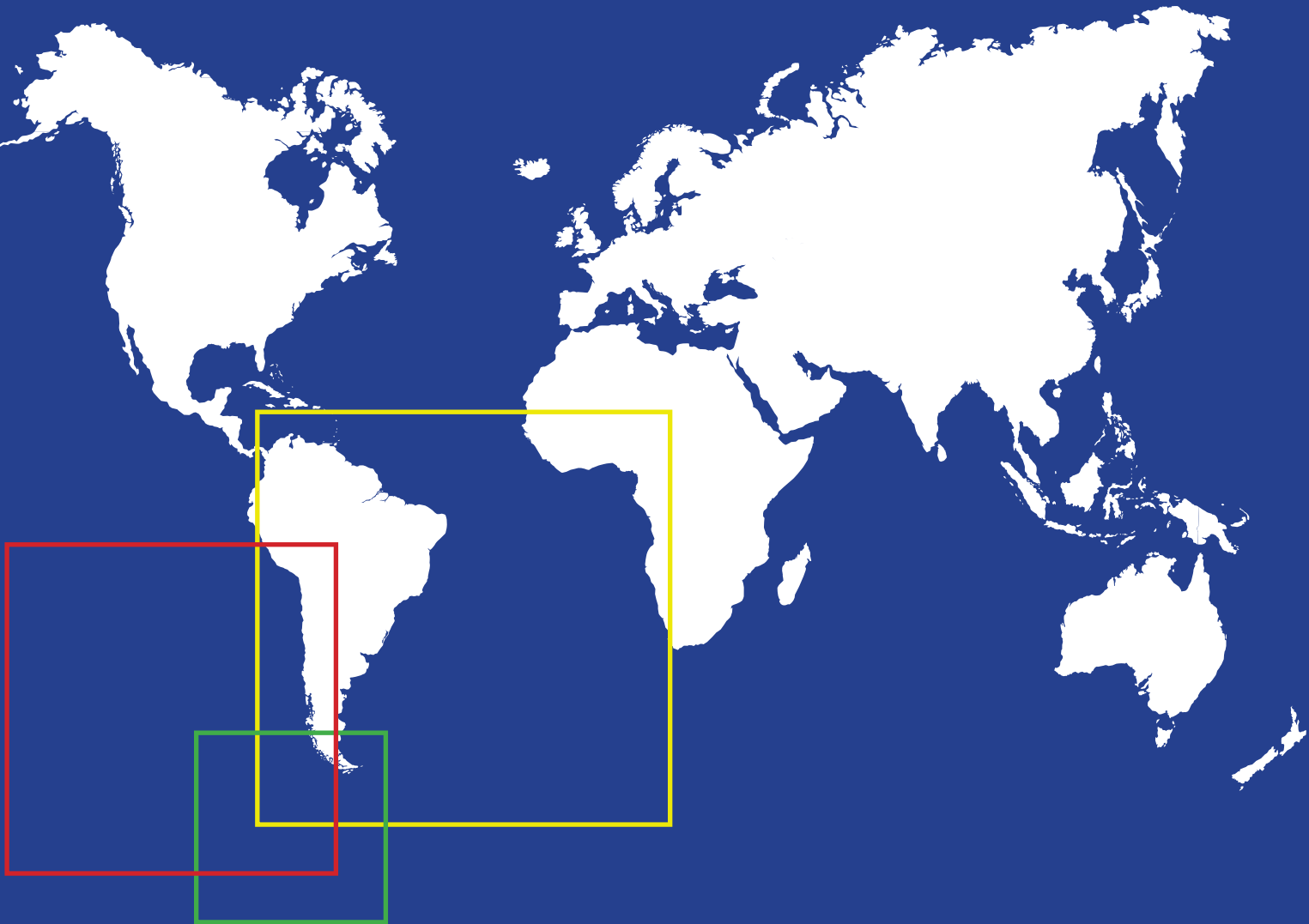




International  
Labour  
Office

# Decent Work Country Profile AUSTRIA



**Decent Work  
Country Profile  
AUSTRIA**

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# Preface

Systematically monitoring progress towards decent work is a long-standing concern for the International Labour Organization (ILO), the Governments of its member States, Employers and Workers. The *ILO Declaration on Social Justice for a Fair Globalization* (2008) thus recommends that, among other measures, member States may consider “the establishment of appropriate indicators or statistics, if necessary with the assistance of the ILO, to monitor and evaluate progress made”.<sup>1</sup> Yet, the multifaceted nature of the Decent Work Agenda, that combines access to full and productive employment with rights at work, social protection and the promotion of social dialogue, means that such measurement is a complex task.

In September 2008, Austria participated in a Tripartite Meeting of Experts to address the measurement of decent work and to guide the International Labour Office (ILO) on the compilation of an indicator catalogue. In order to do justice to the complexity of the subject matter, the catalogue contains systematic information on rights at work and the legal framework for decent work in addition to statistical Decent Work Indicators. In total, ten thematic areas are covered, ranging from employment opportunities to social dialogue and workers’ and employers’ representation. Supplementary to this, the economic and social context for decent work is outlined.

In November 2008, the Governing Body of the ILO agreed to test this comprehensive approach in a limited number of pilot countries. When the concept was presented to the 18th International Conference of Labour Statisticians for guidance in December 2008, the Federal Minister of Labour, Social Affairs and Consumer Protection, Rudolf Hundstorfer, took the initiative to propose Austria as one of the pilot countries to work with the ILO, alongside Brazil, Malaysia, the United Republic of Tanzania and Ukraine. Austria’s participation in the pilot phase is particularly significant for it enables us to test the suitability of this approach to measuring decent work with respect to OECD countries.

For the present pilot study, which is based on the approach outlined above, the ILO worked closely with Federal Ministry of Labour, Social Affairs and Consumer Protection, the Austrian Trade Union Federation, the Federation of Austrian Industries, the Austrian Federal Chamber of Labour, the Austrian Federal Economic Chamber, Statistics Austria, and the Austrian Institute of Economic Research (WIFO). In addition to a number of bilateral consultations, we subjected the first draft to thorough review at a tripartite workshop on 2-3 September 2009, enabling us to enlist the sound technical knowledge and experience of our partners.

In publishing this pilot study we are well aware of our responsibility and have been guided by the objective to examine developments in Austria from a neutral and balanced perspective. We can report encouraging progress in a variety of areas, for instance the increase in the number of women in employment or the improvement of conditions for combining work, family and personal life. A number of initiatives by the social partners are particularly noteworthy and could be used as a model for other countries – for example, initiatives concerning the integration of older workers and people with disabilities into the labour market.

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<sup>1</sup> See Paragraph II.B.ii) of the *ILO Declaration on Social Justice for a Fair Globalization*, adopted by the International Labour Conference at its 97th Session in Geneva on 10 June 2008, available at the following link: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms\\_099766.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_099766.pdf)

In other areas we either cannot draw definite conclusions or are obliged to point out the lack of success of initiatives taken by the Government and the social partners. For instance, the discrepancy in earnings between men and women has stagnated on a high level. In such cases, it has been important for us to measure Austria by its own high standards and to discuss any shortcomings openly. Here, too, we have been able to draw on the expertise of our Austrian partners who have provided a critical review of developments in their own country. We hope that, given the relatively short timeframe, we have succeeded in compiling a realistic and meaningful country profile on decent work in Austria that is of interest to readers both within the country and abroad.

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Some statements made in the *Decent Work Country Profile Austria* may not reflect the positions of the above named institutions and individuals. Any errors fall into the sole responsibility of the International Labour Office.



# Summary

Over the past ten years Austria has made progress in a number of areas relating to the Decent Work Agenda<sup>1</sup>, which combines access to employment with rights at work, social protection and the promotion of social dialogue. In other areas, however, the country profile identifies shortcomings or the need for further action. The effects of the current economic crisis which, according to a forecast by the Austrian Institute of Economic Research (WIFO), will cause a -3.4 per cent decline of Austria's economic output in 2009 (see Chapter 11 "Economic and social context for decent work"), are also clearly visible on the Austrian labour market. Compared to 3.8 per cent in 2008, the unemployment rate reached 4.7 per cent in the first half of 2009. The Government is countering this, *inter alia*, by significantly increasing the resources for active labour market policies (see Chapter 1).

Overall, Austria has made substantial progress in increasing employment over the past ten years, due in particular to the growing number of women in employment (see Chapter 1). Catch-up processes are also evident in terms of increasing the employment-to-population ratio of older workers – even if the Lisbon goal of 50 per cent still seems a long way off (status in Austria for 2008: 41 per cent). However, alongside this generally positive development, increasingly atypical forms of employment have been generated that sometimes do not provide sufficient incomes to cover basic needs. There are specific challenges ahead – for example, a long-term decline in the demand for work in the low-skilled segment and the difficulties faced by young people in access to employment. Adding to this are the demographic challenges of the future.

In general, the past ten years have seen gradual progress in relation to adequate earnings and

productive work (see Chapter 2). In particular, this concerns the slight increase in average real wages and the gradual decline in the share of the employed population at risk of poverty. By contrast, the share of low-wage earners increased significantly until 2007 (the last year for which data are available), particularly among women. It is worth mentioning, however, that the social partners concluded a framework agreement in the same year under which the collective agreements for the various sectors are to provide for a minimum gross wage of 1,000 Euros (for full-time work). Despite the progress achieved there is still a need for action in the area of life-long learning (to promote the positive trend of the last few years and to catch up with those European countries in the forefront), and as regards the social floor (prevention of exposure to poverty or precarity).

