improve working conditions in companies/sectors for workers aged 45 or over. Applications for support may be made by the companies or the sectors concerned. Companies may request grants for one or more of the three stages of the improvement process: review, analysis and improvement of work faculties. Sectors, for their part, subscribe to a co-operation protocol which identifies the initial situation, the goals to be achieved (action planned, number of employers and employees concerned), the resources mobilised and the subsidies required.

The SPF ETCS has developed an instrument for assessing work ability: the VOW/QFT (*Vragenlijst over werkbaarheid/Questionnaire on work ability*), which has been corroborated by a team of researchers at the Free University of Brussels. This instrument is based on the WAI (*Work Ability Index*) drawn up by researchers at the *Finish Institute of Occupational Health*. But whereas the WAI focuses mainly on the abilities of workers, the VOW/QFT measures the balance between the worker's particular attributes (state of personal health, personal resources, effectiveness, intention to remain in the job, knowledge and skills) and the demands made by the work (in terms of psychosocial pressure, physical workload, job security and safety at work, as well as professional duties).

Since 2007, the Occupational Experience Fund has entered into co-operation agreements with the sectors in order to induce them to encourage and help their companies to set up projects. The best of the subsidised projects are held up as examples of good practice. In 2010, the Fund received 332 requests for subsidies. More than half of them were from SMEs and most of the projects were devoted to "improvement", bypassing the assessment and/or diagnostic stages. About 50 projects nevertheless involved an assessment of work ability.

The amount of the subsidy varies with the size of the company and the number of workers concerned: in 2010 the average amount allocated was EUR 17 716 and the maximum was EUR 139 036. The payment is not made until the completion of the project (which runs for a minimum of one year and sometimes as long as two years) and is based on supporting documents and an inspection carried out by government officials.

In addition to its main activities, the Occupational Experience Fund is responsible for informing employers and workers of the existence of a bonus for moving to a less demanding post. Since 2010, workers over 50 may, on their own initiative, move from one job that they find difficult and have performed for at least five years, to another better suited to their capacities. This recent measure, of which very few are aware, has hardly been an unqualified success. In 2011 only nine workers had taken advantage of it.

Certain measures have been introduced under collective work agreements intended to upgrade and improve the working conditions of older employees. They include extra holidays for workers over 45 and increased opportunities for career breaks (time credit) from the age of fifty.

Make Public Employment Services more attentive to the needs of older workers

The unemployed persons' supervision plan, first implemented in 2004 by the office responsible for allocating unemployment benefits (Onem), has only targeted persons under 50 until now. In 2012 the federal government decided that this plan, intended to monitor those receiving unemployment benefit to see whether they are actually looking for work, will be extended to all unemployed persons under 55 on 1 January 2013 and to all unemployed persons under 58 on 1 January 2016. At the same time, the three regions will steadily widen their activation policy using various approaches.

The Flemish region's public employment service (Vdab) had already extended its activation policy on two occasions: in 2009 to new job-seekers aged 50 to 52, and in April 2011 to those aged 53 to 55. The new arrangements require new job-seekers to attend compulsory information sessions after three months unemployment, after which a report is drawn up on their skills, work experience, state of health and motivation. The service then provides help in finding work, focusing on job offers that have been validated by its advisers.

The Brussels region's public employment service (Actiris) has been granting a "vocational transition premium scheme" to SMEs and associations with headquarters or a place of business in Brussels if they employ certain categories of job-seekers (including those over 45 with no more than a secondary school diploma and those over 55) and give them professional training on the company's premises. The Actiris advisers also seek to raise Brussels companies' awareness of the problems and encourage them to adopt an internal age-diversity policy aimed especially at promoting the recruitment of older workers.

The Walloon region's public employment service (Forem) has undertaken to observe the principle of equal opportunities and promote diversity in the labour market. Action to help older workers mainly consists of professional reorientation involving new forms of employment (such as combined employment, partly independent employment or part-time employment) and training aid. Forem's advisers have also been taking steps to raise companies' awareness of age diversity issues at human resource management level.

