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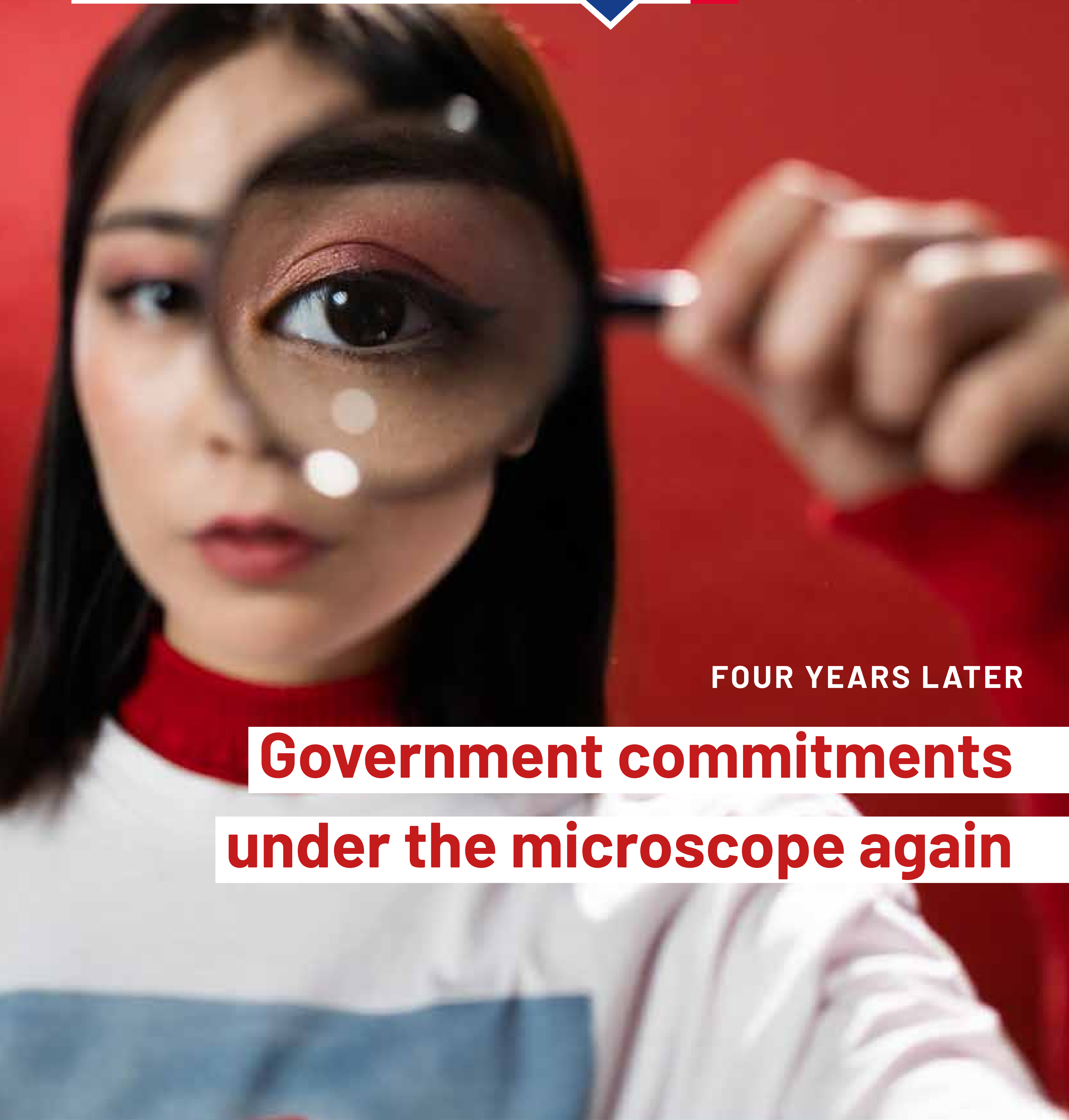


FOUR YEARS LATER

Government commitments under the microscope again

Introduction

In the January 2019 edition of the Aktuell, we offered you the «government program under the microscope». The coalition agreement, which had just been concluded at the end of 2018 between the political parties DP, LSAP and déi Gréng and which renewed the blue-red-green coalition for another five years, was analyzed there with regard to the OGBL's catalog of demands.

Obviously not the whole government programme, but some chapters that are particularly important for trade union work: wage policy, fiscal policy, family policy, social security and health, work and employment, housing, mobility.

In view of the different chapters, the OGBL analyzed the government's announcements from three angles:

1) Will social inequalities in Luxembourg be reduced or will they continue to grow?

