

Livelihood Guarantee Funds in Belgium¹

STARTING IN 1946 the joint committees for various branches of industry in Belgium have taken the initiative to set up livelihood guarantee funds responsible for paying certain categories of wage earners supplementary allowances which, added to the benefits provided by the general social security scheme, ensure those concerned a decent standard of living. In the main, this entails the payment of supplementary benefits to involuntarily unemployed persons in various sectors of the economy.

The risk of unemployment is shared very unequally among the different sectors. In the ports, for example, employment varies from one week to another. In some industries there are particular months each year when there is seasonal unemployment, due to the nature of the work, the demand for labour or the weather. In the sectors especially liable to fluctuations of employment, unemployment insurance does not provide workers with sufficient financial assistance to ensure them a reasonable standard of living. It may be pointed out here that the rate of unemployment benefits (which vary according to locality, sex of worker and family situation) represents 50 to 60 per cent. of the reference wage. It is for these reasons that joint committees have taken a series of measures under which the livelihood guarantee funds grant allowances to make up the difference between the principal benefits provided by unemployment insurance and a minimum reasonable income.

The allowances granted by the funds are not, however, limited to supplementary unemployment benefits. Very varied provisions have been made by the different funds, taking into account factors peculiar to particular sectors, for example categories of occupational hazards to be guaranteed against in a specific industry, categories of workers to be protected, categories of enterprises financing the funds, etc. The various social benefits accruing to wage earners comprise retirement bonuses, pay for official holidays and for absences for family reasons, supple-

¹ This paper is based upon the following articles: F. RAVET-SCHIJNS: "Le régime juridique des Fonds de sécurité d'existence", in *Revue belge de sécurité sociale* (Brussels, Ministère de la Prévoyance sociale), Year II, No. 8, Aug. 1960, p. 817; A. TRINE: "Les Fonds de sécurité d'existence", in *Revue du travail* (Brussels, Ministère de l'Emploi et du Travail), 65th year, Nos. 10-11, Oct.-Nov. 1964, p. 1063.

mentary social benefits, end-of-year bonuses, "winter assistance" grants, family supplements, etc.

All these benefits are financed solely by contributions from the employers of the sector concerned.

Institutional and legal basis of the funds

All the livelihood guarantee funds are based on collective agreement. Collective labour relations in Belgium were institutionalised by branch of economic activity by the Legislative Order of 9 June 1945¹, which defined the status of the joint committees, thereby giving legal form to an arrangement which had grown up spontaneously. Under the terms of this Order decisions taken by the joint committees must be reached unanimously by the employer and worker members present. All joint committees have the right to ask for a royal order to give legal force to their decisions. Decisions taken by the joint committees and confirmed in this way become binding rules, which must be applied by all employers and workers in the sector concerned.

Subsequently the legal existence of the funds, including those set up in the form of non-profit-making associations, was confirmed by a provisional Act of 28 July 1953²; and the Act of 7 January 1958³ granted them legal personality and recognised the authority of the joint committees over them.

The Act of 1958 lays down a number of statutory conditions with which livelihood guarantee funds must comply, leaving it to the initiative of the appropriate joint committee to set them up. This provides the joint committees with the legal basis on which to introduce employer-financed supplementary benefit schemes that are compulsorily applicable to all employers and workers in their branch of activity. The 1958 Act also permits certain simplifications and economies in the practical organisation of the funds, since the joint committees can call on the services of the general social security scheme for the collection of contributions and the payment of benefits. The Act also makes the following provisions:

Competence of joint committees

The Crown may give the force of law, as provided for in the Legislative Order of 9 June 1945 establishing the status of the joint committees, to decisions taken by these committees to grant certain persons benefits supplementing those they receive under current legislation and to set up funds responsible for financing and paying such benefits. The nature,

¹ *Moniteur belge*, 5 July 1945.

² *Ibid.*, 6 Aug. 1953.

³ *Ibid.*, 7 Feb. 1958.

extent and conditions for the grant of these benefits are similarly established. The provisions of the Act, however, in no way prejudice the right of the Crown to release employers from their statutory obligation to pay wages for legal holidays and to make the funds responsible for these payments.

Legal form and organisation of the funds

The denomination "livelihood guarantee funds" is strictly reserved to bodies established by virtue of the Act of 1958. The funds enjoy legal personality and are managed jointly by representatives of employers and workers.

The statutes of the funds are drawn up by the joint committees and given the force of law by royal decree. They must cover the following points: (a) denomination and headquarters; (b) purpose; (c) persons entitled to benefit; (d) nature, conditions of grant and payment of benefits; (e) categories of employers required to contribute; (f) rate and methods of assessing contributions and manner of collection.