Develop ways of recognising, certifying and validating professional experience

In Flanders and the French Community, it is now possible for workers in around fifty types of job to apply for accreditation of their past professional experience. Applications are few, however, particularly from older workers.

Assess the potential effects of new measures to increase employability in dynamic terms

Outplacement

Since the Generations Pact, companies have been required to provide access to outplacement services provided by employment units, as for example in the case of workers aged 45 or more who have been made redundant as a result of restructuring measures. It has been noted that nearly a third of all collective employment agreements entered into after the inter-professional agreement of 2007-2008 extend access to these services to workers who have not reached 45 and stipulate that they be paid for, in part or in their entirety, from sectoral funds.

In principle, all workers who are made redundant as a result of restructuring and have fixed-term contracts must enrol with the employment unit (called a retraining unit in Wallonia). Workers must remain with it for at least three months if they are under 45, and at least six months if they are older. Over this period they are required to accept any outplacements proposed and to co-operate actively. Furthermore, older unemployed workers, including those who are candidates for early retirement, must remain available for

employment and face sanctions if they refuse the offer of a job or an outplacement. This availability requirement does not apply to workers who are over 58 and/or have worked 38 years, or to those who take early retirement at 56 because they are physically unfit or unable to continue doing physically demanding work.

Time credit

The number of hours worked may be reduced if a person is no longer willing or able to work full time. It is possible to take advantage of general part-time “time credit” or career-break arrangements as well as the more specific “end-of-career time credit”. Very few workers aged 60-64 take advantage of these arrangements, unlike those aged 50-54 or 55-59 (around 8% of the population concerned in 2011). In fact, by the time they reach 60-64, a large proportion of the target public has already left the labour market, in view of which the Higher Labour Council, meeting in 2012, wondered whether the system really did keep people in work longer or whether it did not rather lead to a reduction in the number of hours worked by the workforce as a whole. Moreover, it emerged that in some sectors these arrangements were used as a way of stopping work once and for all and that supposedly part-time work was simply not being done. The system was clearly being abused. It should also be pointed out that in 2012, the government restricted access to the end-of-career time credit and that, with some exceptions, this option will now only be open to those aged 55 and over.

Find ways of recognising the work of persons in early retirement

Under provisions adopted in 2007, workers who retire early and then resume work lose their unemployment benefit. However they retain the complementary benefit paid by the employer, provided they work, whether as salaried or self-employed workers, for an employer other than the one who granted them early retirement. This arrangement is intended to give workers a further financial incentive to resume work.

Working is not, in principle, incompatible with early retirement (referred to as “unemployment with a company supplement” since 2012). An unemployed person receiving company supplement may, under certain conditions, do regular complementary work as a self-employed or salaried worker. However, if annual earnings from this work exceed around EUR 41 000, unemployment benefit will be reduced accordingly.

Furthermore, under certain conditions, a “return-to-work supplement” may be granted to unemployed persons of 50 or over who resume work as self-employed or salaried workers. This benefit is paid by Onem for an indefinite period (*i.e.* for a period of twelve months, renewable every twelve months for as long as the person remains in the job), provided that the worker has worked for at least 20 years. For other categories, the return-to-work supplement is temporary (granted for a period of twelve months and renewable no more than twice). The supplement amounts to EUR 194.04 per month and is granted for an unlimited period to persons with open-ended contracts. For those with fixed-term contracts, the supplement is gradually reduced after one year.