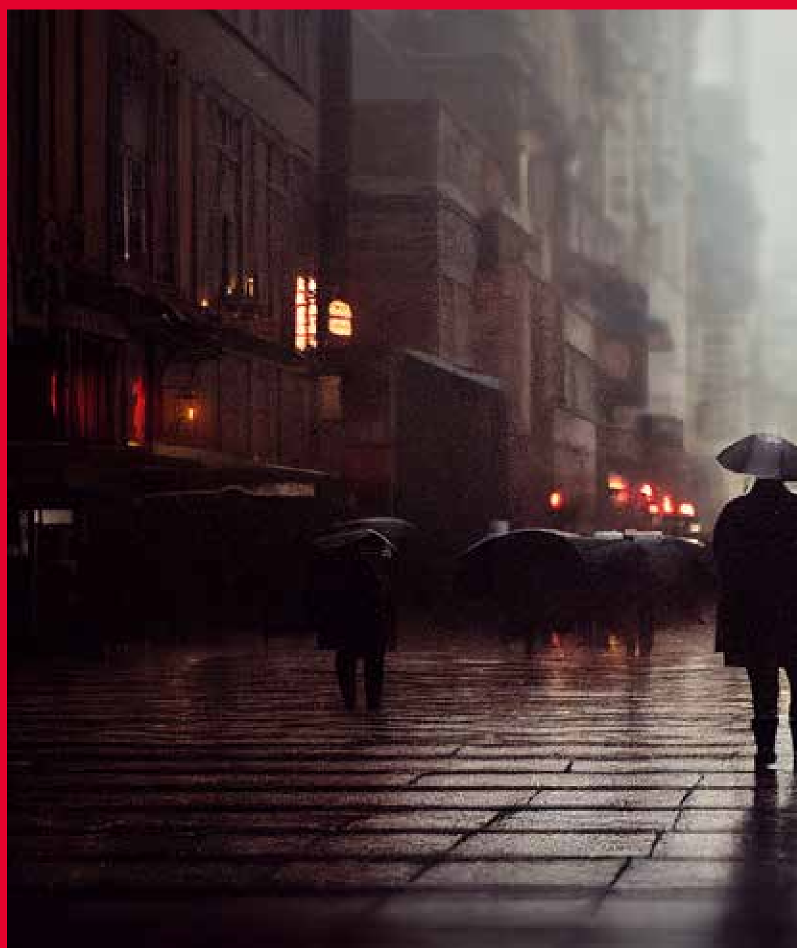
2) Will the social state be strengthened or weakened?

3) Does the government take into account the interests of employees, retirees and their families in the context of the digitalization of society and the economy that has already begun, and of the climate and environmental changes that need to be addressed and that OGBL supports?

With less than a year to go before the legislative elections, the date of which has just been confirmed - namely October 8, 2023 - we thought it would be interesting to go back to our 2019 exercise and revisit the various chapters by taking a closer look at what the government has actually achieved in relation to the announcements made at the time - and what it has not!

This is also to remind the government of what it still needs to implement in the coming months if it wants to stick to its 2018 commitments.

Readers who want to compare our dossier with the 2019 analysis can find it in the Aktuell 1/2019 (still available online in French and German!



1

Wage policy

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In 2018, the government had explicitly committed in its coalition program not to touch the indexation of wages and pensions. At the time, OGBL naturally welcomed this commitment. It was and is for the OGBL a red line that must not be crossed. Consequently, OGBL experienced the year 2022 as a major betrayal by the government. Namely, last March, just when people needed it most, the government decided to massively manipulate the index. If things had remained as they were, the index system would have been manipulated until 2024, with shifts in index tranches and the risk that one or even several tranches would have been lost for good. It was only thanks to the opposition and the determination of the OGBL that the government finally backed down last September. The index is now functioning normally again, but, the postponement of the July tranche to April 1, 2023, i.e. a real loss of purchasing power, has already hit workers at a time when inflation was soaring, and no doubt leaves a very bitter aftertaste.

Social minimum wage

The government had announced in its program that it would increase the social minimum wage (salaire social minimum - SSM) by 100 euros net per month. It did so in 2019. However, as the OGBL noted at the time, this measure is far from sufficient. First of all, it is important to know that this increase of 100 euros was in fact based on different mechanisms: (1) the regular adjustment of the SSM by 1.1%, which was due anyway on January 1, 2019, (2) the tax exemption of the SSM (a measure that the OGBL also requested) and (3) the real increase in the gross amount in the order of 0.9%. Thus, it should be emphasized that the share of the real increase in the minimum wage by the employer was only 0.9% of the gross wage. As a reminder, the OGBL demanded at the time (and this has not changed to this day) a 10% structural increase in the social minimum wage, i.e. a 10% increase in the gross amount. For the OGBL, this increase in the SSM made by the government in 2019 was, despite everything, a first step in the right direction, but it should have been followed by a second, if not a third, step to reach the 10% target. Unfortunately, the government has not taken any further steps since then. What is at stake here is the redistribution of wealth generated by workers in a country where inequalities have steadily increased in recent years.

For global negotiations for the entire public sector

The OGBL had deplored that the government did not include in its program its demand to introduce more representativeness in public sector wage negotiations and to extend this to all non-commercial public services. Indeed, while the OGBL, and even more so since the provisional integration of the FNCTTFEL, is the most representative union in many sectors that are part of the public sector in the broadest sense (including state and municipal employees, hospitals, social and educational services, higher education and public research, railways, etc.), it is still excluded from the negotiations on the public sector wage agreement. However, wage developments in the vast majority of these sectors depend on the outcome of the salary agreement. Pending a reorganization of these negotiations to make them global wage negotiations for the entire public sector, the OGBL nevertheless sent its catalog of demands to the Minister of the Public Service, Marc Hansen, at the end of October, with a view to the negotiations of the new wage agreement, which are due to begin shortly, insisting once again on being included in these negotiations.