With regard to working hours, the developments discussed in the country profile do not warrant definite conclusions as to whether Austria has made progress over the past ten years (see Chapter 3). Although the increase in part-time employment has created the opportunity for many women to participate in the labour market, part-time jobs can also be problematic in terms of career opportunities and income. The main reason why women work part-time is so that they can combine their work with child-care responsibilities. An increase in the number of child-care places would improve equality in the labour market for women. As in the past, in Austria a minority of the employed population – men in particular – work more than 48 hours per week, thereby having excessively long working hours.

Conditions for combining work, family and personal life have improved over the past ten years (see Chapter 4). However, no significant progress has been achieved towards a more equal sharing of informal child-care and nursing responsibilities between the sexes; there is a particular need for action to improve the provision of public child-

<sup>1</sup> ILO, *Decent Work*. Report of the Director-General, submitted to the 87th Session of the International Labour Conference, June 1999 (Geneva, ILO).



care and nursing care. Current plans for reform in this area should bring about slight improvements in the near future.

Due to the lack of reliable data for the time period under review, it is impossible to draw any overall conclusions regarding child labour and forced labour (see Chapter 5). However, the political initiatives taken in Austria to combat human trafficking and the improved protection for victims deserve explicit recognition. Child labour is not prevalent in Austria. The Government has informed the ILO that it intends to hold consultations with the social partners with the aim of raising the minimum age for light work from 12 to 13 years, in order to bring its legislation into line with ILO Convention No. 138.

Regarding stability and security of work, there is evidence that employment stability for the core workforce has remained high and that overall employment levels have been increased (see Chapter 6). At the same time, however, unstable and precarious employment relationships have been on the increase. The Austrian labour market is thus characterized by increasing segmentation. In order to offset the effect of this segmentation to some extent, social protection for workers in atypical types of employment, in particular, has been improved.

Despite extensive initiatives taken by the Government and the social partners, Austria has achieved only gradual progress over the past ten years in the area of equal opportunity and treatment in employment (see Chapter 7). On the one hand, there has been success in increasing employment rates for both women and older workers. On the other hand, as in the past, significant discrepancies remain. Migrant workers are still considerably less integrated into the labour market and are at greater risk of unemployment and poverty than those born in Austria. In important areas, Austria stagnated on an unsatisfactory level. This concerns the gender wage gap between men and women, which remains high in comparison with other European countries, and the small share of women in executive positions, which also remains unchanged.

Austria has made gradual progress in the area of safe work environment in recent years (see Chap-

ter 8). This specifically relates to the decline in the number of occupational injuries, whereas the figures for occupational diseases do not indicate any improvement and there has even been an increase in the number of recognized cases of fatal occupational diseases. However, this might be due at least in part to the improved reporting of asbestos poisoning cases. Overall, Austria has incidence rates for occupational injuries and occupational diseases that are similar to those of comparable European countries.

Austria has maintained what is, by international standards, an extensive social security system, and social security expenditure has stabilized at a comparatively high level (see Chapter 9). The most recent reforms of the old-age pension system are designed to contribute to a sustainable financing of the retirement and old-age insurance scheme. However, changes in the structure of social security expenditure are still to be discussed since in-kind benefits have better regulatory effects than cash benefits (this concerns for example increasing the quantity and quality of child-care provision).

With regard to the development of social dialogue and workers' and employers' representation, a graded assessment seems necessary (see Chapter 10). Due acknowledgement should be given to the fact that social dialogue, both in bipartite and tripartite form, retains a high status in Austria, as in the past. Nevertheless, changes in the economic structure and the world of work have left their mark on social dialogue in Austria. The decreasing density of trade union membership and the decline in the number of works councils reflect an increasing lack of representation at company and sectoral level. In particular, female employees, those in atypical employment and younger members of the labour force – i.e. those groups which have benefited most from the growth in employment – are affected. At the same time, Austria has been more successful than other European countries in maintaining comprehensive collective bargaining coverage. This has also enabled the social partners to reaffirm their future significance as a creative and stabilizing macroeconomic factor

As a rich industrialized nation, Austria generally has economic and social conditions favourable

to decent work (see Chapter 11). Education is an important factor for economic development. At 5.5 per cent of gross domestic product (GDP), the total education expenditure is slightly below the average for OECD countries; primary and secondary school attendance rates are near 100 per cent. Further training of the highly-qualified labour force to enable workers to keep abreast of technical progress is a significant challenge for the Austrian education system. While growth rates have been comparatively high over the past ten years, developments in GDP are currently following the

international trend of the economic crisis. On an international scale of comparison, Austria shows an above-average level of public expenditure relative to GDP. Although social transfers and public services disproportionately benefit those with lower incomes, 12.0 per cent of the population live in households considered to be at risk of poverty, even after taking into account social transfers. In particular, migrants, single parents and households with limited labour force participation are at greater risk of poverty.



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# 1 Employment opportunities<sup>1</sup>

Compared to the European average, the employment-to-population ratio<sup>2</sup> is high in Austria. In 2008, it was 72.1 per cent (based on the age group 15-64 years), which was significantly higher than in the European Union (EU) overall (65.9 per cent), with only Denmark, the Netherlands and Sweden showing a higher employment-to-population ratio. Having started from an already high level in 1998, the employment-to-population ratio further increased over the past ten years (see Table 1) by 4.3 percentage points, although not as strongly as the EU average (4.7 percentage points).<sup>3</sup> However, it should be noted that the growth in employment is largely the result of an increase in part-time work. In 2008, 41.5 per cent of women in employment were working on a part-time basis. In contrast, this figure was only 8.1 per cent for men. The level of female part-time employment in Austria is therefore significantly above the EU average (31.1 per cent) and only the Netherlands, Germany and the United Kingdom have a higher ratio of female part-time employment.<sup>4</sup>

The employment-to-population ratio is particularly high for men; at 78.5 per cent in 2008 it was significantly above the EU average (72.8 per cent). The high level of employment among men is supported by the comparatively large share of manufacturing in the economy and this, in turn, is supported by the dual training system and the high

quality of technical schools and higher technical education institutes. The female employment-to-population ratio, which was at 65.8 per cent in 2008, is considerably lower, but still above the EU average (59.1 per cent). The gender difference of 12.7 percentage points is caused by factors such as the lower legal retirement age for women (60 years, compared to 65 years for men), the lower take-up rate for girls in the dual vocational training system and the persistence of traditional gender roles, resulting in a lower labour force participation rate for mothers.

Over the past ten years, the female employment-to-population ratio – starting from a lower base – has risen much more than that for men (see Table 1), particularly due to the increase in part-time employment. The greater female participation in the labour force was fostered by commencing changes in the traditional gender-specific roles, but also through increasing the participation of women in training, a rise in the number of jobs in the service sector and the reform of the pension system. As in the past, the lower legal retirement age for women plays a significant role in maintaining a gender-specific imbalance in the employment-to-population ratio. Nevertheless, the most recent reforms of the pension system are gradually leading to women going into retirement later. On the other hand, there has been little change to the effective male retirement age because men make more frequent use of special rules or obtain a disability pension.

Due to the apprenticeship system in Austria and the employment conditions at the end of training, the Austrian employment-to-population ratio for young people is relatively high compared to other European countries. This is also evidenced

<sup>1</sup> Principal authors: Rainer Eppel and Hedwig Lutz. Legal Framework Indicators in Chapters 1 to 11: Lee Swepston.

<sup>2</sup> The employment-to-population ratio represents the share of the employed population in the total working age population (here: 15 to 64 years). It differs from the labour force participation rate, which is calculated as the share of the labour force (employed and unemployed population) in the total working age population.

<sup>3</sup> Refers to EU-27. See Eurostat, Table 'Employment rate by gender', Status September 2009.

<sup>4</sup> Refers to EU-27. See Eurostat, Table 'Persons employed part-time – Total (% of total employment)', Status September 2009.



**Table 1. Employment opportunities**

Decent Work Indicator	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Employment-to-population ratio (15-64 years), in % <sup>1</sup>	67.8	68.4	68.3	68.2	68.8	68.9	67.8*	68.6	70.2	71.4	72.1
Men	77.0	77.5	77.3	76.6	76.4	76.4	74.9*	75.4	76.9	78.4	78.5
Women	58.5	59.4	59.4	59.9	61.2	61.6	60.7*	62.0	63.5	64.4	65.8
Employment-to-population ratio (55-64 years), in % <sup>1</sup>	29.0	29.7	28.3	28.2	29.2	30.3	28.8*	31.8	35.5	38.6	41.0
Men	41.3	42.6	40.5	39.5	39.7	40.4	38.9*	41.3	45.3	49.8	51.8
Women	17.5	17.6	16.8	17.7	19.4	20.8	19.3*	22.9	26.3	28.0	30.8
Unemployment rate, in % <sup>2</sup>	4.2	3.7	3.5	3.6	4.0	4.3	4.9*	5.2	4.7	4.4	3.8
Men	3.9	3.6	3.3	3.4	4.1	4.3	4.5*	4.9	4.3	3.9	3.6
Women	4.6	3.9	3.8	3.8	3.9	4.2	5.4*	5.5	5.2	5.0	4.1
Youth not in education and not in employment (15 to 24 years), in % of the population of the same age group	7.4	8.6	9.8	9.8	7.0	9.2	10.2*	9.7	9.6	8.2	8.6
Men	6.4	7.5	8.6	9.5	6.7	8.7	10.7*	10.7	9.6	8.0	8.5
Women	8.3	9.7	10.9	10.2	7.3	9.8	9.7*	8.7	9.6	8.4	8.7

Notes:

<sup>1</sup> In accordance with the labour force concept; average of surveys in March, June, September and December (until 2003) or annual average for all weeks (from 2004).

<sup>2</sup> Unemployed aged 15 years and above in accordance with the international definition, as a percentage of the total labour force; average of surveys from March, June, September and December (until 2003) or annual average for all weeks (from 2004 onwards).

