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# Ensuring access to an affordable PHS market

Aurélie Decker

[aurelie.decker@efsi-europe.eu](mailto:aurelie.decker@efsi-europe.eu)



European Federation  
for Services to Individuals

# EFSI

- The representative body towards the European Institutions of federations and companies involved in the development of personal and household services (PHS) throughout Europe.
- Brings national federations and associations as well as private companies together.



# Personal and household services

« Personal and household services (PHS) cover a broad range of activities that contribute to well-being at home of families and individuals »

*(European Commission, 2012)*



- Home services
- Child-care
- Services to enable disabled, dependants and elderly people to continue to live in their own home



- Remedial classes
- Home repairs,
- Gardening,



- ICT support,
- Etc.

# Personal and household services



EMPLOYS

**7.5 MILLION** workers

CAN CREATE

**5.5 MILLION** new jobs



**BUT**

is limited by the extent of undeclared work

At least **7 MILLION** Europeans purchase cleaning services on the undeclared labour market

# Challenges of the PHS sector

- Deficiency of traditional market rules
  - Costly formal provision without public support.
  - Predominance of undeclared work.
- Public intervention is required to ensure that PHS are :
  - of quality
  - affordable
  - available in sufficient quantity
  - accessible for all and suited to working times
  - in accordance with users' needs and preferences

# Challenges of the PHS sector

PHS' collective benefits:

- enables families and individuals to externalize daily tasks made at home
- provides various solutions regarding child and elderly care
- favours family carers' inclusion in the labour market

**BUT**

- Public investment called into question by austerity and budget constraints and society's ageing.



# The cost-effectiveness of PHS' supporting measures

- Public interventions in PHS represent either a **direct investment** or a **loss of revenue** for public finances
- Collective benefits generated by PHS (reduction of undeclared work and unemployment, increased participation to the labour market, social cohesion, etc.)
- Earn-back effects can be measured in terms of **additional cash receipts** for public finance and a **reduction in expenditure** (cost savings)
- Distinction between direct, indirect and relative earn-back effects

	Earn back effect	Budgetary impact
<b>Direct effects</b>	<ul style="list-style-type: none"> <li>▪creation of new jobs</li> <li>▪formalisation of undeclared work</li> </ul>	<ul style="list-style-type: none"> <li>▪additional social security contributions</li> <li>▪additional personal income tax</li> <li>▪reduction of unemployment benefits</li> </ul>
<b>Indirect effects of 1<sup>st</sup> category</b>	<ul style="list-style-type: none"> <li>▪creation of new companies or activities</li> <li>▪creation of support functions (management and administrative jobs)</li> </ul>	<ul style="list-style-type: none"> <li>▪additional revenues from corporate tax and from VAT</li> <li>▪additional revenues from management jobs (additional social security contributions and personal income tax, reduction of unemployment benefits)</li> </ul>
<b>Indirect effects of 2<sup>nd</sup> category</b>	<ul style="list-style-type: none"> <li>▪employment of workers in jobs formerly occupied by person now working thanks to the supporting measures or in support functions</li> <li>▪extra consumption generated by workers formerly unemployed or with a lower income</li> <li>▪extra consumption of users through extra spare time</li> <li>▪extra hours worked by users thanks to a better work-life balance</li> <li>▪increased female employment rate</li> <li>▪avoided costs for residential care for the elderly and the dependents</li> </ul>	<ul style="list-style-type: none"> <li>▪additional revenues from the labour substitution effect (additional social security contributions and personal income tax, reduction of unemployment benefits)</li> <li>▪additional revenues from VAT</li> <li>▪additional tax revenue</li> <li>▪reduction of public investment in residential care minus the public investment in home care</li> </ul>
<b>Relative effects</b>	Social and economic effects such as lowest social exclusion (of workers, elderly, dependents people, etc.) or an improved quality of life of users (increasing life expectancy, reducing work-related stress, etc.)	n.a



# The cost-effectiveness of PHS' supporting measures

→ the financial impact of measures supporting access and provision to PHS is rather :

moderate (e.g. Belgium)

neutral (e.g. Sweden)

beneficial (e.g. Austria, Finland and France)

- A lack of State support can also be considered as generating important economic loss

average yearly cost of an unemployed

vs.

average yearly cost of a FTE worker in PHS



October 2013

Public interventions' earn-back effects and the economic rationale of supporting the formal supply of personal and household services

Paper presented at the seminar on

"Analyzing the political economy of household services in Europe",

Sciences Po, Paris, October 3-4, 2013

European Federation for Services to Individuals (EFSI)  
Avenue du Port 86 C, box 302  
1000 Brussels

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# EU project : IMPact

*For whom and what for ?*



IMPact

- Targeting public authorities.
- To help them monitoring and assessing the effects of their existing or potential PHS' policies.

employment and economic effects (e.g. job creation),  
social effects (e.g. increased work-life balance),  
budgetary effects (e.g. earn-back effects).