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Tax policy

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Private persons

At the beginning of 2019, the OGBL noted that the announced major major reform of individual taxation of private persons remained a nebulous issue. As this reform has been postponed indefinitely, first because of the pandemic, then because of the energy crisis, and then because of the additional burden on public finances of the various measures to deal with this crisis (whether decided in tripartite or not), we do not know much more at the end of 2022. The goal of individualization is certainly stated, but how this goal will be achieved without losers is still unclear. Then as now, it is out of the question for the OGBL that the low and middle incomes are asked to pay more. On the contrary, a revision of the tax scale is needed that aims at additional tax relief for these categories of people, while at the same time increasing tax progressiveness by introducing additional brackets at the top of the tax scale. Finally, the fact that the government's program did not provide for the reintroduction of a mechanism to automatically adjust the tax scale to inflation in order to neutralize the phenomenon of «cold progression» has led to a creeping increase in the tax burden, especially for lower and middle incomes. While the government promised not to implement general tax increases, in reality taxes have risen sharply as a result of this phenomenon, leading to a loss of purchasing power for all low and middle income earners. With the result that at the beginning of 2023, the tax scale will be 18.9% lower than it should be. Everything indicates that in 2023 the 20% will be exceeded. The government must finally act, and not just after the elections!

Tax credits

Since the coalition agreement, the government has mainly acted on the tax front by introducing the tax credit for the social minimum wage from the 2019 tax year onwards, or by increasing tax credits, such as the recent one for the tax credit for single parents. In general, however, these measures do not represent an improvement for households, but have only compensated for other government measures for less privileged categories of the population, such as the increase in the employee tax credit and the pensioner tax credit to compensate for the introduction of the CO_2 tax, or the energy tax credit, which is supposed to compensate for the manipulation of the index and the increase of the CO_2 tax. The OGBL does not oppose the logic of tax credits that can actually help reduce the tax burden on low-wage or even middle-wage workers. However, a general problem remains - as with the tax scale in general - the lack of a mechanism to adjust the amounts and the eligibility limits of the tax credits to the evolution of prices. Thus, it is already preprogrammed that these tax credits will be worth less and less. An adjustment of the tax credit should also be provided for any further increase in the CO2 tax. For example, it is currently unclear how successive increases after its introduction will be compensated for, while the energy tax credit expires on 31 March 2023.

Taxation of companies

AWhile the announced reform at the level of individuals is still pending, the additional reduction of the profit tax for companies, as foreseen in the government program (-1 percentage point on the «taux d'affichage» and extension of the scope of the minimum rate of 15%), has been implemented as of the 2019 fiscal year. The OGBL had sharply criticized this second reduction, questioning in particular the argument put forward that these measures were necessary in view of the appearance of the future BEPS regulation. In fact, the BEPS argument had already been used to justify the tax cuts from which companies had benefited as part of the 2017 tax reform. Even at the end of 2022, we still do not really know how big the impact on Luxembourg companies will be. In the context of Covid-19 and later the energy crisis, companies benefited from a lot of aid. The OGBL did not object to this aid as long as it helped to secure jobs and maintain economic activity. Now, however, there are businesses that have benefited and/or continue to benefit from successive crises. In this context, the OGBL considers that a taxation of the «excess profits» must be discussed, be it through the introduction of a special contribution and/or an additional step in the solidarity tax. Profitable companies must contribute their fair share to the financing of government measures needed to deal with the various crises. National solidarity must go both ways.

Capital income

When the coalition agreement was published, the OGBL had welcomed the government's will to abolish the stock options regime, which was one of its demands. This regime was in fact abolished on January 1, 2021. It must be remembered, as the OGBL did at the time, that there are many other forms of capital income that are still taxed much less than income from work. Beyond stock options, there is a need for equal treatment of capital and labor income at all levels.

Talent attraction

The OGBL had also opposed the creation of new tax benefits to attract so-called young talent or to promote management positions. It pointed out at the time that there were no serious studies or analyses to justify such initiatives. As part of the presentation of the 2023 budget, the Minister of Finance also announced a reduction in the tax threshold for the use of the impatriate scheme as a new measure to attract «talent.» This measure is in addition to the one provided for in the coalition agreement, although no assessment of the impact of these tax benefits has been made.

Financial transactions and the digital economy

At the beginning of 2019, the OGBL had deplored the government's position explicitly opposing the introduction of a financial transaction tax across Europe. The OGBL had also regretted the government's wait-and-see approach to EU and OECD countries on taxing the digital economy. As the government has not changed its attitude in this regard, the OGBL's warning to the government not to be guilty of one of the biggest problems Europe is currently facing, namely tax dumping, still applies.

VAT

OGBL had welcomed the government's commitment not to further increase VAT, which like all consumption taxes is a socially unfair tax, but to review the taxation of certain products. In 2019, feminine hygiene products have indeed been put at the super-reduced rate of 3% and the rate on electronic publications was also reduced. On January 1, 2023, as a result of the 2022 Tripartite Agreement, more consistent measures will come into effect to address OGBL's request to act on price increases. For example, all VAT rates, with the exception of the super-reduced rate, will be reduced by one percent for 2023. Definitely, the VAT will be reduced on the repair of household appliances as well as on the sale, rental and repair of bicycles, including electric bikes. The super-reduced rate will be applied to the supply of solar panels and their installation.