<sup>3</sup> In accordance with the labour force concept, refers to first quarter.

\* Series break.

Source: Statistics Austria, published results and special analysis of the Austrian Micro-Census – Labour Force Survey.

by the fact that the share of young people not in education and not in employment has hardly ever exceeded the 10 per cent mark (see Table 1). Nevertheless, the apprenticeship system is increasingly coming under pressure. On the one hand, there is a shortage of available apprenticeships in most sectors and, on the other, a lack of suitable applicants due to such factors as more attractive academic training courses and structural change of the economy. In contrast to the comparatively high rate of employment among young people, Austria has a significantly lower proportion of older people in employment. Despite a significant increase in the share of persons in the 55-64 age group who are in employment over the past ten years (see Table 1), the employment-to-population ratio in this group was, at 41.0 per cent, still below the EU average (45.6 per cent).<sup>5</sup> The gap between Austria and Sweden (70.1 per cent), the EU member State with the highest employment-to-population ratio for older people, amounted to 29.1 percentage points (see also Chapter 7).

<sup>5</sup> Refers to EU-27. See Eurostat, Table 'Employment rate by gender', Status September 2009.

Unemployment is relatively low in Austria compared with other European countries and has, over the past ten years, exceeded the 5 per cent mark only in 2005 (see Table 1). In the economic revival of subsequent years, unemployment decreased again until, in the wake of the current economic crisis, it began to increase from November 2008 onwards, reaching 4.7 per cent in the first half of 2009.<sup>6</sup> As in other countries, the female unemployment rate is higher than that for men, despite a lower labour force participation rate among women (even though in Austria the difference is smaller than the EU average). One reason for this is that women with family responsibilities often have difficulties in finding suitable employment. There is a significant seasonal component to unemployment in Austria, since employment decreases during winter in the construction industry and in agriculture. For this and other reasons – but also as a result of labour market policies – the proportion

<sup>6</sup> Not seasonally adjusted; see Statistics Austria, *Arbeitsmarktstatistik*, 1. und 2. Quartal 2009 (Schnellbericht) [available only in German, translation of title: Labour Market Statistics, 1st and 2nd Quarter of 2009 (rapid report)].

### Legal Framework Indicator 1. Government commitment to full employment

**Law, policy or institutions:** The Government has a stated national policy, supported by legislation such as the Labour Market Promotion Act of 1969 (Arbeitsmarktförderungsgesetz, AMFG) and policy bodies, for the promotion of full employment. The National Plan for Employment and the National Reform Programme for Growth and Employment commit the Government to align itself with the employment goals of the European Union and identify the need for increased employment of older workers. This is to be addressed through the introduction of incentives and other active labour market measures that address the needs of specific groups of workers. The Public Employment Service Austria (AMS) is to be reformed further. The National Reform Programme 2005-08 was Austria's response to the European Commission's re-launch of the 'Lisbon Strategy for Growth and Jobs' in March 2005. Ultimately, the Federal Ministry of Labour, Social Affairs and Consumer Protection (BMASK) is responsible for the formulation and implementation of national employment policies. The Public Employment Service Austria (AMS) is its main implementation tool.

**Evidence of implementation effectiveness:** According to the Government's 2007 report under C.122, overall, Austria has made progress on the implementation of the NRP and has already achieved some targets. These include raising the overall employment-to-population ratio to meet the European Union's target of 70 per cent and the female employment-to-population ratio to 60 per cent. One problem area seems to be raising the employment rate of older persons aged 55 to 64 years to the European target of 50 per cent, even though the shortfall has continuously decreased (see Table 1). To address this weakness, the Government introduced a reform of the pension system, accompanied by other measures.

**Ratification of ILO Conventions:** Employment Policy Convention, 1964 (No. 122), ratified in 1972.

Source: Government reports on C.122.

of long-term unemployed among the total number of unemployed persons is comparatively low in Austria. Unemployment is most rife among people with a lower or average level of education.

Since 1998, the National Action Plan for Employment and the subsequent Austrian Reform Programme for Growth and Employment have led to a massive expansion of active labour market policies in Austria (see Legal Framework Indicator 1 "Government commitment to full employment"). This is reflected both in the broader spectrum of integration measures by the Public Employment Service Austria (AMS) and the increase in funding (*Bock-Schappelwein – Eppel – Mühlberger*, 2009). While in 1999, 762 million Euros were spent on active and activating labour market policies, by 2008 this amount had increased to 1,789 million Euros (invested in qualification measures, in particular).<sup>7</sup> *Lutz – Mahringer – Pöschl* (2005) show that active labour market

policy initiatives considerably increase the labour force participation rate, thereby counteracting the retreat of workers from the labour market. Austria is also investing in active labour market policies to counter the effect of the current economic and financial crisis and has increased the budget for 2009 to 2,212 million Euros (corresponding to a nominal 24 percent increase on the previous year, see *Federal Ministry of Economy, Family and Youth [BMWFJ]*, 2009).

The labour market policies have been designed to, on the one hand, facilitate access to employment for job-seekers and, on the other, to keep people in employment for longer (e.g. part-time allowances for older workers, qualification promotion of employees) or to bring them into the dual training system (e.g. to promote apprenticeship training). Particular attention has also been given to the labour market integration of people with special needs and, in recent years, measures and instruments for the integration of this group have been significantly expanded (e.g. work assistance).

Meanwhile a whole host of regulatory reforms has been introduced, such as a reorganization of the

<sup>7</sup> Active labour market policy, including part-time allowances for older workers, but without the labour market policy initiatives of the local authorities and the Länder or business-related labour market promotion in accordance with the Labour Market Promotion Act (*Federal Ministry of Economy, Family and Youth*, 2009, p. 132). The data comes from the Federal Ministry of Labour, Social Affairs and Consumer Protection's LMP database.

## Legal Framework Indicator 2. Unemployment insurance

**Law, policy or institutions:** Unemployment Insurance Act of 1977 (Arbeitslosenversicherungsgesetz, AIVG), as amended. Federal Minister of Labour, Social Affairs and Consumer Protection provides general supervision.

**Benefits (level and duration):** The unemployment benefit varies between 55 per cent and 80 per cent of previous net earnings (depending on family supplements and other supplements) and is paid for up to 20 weeks; it is extended to 30 weeks (with 156 weeks of employment with insurance contributions during the last five years); 39 weeks (if aged 40 years or older with 312 weeks of contributions during the last ten years); or 52 weeks (if aged 50 years or older with 468 weeks of contributions during the last 15 years). The duration of payment is extended by periods of participation in training provided by the Public Employment Service Austria (AMS). Special provisions exist to obtain entitlements for periods during which no unemployment insurance contributions were paid.

**Coverage of workers in law:** Employed persons earning more than €357.74 (the threshold for insignificant income levels in 2009) per month and apprentices are covered by the unemployment insurance. Exclusions from general coverage: civil servants (Beamte) and self-employed persons; voluntary coverage for self-employed workers was introduced in 2009. Workers applying for unemployment benefits for the first time must have been in employment for at least 52 weeks during the preceding two years. Workers who have already received unemployment benefits in the past must have since been in employment for a minimum of 28 weeks (a measure introduced by amendment to the AIVG in BGBl No. 142/2000). Workers below the age of 25 years qualify for unemployment benefits if they have been in employment for 26 weeks in the previous 12 months, even if they are receiving such benefits for the first time.

**Coverage of workers in practice:** According to the most recent Government report on C.102, the share of insured persons in the so-called “potential labour force” (i.e. employees and registered unemployed) was 76.9 per cent in 2006.

**Ratification of ILO Conventions:** Social Security (Minimum Standards) Convention, 1952 (No. 102), ratified in 1969, part IV (Unemployment benefits) applicable; Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168), not ratified.

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1. Public Employment Service Austria (AMS) ([http://www.ams.at/sfa/14080\\_812.html](http://www.ams.at/sfa/14080_812.html)).
2. ISSA country profile (<http://www.issa.int/aiss/Observatory/Country-Profiles/Regions/Europe/Austria>).
3. Natlex ([http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=AUT](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=AUT)).
4. National legislation (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008650>).

severance indemnity system<sup>8</sup> (*Koman – Schuh – Weber, 2005*), changes to regulations on working hours and the inclusion of all forms of employment in the social security system. The overriding goal was to improve the functioning of the labour market and to increase inward migration of foreign workers in line with domestic demand. Tax reforms, pension reforms, changes in family benefits (replacement of the insurance-based parental leave allowance with the general entitlement to a family child-care allowance) and the introduction of a statutory right to part-time employment for parents with children under the age of seven have contributed to boosting employment (see

also Chapter 4 “Combining work, family and personal life”). Lastly, changes have been made to the unemployment insurance system with the aim to increase the willingness of the registered unemployed to accept job offers. These include stricter criteria and a redefinition of the “reasonableness” provisions according to which an unemployed person may refuse a job offer without losing entitlement to unemployment benefits. The reforms also resulted in a reduction in unemployment benefit or unemployment assistance (*Lutz – Mahringer – Pöschl, 2006; Lutz – Mahringer, 2007*).

*In conclusion, Austria has achieved substantial progress in increasing the number of people in employment in recent years, a fact which can in particular be attributed to the increasing number of women in employment. Catching-up processes are also evident in relation to the integration of older people into employment – even if the Lisbon*

<sup>8</sup> The employer must pay 1.53 per cent per month of the current gross salary including, where applicable, special contributions to a severance indemnity fund. The employee is eligible to claim for payment from the fund after three years of contributions in the event of dismissal by employer, involuntary lay-off, authorized resignation, release of funds by common consent, time-limit expiry or resignation due to maternity leave.

goal of 50 per cent is still far off (status in Austria for 2008: 41 per cent). In addition to this generally positive development, however, there are a growing number of atypical forms of employment, some of which do not provide an income that is sufficient to cover basic subsistence needs. There are specific challenges ahead – for example, a long-term drop in the demand for unskilled workers and the difficulties faced by young people in

gaining access to the labour market. In addition, there will be demographically-conditioned challenges in the future. To meet them, it is advisable to further increase the labour market integration of women – both in quantitative and qualitative terms – and to implement measures that, in the context of a strategy of “productive ageing”, will counter early retirements.