The joint committees concerned are responsible for bringing the regulations governing already existing funds into line with the provisions of the Act.

Collection of contributions

The joint committees may include in the statutes of funds an indication of the organisation responsible for collecting employers' contributions. This may be the fund itself or an organisation responsible for collecting social security contributions, such as the National Social Security Office, the National Mineworkers' Retirement Fund or the Merchant Seamen's Social Security Office.

If the fund itself is responsible for collecting contributions the time-limit within which they must be paid by employers must also be laid down. The regulations may also fix the amount of additional charges or interest due from employers in arrears. Charges and interest may not exceed those applying to social security contributions.

When contributions are collected through social security agencies the rules imposed by these bodies are applicable.

Grant and payment of benefits

The statutes may provide for benefits to be paid by one or more organisations paying social security benefits. In this case the conditions under which these organisations operate are determined by common

agreement with the fund concerned. The payment of livelihood guarantee benefits may not be made conditional on the payment of the corresponding contributions by employers.

Supervision of the management of funds

The management of funds is the sole responsibility of the joint committees concerned. Supervision is exercised by an auditor or an accountant appointed by the competent joint committee, who has full authority to check and investigate all the accounting operations of the fund but not to interfere in its management, and who submits a report at least once a year to the competent joint committee, which then forwards a copy to the Minister of Employment and Labour. This report is published together with the annual report of the fund.

If joint committees fail to carry out effectively their duties in connection with the management of funds the executive authorities may intervene; in the case of financial difficulties endangering the existence of a fund the Crown may take such measures as are deemed necessary.

Existing livelihood guarantee funds

The collective agreements setting up livelihood guarantee funds and given force of law by royal order are sometimes concluded at the national and sometimes at the regional level. A summary is given below of the funds in existence at the end of 1964 (the date in parentheses in each case being that on which the relevant royal order or Regent's order was published in the *Moniteur belge*).

1. Supplementary unemployment benefits ¹

Timber industry (sawmilling, veneer-peeling, cutting, splitting and soaking) (26 June 1964). The fund provides benefits in case of unemployment due to bad weather or to economic causes, financed by means of contributions equal to 0.75 per cent. of the gross wages of the workers.

2. Trade union bonuses ²

Clothing (12 August 1964). The fund pays an annual bonus of 300 francs, financed by means of quarterly contributions of 75 francs per worker.

¹ Supplementary unemployment benefits are also accorded by other funds, but in conjunction with other benefits. These will be discussed under 3 below.

² General conditions of award are as follows: the worker must have worked for a determined period in an undertaking of the sector concerned, be a member of a trade union represented on the joint committee, and not have disturbed industrial peace. Bonuses are also granted to trade unionists by other funds, to which reference is made under 3 below.

Food (21 April 1964). The fund pays bonuses the amount of which is fixed by the joint committee. Contributions equal 0.75 per cent. of wages up to the ceiling prescribed for social insurance contributions.

*Textiles*¹ (9 October 1963) and *hosiery* (23 April 1964). For a maximum of 40 days of unemployment the fund pays benefits of 20 to 30 francs, according to age, by an irrecoverable advance of 240 francs, financed by means of contributions equal to 1 per cent. of gross wages.

Treatment of flax (25 February 1964). Same allowances as for textiles, except that the supplementary unemployment benefit is uniformly 30 francs.

Tobacco (2 April 1964). The fund grants an annual bonus of 900 francs maximum, financed by means of a contribution of 0.30 franc per hour of work or the equivalent.

Rhine and inland navigation (22 September 1964). The fund awards an annual good-service bonus ranging from 1,000 to 1,500 francs, depending on sex and age.

Laundries, dyers and cleaners (22 December 1964). The fund pays supplementary leave allowances fixed at 25 francs per day of leave. The contribution amounts to 0.45 per cent. of wages up to the ceiling prescribed for social insurance contributions.

3. Other benefits

Forestry (7-8 November 1955). The fund grants a winter gratuity, allowances for justified absence, a gratuity for the third week of holidays and a good-service bonus. All employers within the jurisdiction of the timber industry joint committee who employ forestry workers permanently (forestry undertakings) or occasionally (sawmills, timber trade) are obliged to affiliate with the fund, to inform it of the amount of wages declared to the social security scheme for the workers concerned and to pay the contributions claimed from them within 15 days. The rate of contribution amounts to 6 per cent. of gross wages.