3

Family policy

Family benefits

The government program announced that, towards the end of the legislature, family benefits should be indexed again, albeit «without catching up». The government has indeed undertaken this measure on 1 January 2022 with retroactive effect to 1 October 2021, so ultimately earlier than announced in the government program. The OGBL obviously welcomes this much needed adjustment of the family allowances, which had been de-indexed since 2006

That said, in the agreement of November 28, 2014, the government had already committed not only to reindex cash benefits, but also to adapt them to the evolution of the median wage. This last point was not respected. Moreover, this agreement was aimed at all family benefits, whereas in the end only family allowances for children were reindexed. The OGBL also points out that these measures should have been implemented much earlier. For this reason, the OGBL demands an immediate minimum revalorisation of 7.7% of all family benefits, taking into account the evolution of prices since 2014 (year in which the agreement between the government and the unions was concluded)

The government's program also provided for greater promotion of in-kind family benefits, to the detriment of cash benefits, as the OGBL already highlighted in 2018. And this is what the government has done, by making both the «maisons-relais» and the meals served there during school hours, as well as the school books in secondary schools, free of charge during the school year.

While the OGBL welcomes these measures, it criticizes the government for not taking into account the 212,000 cross-border workers who work in Luxembourg and whose status as cross-border workers does not allow them to profit from benefits in kind

Moreover, cross-border workers are still subject to another form of discrimination in terms of family allowances. Despite a judgement of the Court of Justice of the European Union condemning Luxembourg for this reason, the State continues to refuse to allocate family allowances outside the national territory, when the cross-border worker claiming family allowances for a child living in his or her household is not the legal parent. This distinction is not applied on the territory and therefore constitutes discrimination on the basis of place of residence.

For the OGBL, it is unacceptable that the State maintains and creates new discriminations against cross-border workers who also contribute largely to the tax revenues of Luxembour

Parental leave

The government had announced an evaluation of parental leave. Today it is known that the results of this study are now expected by 2024. The government had also already expressed the idea of introducing an additional period of parental leave, although it might not be compensated. While no such initiative has been taken to date, the OGBL points out that such a measure would inevitably discriminate between those who could afford to take such parental leave, because they have a sufficiently high income, and those who could not afford it. If this option were to be retained, the OGBL pleads for differentiated solutions, including compensation for those on low wages.

Employee's right to switch to part-time work

The OGBL had welcomed the government's intention to introduce a right for employees to work part-time for a fixed period of time and to be able to return to full-time work afterwards. It has to be said that the govern-

ment has done nothing in this respect. The OGBL continues to support this proposal, while stressing once again that this is a right and that, if and when it is introduced, the employee cannot be required to have the agreement of his employer in order to benefit from it. The OGBL would also like to point out that such a measure should not be considered as a kind of quid pro quo in the context of the working time discussion.

Other measures announced

REVIS: The government had announced in 2018 that it would conduct an evaluation of the social inclusion income (REVIS, former RMG). In an answer to a parliamentary question, the Minister for Family Affairs has now indicated that the results of this evaluation will be presented towards the end of the first half of 2023. For the OGBL, in addition to the amount of this income, which it considers too low, it would be necessary to extend the number of its potential beneficiaries. Furthermore, the OGBL demands that the REVIS be systematically adjusted when the social minimum wage is adjusted.

Transition from work to retirement: The government's program envisaged improving the transition between work and retirement. The OGBL notes that no such initiative has been undertaken so far.

Cost-of-living allowance: The government had committed itself in 2018 to adapt the cost-of-living allowance. However, it was not until 2020 and the outbreak of the pandemic that the government actually took action. In 2020, the government thus doubled the amount of the allowance. A measure obviously welcomed by the OGBL. Then, for 2021, the government chose not to continue this 100% increase, but to adapt the amount of the allowance to a level corresponding to a 10% increase compared to the 2019 amount. For the OGBL, given the loss of purchasing power that the beneficiaries of the cost-of-living allowance have accumulated since 2009, when the last adjustment was made before the pandemic, this upgrade is still insufficient, especially and in the current context of an acute purchasing power crisis. , an expansion of the group of beneficiaries and the introduction of a mechanism to adjust the cost-of-living allowance to the evolution of prices.

4 Social Security and Health

Pensions

In its coalition program, the government had committed itself to preserving the pension system and not to undertake any deterioration in the level of benefits. At the time, the OGBL welcomed this fact. This was one of its red lines that the government should not cross. The government has so far kept its promise

However, the OGBL took a very dim view of the fact that the government's program continued to activate the negative measures of the redundant 2012 reform, which it had opposed, namely the abolition of the end-of-year bonus and the adjustment, should the level of income of the pension system fall below that of expenditures. The OGBL is formally opposed to the activation of these measures and argues, if necessary, for an increase in contributions instead of a deterioration in benefits.

Finally, while the OGBL had viewed positively the discussion announced in the coalition program to look for alternative sources of revenue that would contribute

to securing the pension system in the long term, it has to be said that such a discussion has not been initiated.

Long-term care insurance

The evaluation of the 2018 reform of long-term care insurance, as stated in the government's program, did not result in any changes to the system. However, the OGBL notes a deterioration in benefits. In recent years, a number of beneficiaries have not been able to obtain all the benefits on which they were entitled, mainly due to a lack of staff in nursing homes. However, these establishments have received the money for the care they were supposed to provide and will now have to repay these advances. For the OGBL, the lump-sum logic on which the long-term care insurance system is based is not adequate and does not allow the quality of the services to be measured. OGBL advocates for a more effective quality control mechanism.

Nomenclature of CNS benefits

OGBL had welcomed the government's stated intention in its program to revise the nomenclature of CNS benefits. It remained cautious, however, as the details were not yet known. The nomenclature is currently still under review and the OGBL is actively contributing to these discussions.