### **Box A. The Austrian Micro-Census – Labour Force Survey**

The majority of the statistics used in the Decent Work Country Profile for Austria comes from the Austrian Micro-Census – Labour Force Survey. Up to and including 2003, Statistics Austria carried out the survey as part of a quarterly micro census every March; in 2003 also in June, September and December. At the beginning of 2004, the Micro-Census – Labour Force Survey changed to an ongoing survey, i.e. the survey is now conducted every week throughout the year. At the same time, the questionnaire was also completely redesigned. This results in time-series breaks in 2004 for many of the indicators. Although the basic definitions were retained, these series breaks may limit the comparability of the data to a certain extent (which is why they are marked with an asterisk in the tables). Other indicators are based on questions which were only introduced into the labour force survey in 2004, meaning that no data exist for the preceding years (e.g. in Chapter 4 “Combining work, family and personal life”). The time-series reproduced in the country profile are mainly based on previously published results of the Austrian Micro-Census – Labour Force Survey. In certain cases however, Statistics Austria has made special analyses, as a result of which there may be slight discrepancies with the previously published statistics (e.g. due to the updated weightings). Other indicators were calculated specifically for the country profile so there are no complete equivalents in official publications from Statistics Austria (e.g. share of the employed population working more than 48 hours per week, ‘usual hours’).

See: Statistics Austria, Standard documentation / meta information (Definitions, explanations, methods, quality) for micro census surveys from 2004 onwards - Labour force survey and housing survey. Vienna: Statistics Austria, 2008 ([http://statistik.gv.at/web\\_de/statistiken/arbeitsmarkt/dokumentationen.html](http://statistik.gv.at/web_de/statistiken/arbeitsmarkt/dokumentationen.html)).

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# 2 Adequate earnings and productive work<sup>1</sup>

In recent years, Austrian employees have benefited from a slight increase in real wages. During the period 2003-2007, average gross hourly wages increased in real terms from 11.07 to 11.92 Euro (at 2005 prices). Most recently, the average hourly wage was 12.97 Euro for men and 10.51 Euro for women. Due to a series break in the underlying data source, comparability with the data for the period up to 2001 is limited. However, developments in the recent past were clearly more positive than in the period 1998-2001, during which the average gross hourly wage only increased marginally. As the structure of earnings survey shows, the (average) gross hourly earnings vary significantly depending on the sectors and branches of the economy. In 2006, earnings in manufacturing were 15 per cent higher than in the service sector. Earnings were highest in the “Electricity, gas and water supply” and “Financial intermediation” sectors, and lowest in the more female-dominated sectors such as “Wholesale and retail trade” and “Hotels and restaurants”. In all the economic sectors surveyed, the gross hourly earnings for women are lower than those for men (see also Chapter 7 “Equal opportunity and treatment in employment”). Aside from seniority, education is the factor that has the most positive influence on the level of earnings. Compared to men, earnings for women increase less with the level of education and age (*Statistics Austria*, 2009A; see also *Austrian Court of Auditors*, 2008).

The income difference between wage earners with low and high incomes is considerable and has increased over the past 20 years (see also Chapter 11 “Economic and social context for

decent work”).<sup>2</sup> At the beginning of the 1990s, the income share for the top quintile of wage earners (i.e. the 20 per cent of employees with the highest wages) amounted to just over 38 per cent, and by the middle of that decade it had increased by a further 3 percentage points (taking into consideration series break). In contrast, the share of the bottom quintile fell by around a half a percentage point over the same period, and only amounted to just over 7 per cent in 2006 (*Guger – Knittler*, 2008). Both from a household and a person-based perspective, the income shares of the lower income groups have decreased, while those of the upper income groups have risen. In particular, the above-average increase in the salaries of highly-qualified workers and the phenomenon of internationalization have contributed to this development, which has increased the pressure on the wages of less-qualified workers (*Bock-Schappelwein – Eppel – Mühlberger*, 2009). In addition to the change in income distribution among wage earners, in recent decades the unequal distribution between income from wage employment and profits from holdings and business enterprise has also increased. The wage share in national income has decreased significantly since the 1970s, mainly due to the long-run increase in unemployment, the development of atypical forms of employment and the rapid growth of capital income (*Guger – Marterbauer*, 2007, *Guger – Knittler*, 2008, *Guger et al.*, 2008; see also Chapter 11 “Economic and social context for decent work”).

The widening of the income distribution is also evidenced by the low pay rate (i.e. the share of

<sup>1</sup> Principal authors: Rainer Eppel and Christine Mayrhuber.

<sup>2</sup> Gender-specific wage discrepancies are analysed in Chapter 7 “Equal opportunity and treatment in employment”.



**Table 2. Adequate earnings and productive work**

Decent Work Indicator	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Working poor, in % of the total employed population <sup>1</sup>	7.1	6.8	5.1	5.4	..	7.6*	7.3	6.8	6.4	6.0	..
Men	7.3	6.8	5.3	5.4	..	8.2*	7.5	7.3	6.4	6.3	..
Women	6.9	6.8	4.8	5.5	..	6.8*	7.0	6.1	6.3	5.6	..
Low pay rate, in % of all employees <sup>2</sup>	10.0	11.2	9.1	10.2	..	7.5*	9.9	12.4	11.7	12.7	..
Men	4.3	4.5	3.7	4.9	..	4.1*	5.1	6.4	5.7	7.2	..
Women	17.5	20.0	16.0	16.9	..	12.1*	16.4	20.6	19.6	20.3	..
Gross hourly wage, arithmetic mean in Euro at constant 2005 prices <sup>3</sup>	11.06	11.12	11.17	11.31	..	11.07*	11.00	11.83	11.94	11.92	..
Men	12.06	12.16	12.14	12.26	..	11.91*	11.93	12.82	13.05	12.97	..
Women	9.71	9.73	9.90	10.10	..	9.97*	9.80	10.53	10.47	10.51	..
Life-long learning (25-64 years), in % <sup>4</sup>	..	9.1	8.3	8.2	7.5	8.6*	11.6*	12.9	13.1	12.8	13.2
Men	..	9.8	9.2	8.7	7.6	8.6*	10.9*	12.3	12.2	11.6	12.2
Women	..	8.4	7.4	7.7	7.3	8.6*	12.2*	13.5	14.0	14.0	14.2

Notes:

<sup>1</sup> to <sup>3</sup> The figures for the years until 2005 are based on a revised projection by Statistics Austria, in which changes relating to the number of persons drawing unemployment benefit and the number of migrants were compared with administrative data. This resulted in differences to previous publications by Statistics Austria and the figures reported by Eurostat (see also the publication on EU-SILC 2007 for methodological explanations). No data are available for 2002.

<sup>1</sup> In order to make the income concept of the European Community Household Panel (ECHP) and the EU Survey on Income and Living Conditions (SILC) comparable, private pensions were added to household incomes. As a result, there may be minor differences to the published SILC results. Those classified as "working poor" are the employed persons aged 18 years and above, living in households that are at risk of poverty; this corresponds to the definition used by Eurostat in accordance with the Laeken indicator set. Employed persons: in accordance with the main activity calendar in the income reference year (survey year), people employed for more than half of all the specified months (full-time or part-time), i.e. usually seven months or more. At risk of poverty: equivalized household income (after transfers) below 60 per cent of the median equivalent income for each year. Minimal changes cannot be interpreted due to the statistical sampling error.

<sup>2</sup> Employees with a gross hourly wage less than 2/3 of the median. Based on the hourly wages earned by employees from their main economic activity, calculated from information on continuous employment (gross or if net was stated, net value converted into gross) and hours worked (paid). Only persons aged 18 years and above who currently work for more than 12 hours per week; except apprentices. Minimal changes cannot be interpreted due to the statistical sampling error.

<sup>3</sup> In order to ensure comparability with the hourly wages used to calculate the gender pay gap for Eurostat, the arithmetic mean was calculated with the following constraints: only salaried employees working at least 15 hours/week between the ages of 16 and 64 years. Conversion of nominal salaries into constant 2005 prices using the CPI for 2005 (consumer price index, 2005 = 100), interlinked with CPI 2000 and CPI 96. Minimal changes cannot be interpreted due to the statistical sampling error.

<sup>4</sup> The indicator for life-long learning is measuring the share of the population aged 25 to 64 years who were enrolled in vocational training and continuing education during the last four weeks before the survey. Source up to 2002 Austrian Micro-Census – Labour Force Survey (month March); 2003 Micro-Census – Labour Force Survey (average for months of March, June, September and December); from 2004, Austrian Micro-Census – Labour Force Survey (average for all weeks of the year).

\* Series break.

Source: Statistics Austria, special analysis of the ECHP (1998-2001) and the EU-SILC (2003-2007); Statistics Austria, Consumer Price Index; Statistics Austria, Austrian Micro-Census – Labour Force Survey (1998-2008).

low-wage earners)<sup>3</sup>, which has increased considerably in recent years (see Table 2). At the beginning of the new EU-SILC survey period in 2003, the proportion of low-wage earners amounted to

7.5 per cent (245,000 persons) and by 2007 this had increased to 12.7 per cent (425,000 persons). The most affected group are women, of whom 20.3 per cent worked for a low wage in 2008 – compared with 7.2 per cent of men. The preceding ECHP survey for the years 1998 to 2001 shows a similarly large discrepancy between the sexes, although the fluctuations between the individual years are within the statistical margin of error, making it impossible to identify a trend for this period.