Table 1. Older workers scoreboard, 2001, 2005 and 2011

	Belgium			OECD		
	2001	2005	2011	2001	2005	2011
Employment						
-- Employment rate, 50-64 (% of the age group)	40.9	45.7	51.6	55.6	58.4	61.2
<i>of which</i>						
50-54	64.6	68.7	74.0	71.8	73.7	76.1
55-59	38.1	43.6	55.1	55.9	59.9	64.8
60-64	12.1	16.1	20.8	32.5	35.6	40.0
-- Employment rate 55-64 (% of age group)	25.2	31.8	38.7	44.9	49.0	52.9
-- Employment rate, 65-69 (% of age group)	2.4	3.5	3.9	15.2	16.5	18.5
Job quality						
-- Incidence of part-time work, 55-64 (% of total employment)	17.8	23.1	25.4	17.2	17.2	18.7
-- Incidence of temporary work, 55-64 (% of employees)	3.5	4.4	4.0	9.0	9.1	9.1
-- Full-time earnings ^a , 55-59 relative to 25-29 (ratio)	1.54	1.50	1.52	1.32	1.33	1.34
Dynamics						
-- Retention rate ^b , after 60 (% of employees t-5)	24.3	29.9	35.0	37.8	40.4	42.2
-- Hiring rate ^c , 55-64 (% of employees t-1)	3.9	2.2	1.7	7.8	9.2	8.5
-- Effective labour force exit age ^d (years)						
men	58.5	58.7	59.6	63.1	63.3	63.9
women	57.0	57.5	59.0	61.1	62.0	62.8
Unemployment						
-- Unemployment rate, 55-64 (% of the labour force)	3.0	4.4	4.0	4.6	4.8	5.8
-- Incidence of long-term ^e unemployment, 55+ (% of total unemployment)	64.6	75.3	74.6	46.8	47.7	45.9
Employability						
-- Share of 55-64 with tertiary education ^f (% of the age group)	16.8	21.9	25.6	15.9	19.9	22.9
-- Participation in training ^g , 55-64						
Absolute (% of all employed in the age group)	4.1	7.0	5.7	6.6	8.2	9.4
Relative to employed persons aged 25-54 (ratio)	0.44	0.73	0.76	0.44	0.52	0.57

-- unavailable.

a) Mean gross hourly earnings, 1999, 2003 and 2008.

b) All employees currently aged 60 to 64 with tenure of five years or more as a percentage of all employees aged 55 to 59 years, five years previously; 2001, 2005 and 2010.

c) Percentage of employees aged 55 to 64 with a job tenure of less than one year, 2000, 2005 and 2010.

d) Effective exit age over the five year periods 1996-2001, 2000-2005 and 2006-2011. The effective exit age (also called the effective age of retirement) is calculated as a weighted average of the exit ages of each five-year age cohorts starting with the cohort aged 40-44 at the first date, using absolute changes in the labour force participation rate of each cohort as weights.

e) Unemployed for more than one year.

f) 2000, 2005, 2010.

g) Job-related training during the last month.

h) Unweighted averages of the 34 OECD countries.

Source: OECD estimations from national labour force surveys and OECD Education database.

Table 2. Ageing and employment policies: Belgium (situation mid-2012)

OECD's recommendations to Belgium in 2003	Action taken
A. Strengthening financial incentives to carry on working	
<i>Move away from an early retirement culture</i>	+
<i>Reform institutional arrangements for early retirement</i>	+
B. Removing barriers to continuing employment and recruitment after the age of 50	
<i>Encourage professional training in companies</i>	+
<i>Changing priorities in the event of collective redundancies.</i>	+
<i>Avoid measures based solely on age</i>	+
<i>Review pay scales based on age or length of service</i>	/
C. Improving the employability of older workers	
<i>Improve working conditions</i>	+
<i>Make Public Employment Services more attentive to the needs of older workers</i>	+
<i>Develop ways of recognising, certifying and validating professional experience</i>	/
<i>Assess the potential effects of new measures to increase employability in dynamic terms</i>	+
<i>Find ways of recognising the work of persons on early retirement</i>	+
<p>/ : no (relevant) action taken; + : some action taken, but more could be done; ? : some action taken, but could have negative impact and requires further assessment; ++ : substantial action has been taken. See Note for further details.</p> <p>Source: OECD (2003), <i>Ageing and Employment Policies: Belgium</i> and answers to the follow-up questionnaire from Belgium.</p>	