It is nevertheless a shame that the improvements in dental benefits, already decided in 2017, are still not in effect today, with the exception of the one concerning the reimbursement for second tooth decalcification

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Per-case payment system

The OGBL was formally opposed to the introduction of a per-case payment system in the hospital sector, as indicated in the government's program. Experiences in other countries have shown that such a system does not improve services, quite the contrary, and that it also degrades the working conditions of health care staff

Per-case pricing in the hospital sector no longer seems to be on the government's agenda, and that's good. On the other hand, we are moving more and more towards a system of flat-rate pricing (e.g. IRM). For the OGBL, it is important that the services concerned continue to be provided in the hospital.

Occupational medicine

The OGBL had welcomed the fact that the government was planning a reform of occupational medicine as part of its coalition program. In this context, the OGBL demanded the creation of a single occupational medicine service and also wanted to open the discussion on its financing. Unfortunately, four years later, the government has done absolutely nothing about this.

The OGBL is also very concerned about the shortage of occupational physicians in the country, which could soon have dramatic consequences if no initiative is taken soon.

Generalized third-party payer system

Four years ago, the OGBL deplored a lack of voluntarism on the part of the government regarding generalized third-party payment system. (tiers payant généralisé). The government was indeed planning to discuss its introduction in the dialogue with the social partners, but as was to be expected, the medical profession was vehemently opposed.

Although generalized third-party payment is no longer an issue, a small step forward has been made with immediate direct payment, which is expected to come into effect in 2023. According to this principle, patients who visit their doctor in the future will only have to pay their personal share of the health costs, while the part of the costs covered by the CNS will be paid directly to the doctor. This means that patients will no longer have to advance the full amount of the medical fees and then wait to be reimbursed by the CNS, which currently can take several weeks.

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5 Work and employment

When the coalition agreement was published at the end of 2018, the OGBL welcomed the fact that the new government had responded to a number of demands made by the OGBL regarding labor law, the protective role of which had also been explicitly emphasized in the government program. The government also stressed the importance of social dialogue and indicated its willingness to upgrade the Standing Committee on Labor and Employment (Comité Permanent du Travail et de l'Emploi - CPTE). Unfortunately, many of the announced discussions have not taken place and there is no mention of a strengthening of the CPTE, which first (in 2019) was massively attacked by the UEL, and then, in 2021, did not even have the three legally required annual meetings. In both 2019 and 2020, two of the three meetings were held in December just to fill the quota! And in 2022, the CPTE did meet three times, but only dealt with the topic of continuing professional development, without even reaching any definitive conclusions.

Collective agreements

The government had announced that it wanted to promote collective bargaining agreements (CBA) more in Luxembourg. The government had mentioned a strengthening of the corresponding law. It has to be said that not even the hint of a discussion has taken place on this subject, whereas it is indeed high time to adapt the legislation on CBAs to today's economic world, with the objective of further extending the scope of collective agreements and giving more employees the opportunity to be covered by a CBA. In addition, the European Union has set a target of 80% of employees covered by collective bargaining agreements in the framework of the minimum wage directive. However, in the Luxembourg private sector, only about 50% of the employees are covered. It is time to act and not only after the elections!

Continuing education

After the publication of the coalition agreement in 2018, the OGBL had welcomed the government's willingness to create a real «right to continuing education». The government spoke in particular about the introduction of «training vouchers» (chèques-formation) or «training accounts» (comptes-formation). On this point, it must also be noted that progress has been rather limited so far, despite the fact that this subject has been extensively discussed not only at

the level of the CPTE, but also within the framework of a «Skillsdësch» set up by the Tripartite of July 2020. This work is still in progress, as is an OECD study on skills. While the government had joined the unions in opposing the employers' demand that no measures be taken in this area until the OECD study was published, in practice this is what has happened. The only concrete initiative is the «Skill-splang» project, which is a follow-up to the 2018 «Digital Skills Bridge» and was discussed at the last two CPTE meetings. Even if this project contains some positive accents (the emphasis on prevention and prospective strategy is in line with the trade union proposals for the introduction of a social audit in companies), it is very unambitious with a starting budget of 3 million euros and leaves - at least in the versions presented so far - the social dialogue aspect completely aside.

Precarious employment contracts

The substantive discussion on the new forms of precarious work (fixed-term contracts, bogus self-employment, temporary work) within the CPTE that was announced in the government's program has not yet taken place. The only subject discussed within the CPTE was that of temporary workers, but this discussion has not been followed up. Measures concerning the phenomenon of bogus self-employment, in particular with regard to platform workers, have not yet been announced; only the Chamber of Employees (CSL) has submitted a legislative proposal to this effect. While the fight against precarious contracts does not seem to be a priority for the government - in some cases, it has even facilitated the use of such contracts, notably in the context of the reception and supervision of Ukrainian refugees - the use of precarious contracts instead of permanent employment continues to grow rapidly. Indeed, since 2003, the number of precarious contracts among resident employees aged 15 to 64 has increased by more than 190%. It is therefore high time to strengthen labor laws to ensure that permanent contracts remain the norm and do not become the exception.

Unemployment

The OGBL was critical of the government's intention to tighten the conditions for receiving unemployment benefits. In the end, no change in the conditions was proposed during this legislature. The OGBL can only welcome this, whereas such a measure would have created new situations of extreme precariousness. On the other hand, however, the possibilities to benefit from unemployment compensation under certain conditions in case of resignation of the employee announced in the coalition agreement have not been introduced either.