<sup>3</sup> Definition of low wage-earners according to the Organisation for Economic Co-operation and Development (OECD) is dependently-employed persons aged 18 years and over (not including apprentices) with a gross hourly wage (from their primary activity) two-thirds below the median. The median defines the statistical middle: half of the observations lie below the median and the other half lie above the median.

### Legal Framework Indicator 3. Statutory minimum wage

**Law, policy or institutions:** Austria has a dual system under which minimum wage rates are set by the government for certain occupations and sectors, and in collective agreements for most sectors. Collective agreements dominate. The legislation is the Collective Labour Relations Act (Arbeitsverfassungsgesetz, ArbVG). See also minimum wage rates as set by the Federal Arbitration Office (Bundeseinigungsamt).

**Minimum wage levels:** The level of the minimum wage rate varies between occupations and sectors. For example, as of 1 January 2009, gross monthly minimum wage for full-time employees in private child-care institutions ranges between €1,751 (for the 1st and 2nd years of employment) and €2,441 (for the 39th and 40th year). The minimum wage for *au pair* workers is €357.74 per month (plus free lodging), with a maximum working time of 20 hours per week (all rates as of 1 January 2009).

**Evidence of implementation effectiveness:** No information located by the ILO

**Coverage of workers in law:** The minimum wage fixing system is applied when, on the employers' side, there are no bodies with the competence to conclude collective agreements and thus none can be concluded. Under certain limited circumstances, existing collective agreements can be extended to workers of an entire branch.

**Coverage of workers in practice:** Minimum wage rates currently exist for the following occupations and sectors: janitors, household help, private education, *au pair* workers, and private child-care institutions.

**Ratification of ILO Conventions:** Minimum Wage-Fixing Machinery Convention, 1928 (No. 26), ratified in 1974; Minimum Wage Fixing Machinery (Agriculture) Convention, 1951 (No. 99), ratified in 1953; Minimum Wage Fixing Convention, 1970 (No. 131), not ratified.

Sources:

1. TRAVAIL database (<http://www.ilo.org/travaildatabase/servlet/minimumwages>).
2. National labour legislation (<http://www.bmask.gv.at/cms/site/attachments/3/8/4/CH0650/CMS1233229938197/arbeitsverfassungsgesetz.pdf>).
3. Minimum wage rates as published by the Federal Arbitration Office (<http://www.bmask.gv.at/cms/site/liste.html?channel=CH0787>).

A contrary development is evident among the employed population living in households at risk of poverty (known as the “working poor”).<sup>4</sup> Their numbers decreased between 2003 (262,000 persons) and 2007 (210,000 persons), or by almost 20 per cent. At the same time, the proportion of “working poor” among the total employed population fell from 7.6 per cent to 6.0 per cent (see Table 2). Due to the series break in 2003, comparability with the results for the preceding years is limited. However, according to the data available, there was a similar development in the period 1998-2001. The differences between the sexes

are relatively small, although in 2007 the female employed population (5.6 per cent) were less likely to live in poor households than the male employed population (6.3 per cent). This may at first seem paradoxical since women are more often low-wage earners, and since the total share of those at risk of poverty was higher for women (13.4 per cent) than for men (10.6 per cent). This contradiction can be explained by the fact women in employment are often not the only wage or salary earners in a household and their earnings – even if they are low – are often sufficient to bring the total household income above the poverty threshold.

<sup>4</sup> Defined as the employed population aged 18 years and above whose equivalized household income lies below the risk-of-poverty threshold, which is 60 per cent of the median equivalent income. The equivalized household income is obtained by dividing the household's disposable income by the figure for the household's consumption equivalent. It is assumed that as the size of the household increases, dependent on the age of the children, a cost saving is achieved through economy of scales. For evaluation purposes, the EU scale (modified OECD scale) is used to calculate the resource needs of a household: an adult living alone serves as the reference point (= consumption equivalent) and is given a weighting of 1. It is assumed that resource needs increase for each further adult by 0.5 consumption equivalent. Each child under 14 years is weighted at 0.3 consumption equivalent. A household with a father, mother and child would thereby have a calculated consumption equivalent of 1.8 compared with a single household.

Among the total employed population, those employed intermittently are at greatest risk of poverty (*Till et al.*, 2009). The risk of working poverty is above average among those in year-round part-time employment and in precarious employment (discontinuous employment, marginal part-time, low-wage employment) (*Statistics Austria*, 2009B). Whether and to what extent people are working poor despite being gainfully employed is, in addition to the personal gross market income, dependent on the taxes and social security contri-



butions they must pay, the individual household situation – in particular the employment intensity in the household – and social benefits, which substantially reduce the risk of poverty (Guger et al., 2009; Bock-Schappelwein – Eppel – Mühlberger, 2009). An increasing employment-to-population ratio (see Chapter 1 “Employment opportunities”) is helping to reduce the number of working poor as more household members contribute to the household income. On the other hand, the more low-wage earners live in a household, the greater is its risk of poverty. For Austria, there are no data available to enable stepwise investigation of the causal connections involved (Fink, 2009). It can, however, be ascertained that the working poor are prevalent in multi-person households with at least three children, in single-parent families and among single mothers (Statistics Austria, 2009B).

Compared on a European scale, the working poverty rate among the employed population was, at 6 per cent in Austria, below the EU average of 8 per cent (Eurostat, 2009). Nevertheless, the phenomenon of the working poor should not be ignored in Austria. They represent almost half of all those of working age at risk of poverty (Statistics Austria, 2009B). This implies that integration into the labour market does not necessarily guarantee a sustained reduction of the risk of poverty (Fink, 2009).

Austria has no general legal minimum wage (see Legal Framework Indicator 3 “Statutory minimum wage”). Instead, the minimum remuneration is set for each economic sector under collective agreements (Federal Ministry of Labour, Social Affairs and Consumer Protection, 2007; Hermann, 2009). In 2007, the social partners concluded a framework agreement under which sector-specific collective agreements are to set a minimum gross remuneration of 1,000 Euro (for full-time work).<sup>5</sup> This framework agreement has been implemented to a large extent. Two other measures that were implemented in recent years have also improved the situation of employees with low incomes, namely (i) the improved registration and payment of overtime for part-time workers, following the amendments to the Working Time Act in 2007

(Vienna Chamber of Labour, 2007), and (ii) the expansion of social protection to cover various groups with atypical forms of employment (Bock-Schappelwein – Mühlberger, 2008).

The level of education and professional status are important determining factors for the risk of poverty. As is evident from EU-SILC data, the more qualifications a person has, the greater the probability of a relatively high income and the lower the risk of poverty (Statistics Austria, 2009B). As in the past, however, there is still a need for action in the area of life-long learning, even though the share of the population (aged 25-64 years) in vocational and further training has increased in recent years to a total of 13.2 per cent in 2008 (12.2 per cent for men and 14.2 per cent for women) (Böheim – Wakolbinger, 2009). This puts Austria above the European Union average, but still a long way behind the front-runners Denmark (30.2 per cent) and Finland (23.1 per cent).<sup>6</sup> On a European scale of comparison, the investments made by businesses into continuing education are exceptionally high.<sup>7</sup> Böheim – Wakolbinger (2009) show that annual expenditure for in-plant vocational training of 1,000 Euro per employee leads to a 5-7 per cent increase in the gross hourly wage.

*Overall, Austria has made gradual progress in the area of adequate earnings and productive work over the past ten years, particularly in terms of the slight increase in the average real wage and the gradual decline in the number of working poor. On the other hand, the proportion of low-wage earners rose considerably until 2007 (the last year with available data), particularly among women. However, in this context, the framework agreement concluded between the social partners in the same year under which sector-specific collective agreements stipulate a minimum gross wage of 1,000 Euro (for full-time work) deserves recognition. Nevertheless, despite the progress made there is further need for action in the area of life-long learning (to prolong the positive trend seen in recent years and catch up with the European front-runners) and as regards the social floor (prevention of poverty and precarity).*

<sup>5</sup> According to calculations by Statistics Austria, 3.5 per cent of the total employed population were still below this threshold in 2007 (special analysis based on EU-SILC).

<sup>6</sup> See Eurostat (Structural indicators), Employment: life-long learning.

<sup>7</sup> See Eurostat, CVTS (Continuing Vocational Training Survey) 2005.

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# 3 Decent hours<sup>1</sup>

Under Austrian legislation normal working hours are eight hours per day and 40 hours per week (see also Legal Framework Indicator 4 “Maximum hours of work”). The Law on Working Time does, however, envisage a number of possibilities whereby normal working hours can be distributed differently. For example, special provisions offer the possibility of working a four-day week or extending the weekly working hours within specific stipulated periods. As a result of these special provisions, a number of collective agreements and works agreements allow for more flexible working time arrangements, such as in retail trade and large parts of industry. With flexible working hours, time credits can be accumulated or used. Employees have a right to 30 working days of paid leave per year (or 25 working days in the case of a 5-day working week). For employees who have worked for the same employer for more than 25 years, this increases to 36 working days (30 working days in the case of a 5-day working week; see also Legal Framework Indicator 5 “Paid annual leave”).