Printing, graphic arts and newspapers (27 August 1960). The fund provides a supplementary indexed pension amounting to a maximum of 8,000 francs per year. Contributions for a six-day week are 1.40 francs for men and 0.85 franc for women per day of pay.

Port of Antwerp (28 September 1946). The fund pays attendance money; wages for official holidays; a supplementary holiday grant; an annual bonus varying from 3,000 for a minimum of 15 years' registration to 5,500 francs for 40 years' registration; an early retirement bonus; an annual retirement supplement (1,000 francs for workers pensioned between 1946 and 1962); wages in case of absence for specified personal events; make-up pay for short-time working, frost, etc.; bonuses for

¹ Except Verviers, see below.

holders of decorations; part of the cost of safety shoes, gloves and working clothes; the expenses of installing canteens, waiting-rooms and shelters in the port area; the cost of photographs for registration cards; and special allowances for invalids. The maximum rate of contribution is fixed at 15 per cent. of gross wages.

Ports of Ostend and Nieuport (19 October 1959). The fund pays attendance money, wages for official holidays and days of partial or occasional unemployment, and also make-up pay and other allowances. The contribution represents 10.4 per cent. of gross wages reduced by 36 per cent.

Ports of Ghent (14-15 October 1946) *and Brussels and Vilvorde* (26 January 1947). The funds provide attendance money, supplementary unemployment benefits, a bonus to pensioners, pay for official holidays and for days of absence for specified personal reasons.

Fuel trade in Antwerp (12 September 1947). The fund pays an allowance for attendance at the hiring office; wages for official holidays; supplementary holiday allowances; a severance allowance; a frost allowance; make-up pay; wages for days of partial or occasional unemployment; an end-of-year bonus; a bonus to holders of decorations; allowances for working clothes; and the cost of medical examination expenses. Fuel merchants have to pay a monthly contribution to the fund calculated on the basis of 15 francs per ton (7 francs per ton sold to industrial installations, provided that total annual deliveries are at least 50 tons).

Ship repairs in the port of Antwerp (13 March 1948). The fund grants allowances to workers attending at hiring offices, and also for official holidays.

Construction (9 October 1947). The fund pays daily supplementary unemployment benefits (in case of frost and slackening of construction activity); annual bonuses for good service designed to increase efficiency in the building industry; allowances for loss of wages due to bad weather, either when work cannot be started or when it is suspended (bad weather stamps); part of the cost of season tickets for transportation; special grants designed to compensate for part of the reduction in holiday allowances resulting from unemployment caused by frost; grants intended to guarantee wages in the event of bankruptcy of an employer; and holiday gratuities for pensioners. It reimburses enterprises the guaranteed weekly wages paid to workers who are sick or are victims of accidents other than working accidents. Contributions vary from 7 to 11.2 per cent. of wages, depending on the size of the enterprise and the sector concerned. (Variations according to the size of the undertaking occur because the fund only reimburses guaranteed weekly wages to undertakings employing less than ten workers.)

Textile industry of Verviers. (a) Complementary insurance fund (29 September 1964). The fund grants supplementary unemployment

benefits to regularly paid workers who fulfil certain conditions of service, as well as service allowances to workers who are trade unionists. The rate of contribution is fixed half-yearly; it must not exceed 3 per cent. of gross wages. (b) Compensation fund for guaranteed weekly wages (2 April 1964). The object of this fund is to take over the obligations imposed on employers in respect of guaranteed weekly wages and of partial or occasional unemployment. The rate of contribution is fixed at the beginning of every year by the joint committee. (c) Joint equalisation fund for social institutions (5 February 1958). The fund grants supplementary family allowances and provides vocational training for young workers and occupational preventive medical care. The rate of quarterly contribution is fixed annually.

Diamond industry (Act of 12 April 1960, *Moniteur belge*, 7 May 1960). The fund grants an allowance in lieu of a double holiday allowance for the second week of leave. When its financial situation permits, it also pays an allowance to pensioners. It is financed on the basis of a percentage of the importation of uncut diamonds. This is a special case, because contributions are made not only by employers in the industry but also by merchants participating in it.

Conclusion

The livelihood guarantee funds, whose progressive establishment is one of the characteristics of Belgian social law, are continuously evolving and expanding. They constitute a means of adapting generally applicable social legislation to the needs and possibilities of each sector of the economy. Reaching beyond the purpose for which their statutes were originally devised—namely the provision of material benefits to various categories of wage earners—they have become, through the payment of benefits under certain conditions to trade unionists, instruments contributing to the preservation of industrial peace.