Organization of working time

Although the OGBL had hoped for more substantial progress on the reduction of working time, it had considered it positive in principle that the government's program emphasized, in response to the employers' wishes, that the existing PAN law already offers sufficient flexibility to companies, referring to the possibilities offered by the negotiation of collective agreements with the unions. This has not prevented the government from allowing people to work up to 12 hours a day and up to 60 hours a week in certain key sectors at the height of the Covid 19 pandemic (the list of these essential sectors has been amended several times). The OGBL took exception to this, and the fact that the second law, which allowed this only in the care sector, was not implemented because of a lack of agreement between the social partners, without the sector collapsing, shows that it is doubtful whether this measure was really necessary. In any case, it increased the pressure on the employees concerned, who were already suffering from the insecurities and stress associated with the pandemic.

The subject of reducing working hours was put back on the agenda more recently by the Minister of Labor, who commissioned a study on the subject. In the end, this means that no progress can be expected on working time before the legislative elections, although the initiative to put this subject back on the agenda is to be welcomed. Instead, progress on work organization and work-life balance has been made by the social partners, who have concluded a new interprofessional agreement on telework and have reached a common proposal to integrate the respect of the right to disconnect into labor law (the second agreement still needs to be transposed by the legislator).

26th day of leave

The OGBL had welcomed in early 2019 the introduction of a 26th legal day off, alongside the addition of an additional public holiday. This measure was a first response of the government to its demand for a 6th week of statutory leave. The OGBL still maintains this demand, which has so far been met at 20%.

Job protection

The government's program included a strengthening of the legislation on job protection. It also announced discussions within the CPTE on adapting the legislation on social plans, with the aim of reducing the possibilities of circumventing the negotiation of a social plan. The discussions were finally launched, at the express request of the unions, following the tripartite meeting of July 2020. The UEL, on the other hand, wanted to postpone a discussion to a time «after the pandemic». In the end, it was successful, because although discussions were indeed held within the CPTE in November and December 2020, the Minister of Labor did not follow up these discussions with concrete proposals for legislative changes. This was despite the fact that the discussions had in fact led to convergence on some points and that an agreement would not have been unlikely if the negotiations had continued. The OGBL therefore calls for a rapid resumption of the discussions.

Other measures were announced, in particular with a view to reinforcing the rights of employees in the event of bankruptcy, and a new legislative proposal should be introduced regarding the protection and working conditions of older employees. In the end, no legislative initiatives were taken on either point.

Moral harassment

As announced in its program, the government did introduce a legislative proposal concerning moral harassment. However, this draft law, although it makes some improvements, is not entirely satisfactory, since the burden of proof (unlike sexual harassment) will continue to rest solely with the victim. In addition, the bill was introduced without any discussion with the social partners, despite the fact that they are signatories to an interprofessional agreement on the subject.

Partial retirement

Contrary to what was announced in the government program, no draft law on a right to combine partial retirement and part-time work has been submitted to the social partners. It should be noted that such a right was already provided for in the 2014 agreement between the government and the three nationally representative trade unions!

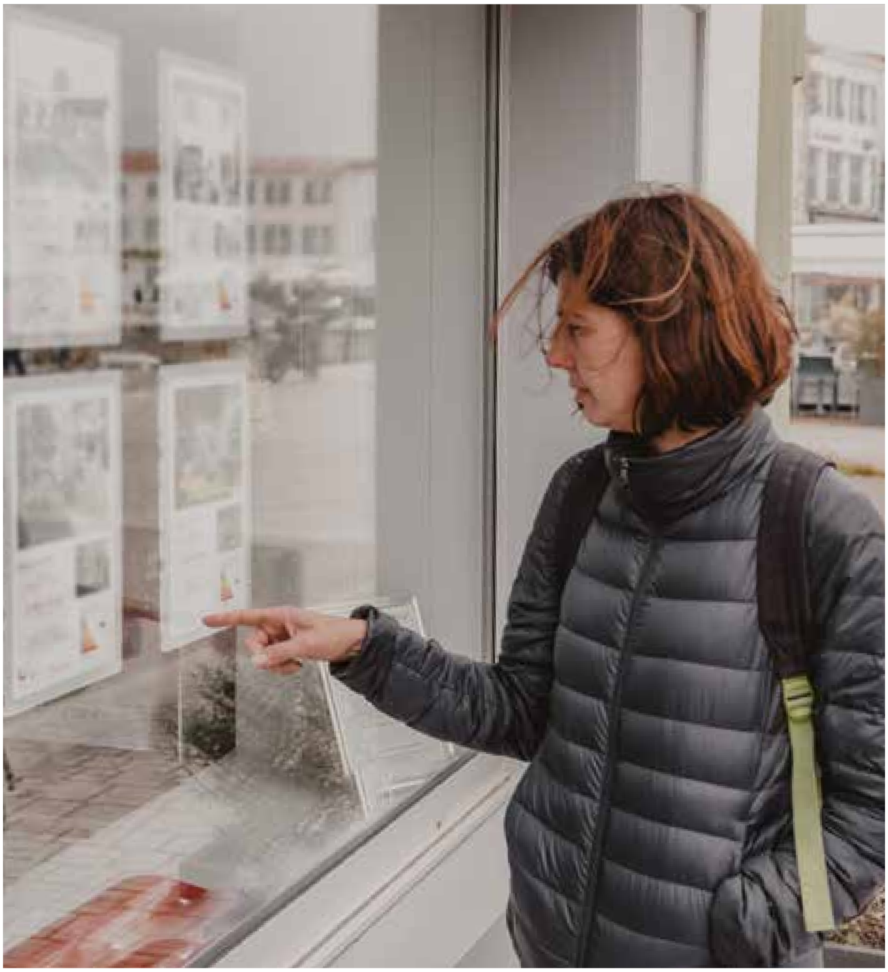
Reclassification

As announced in the coalition agreement, the legislation on reclassification has been adapted from time to time. Nevertheless, the current legislation still poses a number of problems, particularly with regard to the bridging allowance, the professional bridging allowance, the fixed allowance as well as the compensatory allowance. A more comprehensive reform is still needed.