On 1 January 2008, the new Working Time Act and the Act on Rest Periods came into effect, entitling the social partners to establish normal working hours of up to 10 hours per day. A regular distribution of the total weekly working hours over four days is now possible at enterprise level. Where there is a specific need to work extra hours, working hours may be extended – under a works agreement or on the basis of an individual agreement in companies without a works council – to up to 12 hours per day (or 60 hours per week) for a maximum period of 24 weeks per year (previously 12 weeks). Each eight-week period of overtime must be followed by at least two weeks of normal working hours. This extension of working hours is only allowed as a temporary meas-

ure to cover specific work requirements in order to avoid a disproportional negative economic impact and where other measures are not a viable option. Even in this case however, the average weekly maximum working hours limit of 48 hours within any 17-week period must be respected. The amendments to the Working Time Act are based on a common concept note by the social partners which was adopted into the Government programme. The details were also negotiated by the social partners together with the Austrian Federal Government (*Vienna Chamber of Labour*, 2007).

Employees of the Austrian Federal Government normally work 40 hours per week and, where possible, these must be distributed evenly and consistently throughout the days of the week by means of a roster. However, the legislation does also allow for a number of more flexible working time models in the federal administration, such as the four-day week or the annual working time model. In principle, the maximum number of working hours must not exceed 13 per day. Exceptions to this limit may only be arranged under specific, legally-defined conditions (for example, to ensure the continuity of the service). However, the weekly working hours may not exceed 48 within a 17-week period without the consent of the employee.<sup>2</sup> Similar regulations also exist at the level of State Governments and local authority administration.

As a result of the current economic crisis, short-time working arrangements are increasingly coming into play. They enable businesses to introduce reduced working hours during periods of weak demand. The objective is not to have to make

<sup>1</sup> Principal authors: Julia Bock-Schappelwein and Rainer Eppel.

<sup>2</sup> The maximum limit of working hours per day does not apply to certain groups of Federal Government employees with specific state duties which, in the interests of the general public, cannot be postponed (e.g. national security service, army, etc.)

**Table 3. Decent hours**

Decent Work Indicator	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Excessive hours (employed population working more than 48 hours per week, usual hours), in % of the employed population <sup>1</sup>	9.5	9.7	9.2	8.9	8.6	8.5	17.0*	16.8	16.8	16.8	16.1
Men	11.7	12.1	11.7	11.2	11.1	11.1	23.8*	23.9	23.9	23.9	22.8
Women	6.7	6.5	5.9	6.0	5.6	5.4	8.8*	8.3	8.2	8.3	8.1
by status in employment:											
Self-employed (incl. contributing family workers)	50.6	51.5	49.6	48.6	46.6	46.7	57.1*	54.8	55.5	52.5	50.8
Employees	2.9	3.1	3.0	2.8	2.8	2.9	11.2*	11.0	10.7	10.9	10.5
Average hours worked per week (usual hours), in hours <sup>1</sup>	38.9	38.8	38.6	38.3	38.1	38.0	39.8*	39.5	39.3	39.1	38.6
Men	41.2	41.3	41.2	41.0	40.8	40.8	43.9*	43.8	43.7	43.4	42.8
Women	35.7	35.4	35.1	34.8	34.4	34.3	34.4*	34.2	33.9	33.7	33.5
Part-time ratio, in % of the employed population <sup>2</sup>	15.7	16.4	16.4	17.6	18.3	18.7	19.7*	21.1	21.8	22.6	23.3
Men	4.3	4.1	4.0	4.4	4.7	4.7	4.8*	6.1	6.5	7.2	8.1
Women	30.7	32.4	32.3	34.3	35.3	36.0	37.8*	39.3	40.2	41.2	41.5

## Notes:

<sup>1</sup> Source up to 2003: Austrian Micro-Census (average of surveys in March, June, September and December); from 2004 Austrian Micro-Census – Labour Force Survey (annual average for all weeks). Employment in accordance with the labour force concept; weekly working hours spent in the primary activity. From 2004, data include persons with highly-fluctuating working hours. The statistical concept of “usual hours” relates to the actual working hours including overtime worked over a longer time period. On the other hand, the term “normal hours” used in labour law describes the regular working hours without overtime, as stipulated by law or in a collective agreement.

<sup>2</sup> Part-time ratio: share of population employed part-time in % of total employed population. Until 2003, persons working up to 35 hours per week (usual hours), from 2004 onwards, responses to direct questions to determine part-time work

\* Series break

Source: Statistics Austria, special analysis of the Austrian Micro-Census (to 2003) and Austrian Micro-Census – Labour Force Survey (from 2004 onwards).

employees redundant during periods of economic downturn, but to keep them on the company’s payroll. The employees reduce their normal weekly working hours temporarily to a level between 10 and 90 per cent and receive partial compensation for the working hours lost so that the loss of wages is less than it would be for an ordinary reduction in working hours. These “short-time working benefits” are partially reimbursed to employers by the Public Employment Service Austria.

Austria lies in the European mid-field, both with respect to legally-stipulated working hours and the average normal working hours agreed in collective agreements (Guger, 2007; Eurofound, 2008A). Averaged over a longer time period, the mean hours actually worked by employed population were 38.6 hours per week (42.8 hours for men and 33.5 hours for women; see Table 3). Since 2004 this figure has decreased by 1.2 hours – in line with the European trend (Statistics Austria,

2009; Eurofound, 2008B). A relatively high proportion of the employed population works more than 48 hours per week, which is the upper limit for normal weekly working hours established in the Hours of Work (Industry) Convention, 1919 (No. 1) (Eurofound, 2008B; Eurostat, 2008). In 2008, the figure was 16.1 per cent among all groups within the employed population, which was slightly less than in 2004. Due to a series break, comparability with the results for the period 1998-2003 has been affected. Very long working hours are quite common among self-employed workers and contributing family workers. In fact, in this group approximately every second worker is affected. However, there is a possibility that they over-estimate their working hours. On the other hand, only around 10 to 11 per cent of those in paid employment have usual working hours exceeding 48 hours. The share is 15 percentage points higher for men than for women (men: 22.8 per cent; women: 8.1 per cent).



#### Legal Framework Indicator 4. Maximum hours of work

**Law, policy or institutions:** The Law on Working Time of 1969 (Arbeitszeitgesetz, AZG) defines normal working time. Specific regulations apply for some occupations, sectors and the public service.

**Number of hours allowed:** The limits for normal working hours, excluding overtime, are 8 hours per day and 40 hours per week (i.e. from Monday to Sunday included). In many sectors, shorter normal working hours are in place under collective agreements. Only under certain conditions or in specific work contexts can exceptions be made to these rules. Maximum working hours, including overtime, are limited to 10 hours per day and an average of 48 hours per week within a calculation period of 17 weeks. In addition, working hours including overtime in a single week are not allowed to exceed 50 hours.

There are some exceptions to this general provision. Amendments to the Working Time Act in 2007 (BGBl. I Nr. 61/2007, effective as of 1 January 2008) aim to provide more flexibility as regards working time and increase the previous maximum thresholds. The Act now allows for working time including overtime up to 60 hours a week during 24 weeks per year (previously 12), but this may not last longer than eight consecutive weeks. This is only allowed under the condition that this extension of working hours is necessary to avoid a disproportional negative economic impact and that other measures are not a reasonable option. Nevertheless, the average weekly maximum working hours limit of 48 hours must be respected. Regarding normal working hours (i.e. excluding overtime), another new feature of the Act, as amended, is the possibility for the social partners to agree on 12 hour shifts and normal daily working hours up to 10 hours in collective agreements.

**Evidence of implementation effectiveness:** Data provided by Statistics Austria indicate that a substantial proportion of workers exceed the threshold of 48 hours per week. This is, in particular, the case for self-employed workers who are not covered by the legislation (see Table 3). (Note that the Committee of Experts has not reviewed Austrian legislation because C.1 and C.30 have not entered into force in Austria; see under "Ratification of ILO Conventions").

**Coverage of workers in law:** All private sector employees; specific regulations apply for some occupations, sectors and the public service.

**Coverage of workers in practice:** See under "Evidence of implementation effectiveness" and table 3.

**Ratification of ILO Conventions:** Hours of Work (Industry) Convention (No. 1), 1919: conditional ratification in 1924: listed in ILOLEX as "Status: Pending". The condition when it was ratified was that it would be put into force in Austria only when it has been ratified the European States of chief industrial importance, and also by the States bordering on Austria with which Austria has economic relations (i.e. Hungary, Poland, Kingdom of the Serbs, Croats and Slovenes, Switzerland and Czechoslovakia). Hours of Work (Commerce and Offices) Convention, 1930 (No. 30), ratified in 1933 on condition that it should come into force when ratified also by Germany.

Sources:

1. Statistics Austria ([http://www.statistik.at/web\\_de/static/ergebnisse\\_im\\_ueberblick\\_arbeitszeit\\_023272.xls](http://www.statistik.at/web_de/static/ergebnisse_im_ueberblick_arbeitszeit_023272.xls)).
2. Government web-portal help.gv.at (<http://www.help.gv.at/Content.Node/k17/Seite.171300.html>).
3. National legislation (<http://www.bmsk.gv.at/cms/site/attachments/6/1/5/CH0686/CMS1232545766182/arbeitszeitgesetz.pdf>).

Atypical working hours also affect men more than women. The most frequently occurring deviations from normal working hours relate to Saturday work. In 2007, 45 per cent of the employed population indicated that they worked occasionally on Saturdays. Evening work (35 per cent) is more common than night work (20 per cent). Moreover, 26 per cent of the total employed population indicate that they work at least occasionally on a Sunday. Some 32 per cent of the employed population work regularly on Saturdays, 17 per cent on Sundays and 14 per cent in the evenings. Seven out of every 100 workers work regularly at night.

No clear trend in relation to special forms of working time can be determined for recent years (*Statistics Austria*, 2008).