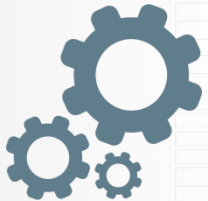
## Aim:

- Raising awareness on PHS' socio-economic benefits
- Improving the measurement, estimation and monitoring of PHS' effects
- On the long term → help public authorities choosing and implementing public support policies to PHS in line with their objectives

# EU project : IMPact

*How?*

→ Creation of a common and comprehensive EU macro-economic toolkit



- Guidance tools
- Macro-economic tools
- Concrete methodologies
- Practices examples



IMPact

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# EU project : IMPact

*How ?*

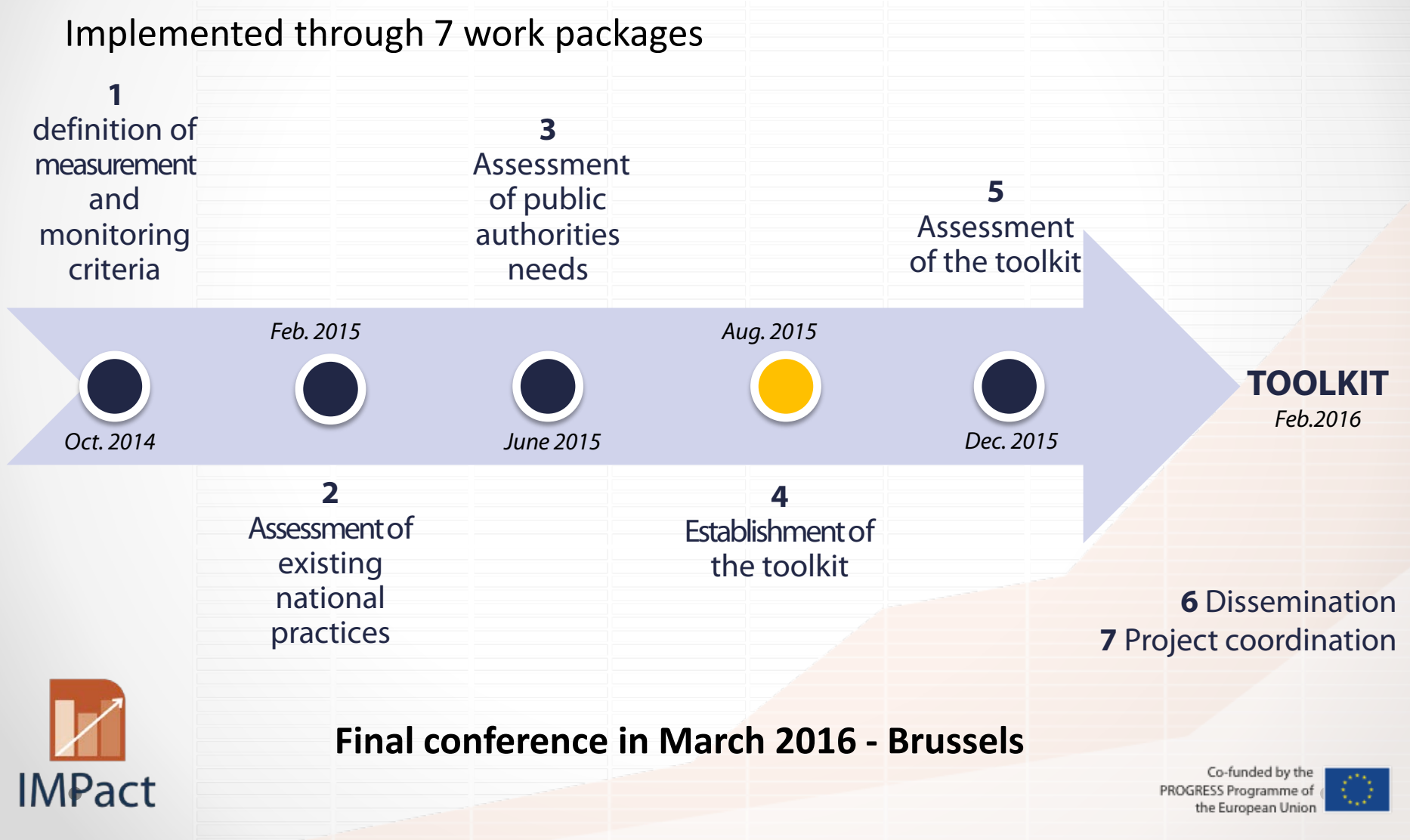
- Coordinated and implemented by EFSI with the support of 7 partners (research based organisations, trade union, think tank)
- 6 EU countries represented : Belgium, Czech Republic, Italy, the Netherlands, Spain and Sweden
- With the support of an Advisory Board made of European and national experts from 8 Member States (European Commission, Eurofound, delegates from national ministries and local public authorities)



# EU project : IMPact

How ?

Implemented through 7 work packages



# Thank you for your attention !



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