6

Housing

Contrary to other chapters, one could consider that in the housing field, the government has effectively started the actions it had planned in its program. Faced with the state of emergency that has existed for many years in the field of housing, it was also high time to act. Thus, several legislative initiatives have just been announced. Unfortunately, we cannot say that they all go in the right direction, some of them, in our opinion, even risk worsening the situation. And this in a situation, where this is already the concern of the Luxembourg population, as shown by the recent «Politmonitor» conducted by RTL and TNS/ILRES. The question of affordable access to housing remains in any case one of the major issues for the coming months and certainly also in the upcoming election campaign.



Property tax

In January 2019, the OGBL had welcomed the government's announcement to finally fight against land speculation. However, the OGBL already considered at the time that what the government was planning was not sufficient in this regard and deplored in particular the lack of progressivity in the property tax and taxation on land retention and on buildings left empty for speculative purposes only. Unfortunately, the recently presented draft law still does not address the OGBL's criticisms in this regard. Although the government provides for a tax allowance on owner-occupied housing (without, however, exempting it completely from taxation), it makes no distinction between a household that owns a second apartment that is later destined for its children and a speculator who owns a hundred apartments. For the OGBL, the only effective way to fight against property speculation is to make property taxes and taxation on vacant housing and land progressive according to the motto: the more you own, the more you have to pay. Moreover, the planned legislation will only take full effect in… 2037, whereas the state of emergency in the field of housing is already here today. The OGBL asks that the legislative proposal be further improved before it goes to the vote of the Chamber of Deputies.

Residential lease

In the coalition agreement, the government provided for only limited action in the area of residential lease, namely supplementing the legislation with provisions on subletting and co-tenancy. In the end, while these points were indeed addressed in draft law no. 7642 introduced in July 2020, it goes much further and proposes a more comprehensive reform of the lease. The OGBL was nevertheless disappointed at the time, in particular because the draft included the threshold of 5% of the invested capital in place since the 1950s as a maximum threshold for rental prices, whereas this threshold no longer corresponds, and for a long time, to any reality. The OGBL therefore insisted on a revision of the draft law. In fact, in October 2022, amendments were included in the draft law, but unfortunately, while proposing a reduction in the percentage of invested capital, the government fundamentally revised the calculation method to re-evaluate this capital. In practice, this means nothing more than a market price orientation. This is practically the opposite of a real price cap on rents, since the new calculation method actually allows many rents to potentially increase sharply compared to the current situation, especially for older buildings. For the OGBL, this new formula is not tenable. The notion of invested capital must be replaced by a multidimensional approach, which also takes into account the evolution of the cost of living and income.

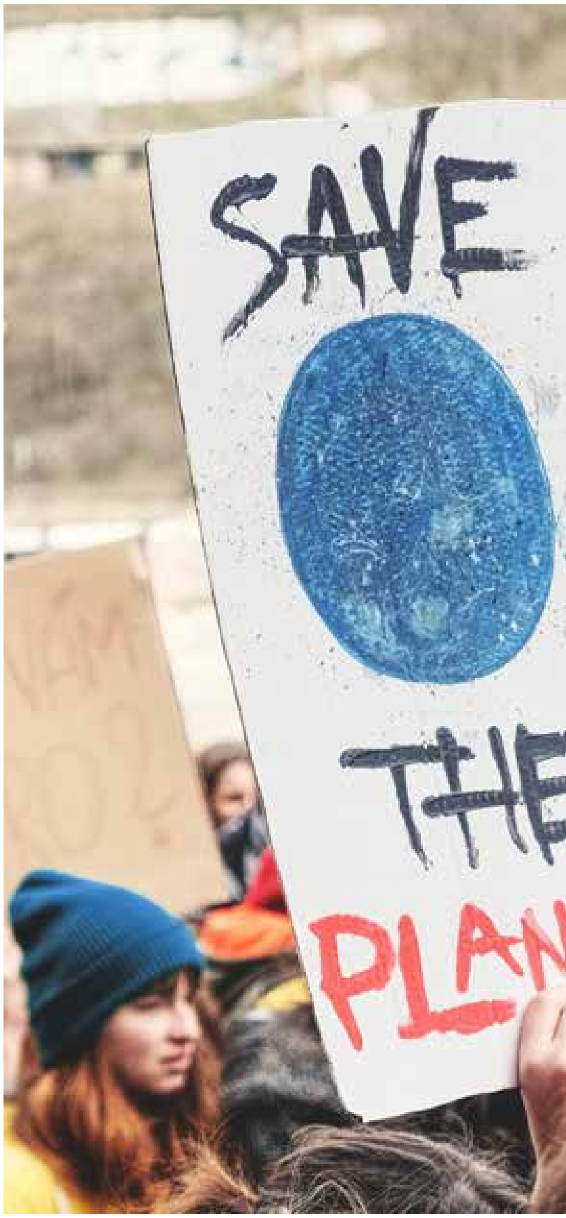
First acquisition, rehabilitation and renovation work

In 2019, the OGBL had judged positively the fact that the government planned to generalize the possibility of taking out a loan at zero cost in the context of renovation works with an ecological objective. In the end, the government replaced this notion with the introduction of an interest subsidy for climate loans, which was introduced by the law of 8 June 2022. The OGBL regrets this about-face and especially regrets the lack of social criteria in the matter. Without social graduation and without the possibility of pre-financing, rehabilitation works remain largely limited to households with wealthy background.