The most notable change in the area of working hours is the significant increase in part-time employment. In 2008, the ratio of part-time employees (self-classification) was 23.3 per cent, compared with 19.7 per cent in 2004. To date, it is mainly women who work on a part-time basis. The proportion of women working part-time among the entire female employed population increased from 37.8 per cent in 2004 to 41.5 per

### Legal Framework Indicator 5. Paid annual leave

**Law, policy or institutions:** The Paid Annual Leave Act of 1976 (Urlaubsgesetz, UrlG) defines 'Urlaub' (holiday in German) as paid annual leave guaranteed to workers in the private sector; similar provisions exist for the public sector.

**Levels of leave:** Workers are entitled to a paid annual leave of 30 working days (or 25 working days in the case of a 5-day working week), i.e. five calendar weeks in total. Workers who have worked for the same employer for more than 25 years are entitled to a paid annual leave of 36 working days (30 working days in the case of a 5-day working week), i.e. six calendar weeks in total.

**Evidence of implementation effectiveness:** No information located by the ILO.

**Coverage of workers in law:** All private sector workers are covered, with exceptions for categories of workers for whom special legislation applies (e.g., agriculture, home workers, construction workers, actors). The law's requirements are binding and cannot be amended or abrogated by collective agreements, workplace agreements or individual agreements, unless this establishes a provision that is more favourable to the worker.

**Coverage of workers in law:** See above.

**Ratification of ILO Conventions:** The Holidays with Pay (Agriculture) Convention, 1952 (No. 101), ratified in 1953. The Holidays with Pay Convention, 1936 (No. 52), and the Holidays with Pay Convention (Revised), 1970 (No. 132), have not been ratified.

Source: National legislation (<http://www.bmsk.gv.at/cms/site/attachments/1/1/2/CH0663/CMS1232459344796/urlaubsgesetz.pdf>).

cent in 2008. However, the proportion of men employed on a part-time basis has also increased (from 4.8 per cent in 2004 to 8.1 per cent in 2008; see also Table 3).

It is almost impossible to distinguish clearly between voluntary and non-voluntary part-time work. In 2007, every fifth person working part-time indicated that he or she did not wish to work full-time. While men cited education, vocational or further training as the main reason, women indicated that they were the primary care-giver for children or other family members in need of nursing care, as well as stating other personal or family reasons. A total of 11.8 per cent of those employed on a part-time basis gave as a reason the fact that they had not found full-time employment (*Statistics Austria*, 2008).

In Austria, as in all other European countries, the actual working hours differ significantly from the desired working hours. On average the preferred weekly working hours were less than the actual working hours for both men and women (*Euro-found*, 2003). Another aspect relates to under-employment in terms of working hours (*Boulin et al.*, 2006). In 2008, 233,800 employed persons

worked less than 40 hours per week and wanted to work longer hours. A total of 167,100 employed persons would also have been available within two weeks, meaning that they can be considered to be under-employed in terms of working time. The time-related underemployment rate amounted to 4.1 percent of the entire employed population (*Statistics Austria*, 2009).

*The developments discussed here do not allow for any clear conclusion as to whether Austria has made progress in relation to working hours over the past ten years. Although the expansion of part-time work has created the possibility for many women to enter the labour market, part-time positions can be problematic in terms of career opportunities and income. The main reason why women work part-time is so that they can combine their work with child-care responsibilities (Bock-Schappelwein – Eppel – Mühlberger, 2009). An increase in the number of child-care places would improve equality on the labour market for women (see Chapter 4 “Combining work, family and personal life”). As in the past, a minority of the employed population – men in particular – worked more than 48 hours per week, thereby having excessively long working hours.*

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# 4 Combining work, family and personal life<sup>1</sup>

Austrian policy for the promotion of a healthy work-life balance places emphasis on the ability to combine family responsibilities with work. It is ostensibly women who are most affected by this since they perform most of the informal, unpaid housework, child-care and nursing duties within the family (*Statistics Austria, 2003; Statistics Austria, 2006*).

Family responsibilities have little or no effect on men's careers, however they do have a clear influence on the employment-to-population ratio of women and the amount of time they spend in employment. Despite the growing number of mothers entering the labour force, according to Statistics Austria, women aged 20-39 years with children under the age of 15 years still show a considerably lower employment-to-population ratio (70.6 per cent in 2008) than women in the same age bracket without children (80.1 per cent). Family responsibilities are the main reason why women of prime working age are not available to enter the labour force. In 2008, almost 5 per cent of all women not in employment did not seek work due to child-care or other care responsibilities within the family, despite having a general desire to work. It is therefore a matter of some concern that this share has increased from 3.0 per cent in 2004 to 4.6 per cent in 2008. By contrast, this problem is of no consequence for men (see Table 4).

The most common pattern among Austrian couples with children to combine work and family life is for the man to work full-time while the woman works part-time. This type of employment division applies to 40.7 per cent of couples (*Sta-*

*tistics Austria, 2006; Statistics Austria, 2009A*). While men continue to work full-time irrespective of child-care and other care responsibilities within the family, women often interrupt their employment for several years after the birth of their first child. Following the break, part-time work is by far the preferred form of employment in order to combine work and family responsibilities. In 2008, 16.4 per cent of the total female employed population were working part-time due to the need to cover child-care or other care responsibilities within the family. This percentage has only been subject to minor fluctuations in recent years. As with inactivity on the labour market due to child-care and other family responsibilities, the need to work part-time in order to cover care responsibilities within the family is practically irrelevant for men (see Table 4).

The compatibility profile of women and men is characterized by the basic conditions of the welfare state. Over the past ten years reforms have been implemented at three central levels of compatibility-related policy – time, money and infrastructure – to produce various incentives. Certain measures have been designed to promote the combination of work and family life. For example, in 2002 the palliative family care leave of absence was introduced, offering the possibility to take unpaid leave of absence from work for several months or to change one's working hours to care for dying relatives or seriously ill children (*Federal Ministry of Labour, Social Affairs and Consumer Protection, 2009*). Since 2004, parents have the right to work part-time until their child has reached the age of 7 years (or until the child starts school if this is later), on condition that they work for a company with more than 20 employees and have been employed at the company for

<sup>1</sup> Principal author: Rainer Eppel.

**Table 4. Combining work, family and personal life**

Decent Work Indicator	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Persons working part-time due to child-care or nursing care responsibilities, in % of the total employed population <sup>1</sup>	..	..	..	..	..	..	7.5	7.4	7.4	7.4	7.7
Men	..	..	..	..	..	..	0.2	0.2	0.2	0.2	0.3
Women	..	..	..	..	..	..	16.4	16.0	16.1	16.2	16.4
Persons who are not employed, have a general desire to work, but are not seeking employment due to child-care or nursing responsibilities, in % of those who are not employed <sup>2</sup>	..	..	..	..	..	..	1.9	2.7	2.7	2.8	3.0
Men	..	..	..	..	..	..	0.2	0.2	0.1	0.1	0.2
Women	..	..	..	..	..	..	3.0	4.2	4.2	4.3	4.6

Notes:

<sup>1</sup> Annual average for all weeks; employment in accordance with the labour force concept; 15 years and above.

<sup>2</sup> Annual average for all weeks; employment in accordance with the labour force concept, 15-64 years.

Source: Statistics Austria, special analysis of the Austrian Micro-Census – Labour Force Survey.

at least three years. If one of the conditions is not met, parents can arrange with their employer to work part-time until the child reaches the age of 5 years (*Federal Ministry of Economic Affairs and Labour, 2008; Dörfler et al., 2008*). In the context of introducing the new child-care benefits, it is now possible for parents to accept work that exceeds the marginal employment threshold during 13 weeks per year. In addition, the supplementary income limit while receiving child-care benefits was increased in 2008 from 14,600 Euros to 16,200 Euros per year (*Dörfler – Neuwirth, 2007*).

In spite of the specific measures introduced in Austria over the past ten years, the model promoted was a more “sequential” than simultaneous approach to combining work and family responsibilities, i.e. a longer interruption of employment with eventual reintegration into working life (*Mairhuber, 2009*). The introduction of the child-care benefit in 2002 was a significant measure in this respect, alongside increasing, but still inadequate, expenditure on in-kind benefits (places in child-care facilities). This cash benefit replaced the parental leave allowance, which was designed as an insurance benefit, and is paid irrespective of previous employment status to all mothers or fathers for a maximum of three years (maximum of 2.5 years per parent). The resulting extension of

the period during which the benefit can be drawn (which exceeds the maximum parental leave period under labour law), along with the simultaneous increase in the benefit level, has led to a significant extension of the career break period, particularly among women (*Lutz, 2004; Riesenfelder et al., 2007*). This is generally proving to be disadvantageous in terms of labour market opportunities, income and social security (*Lutz, 2003*). Since 1 January 2008 the drawing of child-care benefits has been made more flexible. When deciding how to draw benefits, parents can now choose from three different options which vary according to duration and benefit amount (*Federal Ministry of Health, Family and Youth, 2008*; see also Legal Framework Indicator 6 “Parental leave”). To date, two-thirds of parents have chosen the longest option of 30 plus 6 months. A further quarter of parents have selected the 20 plus 4 months option, so as yet there is no fundamental change in the behavioural pattern of women recommencing employment (see also *Bock-Schappelwein – Eppel – Mühlberger, 2009*).<sup>2</sup>

The conditions for provision of care in the family and social security have been further improved by other measures. Among these are an improve-

<sup>2</sup> Figures are based on a report by the Austrian Government on ILO Convention No. 111.

### Legal Framework Indicator 6. Maternity leave

**Law, policy or institutions:** The Maternity Protection Act (Mutterschutzgesetz, MSchG), the Agricultural Labour Act (Landarbeitsgesetz, LAG) and parallel legislation for some groups of public sector employees, provide maternity leave for all female employees, the key condition being the existence of an employment relationship.