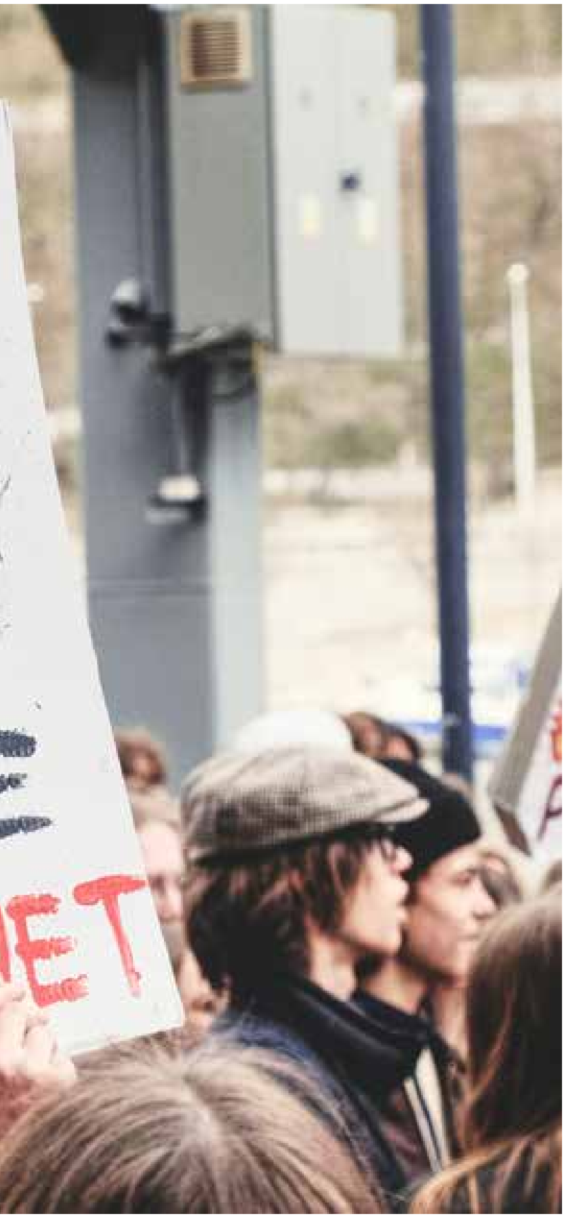
Furthermore, the OGBL had welcomed the government's intention to increase the tax credit for registration fees for a first real estate acquisition («Bëllegen Akt»). In the end, the relevant legislation was not changed. Also, the ceiling to benefit from the super-reduced VAT rate remains capped at €50,000, while the government wanted to study the opportunity to raise this threshold. A threshold, which in view of the evolution of real estate prices is largely below what should be considered.

Social / low-cost housing

In the coalition agreement, the government stated that «the supply of social housing and low-cost housing also remains far below the needs, especially for rental housing». It is clear that this is still the case four years later and that there is a great need to catch up. Here too, the government has fallen short of the ambitions set out in the coalition agreement.



7 Mobility and climate



In its analysis of the government's program at the beginning of 2019, the OGBL had first recalled that it clearly supports the global climate goals and, of course, welcomes all initiatives to reduce CO2 emissions, especially in the field of mobility. However, it warned, and continues to do so, against new social divisions that could result from ecological measures that do not take into account the interests of employees. The ecological transition that the OGBL defends must go hand in hand with the protection of the interests and needs of employees and their families.

CO2 tax

The CO2 tax has been introduced from 1 January 2021, although it was not explicitly foreseen in the government program, which only vaguely invoked a reduction of «the dependence of public finances on resources from the sale of fuels by taking measures on an ongoing basis». The OGBL did not oppose the introduction of the new tax, but insisted that this new indirect tax be accompanied by social measures that neutralize its impact on low and middle incomes. For the OGBL, the increase in the tax credit only partially achieves this objective, especially since no adjustment to any further increase in the tax is planned at this time. The OGBL also objected to the neutralization of the new tax at the level of the price index, another measure that was not announced in the government program.

Free public transport

OGBL had supported the government's proposal to make public transport free, which was effectively implemented from February 28, 2020.

However, the OGBL insisted that infrastructure investment had to match political ambitions, which in its view was clearly not the case. Although significant investments in the development of public transport were necessary, it must be noted that these investments need to be further strengthened so that all workers can rely on public transport to get to their workplace in an acceptable time and thus are not forced to take their private cars. This also requires increased cooperation with the Greater Region and an extension of free public transport to the first stations and stops across the borders.

Fixed travel expenses

In its analysis of the government program, the OGBL took exception to the intention to abolish or deteriorate the tax exemption for fixed travel expenses. Indeed, this would have been nothing other than a loss of purchasing power for all employees, regardless of the mode of transportation they use to get to work. It would not be an ecological measure, but only an anti-social one. In the end, following the opposition of the OGBL, the fixed travel expenses exemption scheme remained unchanged.

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