**Benefits (level and duration):** Female employees in the private sector are entitled to a maternity leave of at least 16 weeks, which includes 8 weeks of compulsory postnatal leave. To receive the maternity allowance, women only need to have been covered by the social security scheme at the time the pregnancy occurred. The allowance is equal to 100 per cent of the average wage received during the previous 13 weeks. Female civil servants are entitled to their full salary during the 16 week maternity leave. Female contract employees in the Federal Service are not paid their salaries for the duration of the protected period if the current cash payments by the social insurance institution for this period fully cover the salary. If this is not the case, the amount is supplemented to reach the full salary. Supplements are sometimes also provided for by collective agreements. Female freelance employees (freie Dienstnehmerinnen) are covered for maternity benefits since 1 January 2008. The calculation of weekly pay is based on net income and takes account of the special nature of freelance employment compared with regular workers.

**Evidence of implementation effectiveness:** No information located by the ILO.

**Coverage of workers in law:** The MSchG and LAG apply to all employees, irrespective of the number of employees in the business, the length of the employment relationship and the amount of work (working time). If the female employee has several jobs, the relevant legislative provisions apply to each of her employment relationships. Female home-workers, despite not being employees but persons akin to employees, are expressly included (MSchG in Section 1, para. 1 Z 1). With the exception of the provisions on protection against dismissal, the legal provisions apply irrespective of whether the employment relationship is fixed-term or permanent or probationary.

**Coverage of workers in practice:** Apparently all female employees and some self-employed women.

**Ratification of ILO Conventions:** Maternity Protection Convention, 2000 (No. 183), ratified in 2004.

Sources:

1. Government of Austria 2006 report on C.183.
2. Government of Austria 2008 report on C.183.
3. National legislation (<http://www.bmask.gv.at/cms/site/attachments/6/7/1/CH0701/CMS1232619890449/mutterschutzgesetz1979.pdf>).

ment in crediting periods spent raising children to the pension insurance scheme (since 2005) and the extension of tax breaks for families (most recently following the latest tax reform in 2009; *Federal Ministry of Finance*, 2009). In contrast to the improved cash benefits and exemptions, investments in the social services have been much smaller. As a consequence, there are still shortcomings in Austria's care infrastructure, both for children and for adults in need of nursing care (*Statistics Austria*, 2009B; *Plantenga – Remery*, 2009; *Fuchs*, 2006). In combination with the regulations on leave of absence for parents, this contributes to the relatively long family-related career breaks and frequent reductions in working hours taken by Austrian women (*Leitner – Wroblewski*, 2006). The lack of public child-care alternatives means that a fundamental condition for “simultaneous” compatibility cannot be met (*Mairhuber*, 2009). Consequently, there is little relief available from family and other care

responsibilities, and genuine possibilities for combining family responsibilities with employment or choosing between family care and paid work are still limited.

The development over the past ten years has continued the trend of “payments for care” (*Ungerson*, 1997), which began in the 1990s with the introduction of nursing allowances for those needing long-term care (*Österle – Hammer*, 2007). In particular, the introduction of child-care benefit has extended the financial responsibility of the State and stressed the central role of the family in the provision of child-care and nursing care. Since women primarily undertake child-care and nursing care, the incentives provided by the high transfer intensity towards nursing and child-care in the home are helping to maintain the predominant distribution of family responsibilities in the household (*Bock-Schappelwein – Eppel – Mühlberger*, 2009; see also *Leitner*, 2003).

## Legal Framework Indicator 7. Parental leave

**Law, policy or institutions:** The Maternity Protection Act (Mutterschutzgesetz, MSchG), the Paternity Leave Act of 1989 (Väter-Karenzgesetz, VKG), the Agricultural Labour Act (Landarbeitsgesetz, LAG), all as amended, and legislation by the Federal States (Länder) regulate parental leave. Both parents are entitled to take parental leave (release from work duties against loss of remuneration) up to the child's second birthday if they live in the same household as the child. Parental leave can be alternated twice with the other parent, provided that each parent takes at least three months of parental leave at a time. Parental leave can only be taken by one parent at a time. Three months of parental leave can be deferred until the child is seven years old. Employees on parental leave enjoy special protection from dismissal. Employees who have adopted a child have the same parental leave entitlements.

**Benefits (level and duration):** The current child-care benefit (Kinderbetreuungsgeld) scheme grants payments to all parents with child-care obligations, regardless of their employment situation. In its current form parents are entitled to opt for one out of three alternatives: (a.) receiving payments of €436 per month for a period of up to 30 months (or up to 36 months if both parents alternately assume child-care duties); (b.) receiving €624 per month for a period of up to 20 months (or up to 24 months if both parents alternately assume child-care duties); (c.) receiving €800 per month for a period of up to 15 months (or up to 18 months if both parents alternately assume child-care duties). The scheme allows beneficiaries to earn an additional income of up to a maximum of €16,200 annually.

**Evidence of implementation effectiveness:** No information located by the ILO.

**Coverage of workers in law:** All employees in the private and public sector are covered either by federal law or by the law of the Federal States (Länder); parental leave allowance applies to all Austrian residents.

**Coverage of workers in practice:** As above.

**Ratification of ILO Conventions:** Workers with Family Responsibilities Convention, 1981 (No. 156), not ratified.

Sources:

1. Labour legislation in NATLEX.
2. Government of Austria 2009 Report under C.111.
3. National legislation:  
 MSchG (<http://www.bmask.gv.at/cms/site/attachments/6/7/1/CH0701/CMS1232619890449/mutterschutzgesetz1979.pdf>);  
 VKG (<http://www.bmask.gv.at/cms/site/attachments/5/2/7/CH0651/CMS1232539947760/vterkarenzgesetz.pdf>)  
 and LAG ([http://www.bmask.at/cms/site/attachments/3/8/4/CH0650/CMS1233229938197/landarbeitsgesetz\\_1984.pdf](http://www.bmask.at/cms/site/attachments/3/8/4/CH0650/CMS1233229938197/landarbeitsgesetz_1984.pdf)).

*In conclusion, it should be stressed that the basic conditions for combining work, family and personal life have improved over the past ten years. Nevertheless, no noteworthy progress has been achieved in relation to a more balanced division of informal child-care and nursing responsibilities between the sexes; there is a particular need for action to improve the provision of public child-care and nursing care. However, current plans for reform do give some hope of slight improvement in the near future. From autumn 2009, all five-year olds in Austria will be able to attend institutional*

*child-care facilities for 20 hours per week free-of-charge. Furthermore, there are plans to introduce mandatory enrolment of all children in this age group to attend kindergarten for 20 hours per week throughout Austria by September 2010 at the latest. To implement these plans, which require an extension of the child-care facilities currently on offer, the Federal Government will provide at least 70 million Euros for each of the periods 2009-10 and 2010-11. In addition, there are plans to introduce a further option of a means-tested child-care benefit.*

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# 5 Work that should be abolished<sup>1</sup>

The employment of children under the age of 15 years (or until they finish compulsory education if this is later) is generally prohibited under the Employment of Children and Young Persons Act in Austria. However, from the age of 12 years a child may engage in occasional light work in family businesses outside school hours if the child is a close relative of the business owner. With the approval of the head of a Federal State, children may be employed for musical concerts, theatrical and other performances as well as for photo shoots, film, television and sound recordings if this is of particular interest to art, science or teaching. The child's legal representative must also be in agreement. For this reason, a few children under 15 years feature in the employment statistics. The employment of children in variety theatres, bars, sex shops, dance cafes, discotheques and other similar businesses is prohibited (Löschnigg, 2003). Hazardous forms of work are also prohibited for persons under the age of 18 years (see Legal Framework Indicator 8 "Child labour").

Due to its geographical location, Austria is both a transit and a target country for human trafficking. Cases of sexual exploitation, practices similar to slavery (in particular among domestic workers), the trafficking of children and forced begging have been exposed in the past, although there are currently no official statistics available to indicate the exact scope of the problem (*Task Force on Human Trafficking*, 2009B). The Inter-Agency Working Group on Trafficking established by the Organization for Security and Co-operation in Europe (OSCE) estimates that there are around 4,000 victims of human trafficking in Vienna alone. The

victims' countries of origin are mainly Romania, Bulgaria, Hungary, the Republic of Moldova, Belarus, Ukraine, the Slovak Republic, Nigeria and other countries in sub-Saharan Africa. Many of the women victims from Eastern Europe are trafficked via Austria to Italy, France and Spain, while women from Africa are trafficked via Spain and Italy to Austria (*Department of State*, 2009).

A number of provisions in criminal law specifically prohibit human trafficking and associated activities (see Legal Framework Indicator 9 "Forced labour"). Crime statistics from the courts show that these provisions are also being applied. In 2007, a total of 18 cases were lodged involving human trafficking (pursuant to § 104a of the Austrian Penal Code), 33 cases involving procurement of minors for sexual services (§ 214 of the Austrian Penal Code), 104 cases involving supply into prostitution, 33 cases involving the promotion of prostitution and pornographic presentation of minors, 524 cases involving international prostitution trade and 28 cases involving the exploitation of a foreigner (*Task Force on Human Trafficking*, 2009B).<sup>2</sup>

In recent years, Austria has considerably strengthened its commitment towards the penalization of human trafficking. Action has been taken to identify prostitutes forced to work within the legal sex economy. Victims are given a guarantee that they will not face prosecution and will receive a time-limited residence permit if they prove to be the victims of human trafficking. All victims are granted a 30-day period of reflection and recov-

<sup>1</sup> Principal author: Ulrike Mühlberger.

<sup>2</sup> It should be noted that in the criminal statistics of the court, each case is entered under the most serious offence involved. For example, if a prosecution is brought for murder and human trafficking, this will not appear in the case figures quoted here.



## Legal Framework Indicator 8. Child labour

**Law, policy or institutions:** The general minimum age for employment declared under the Minimum Age Convention (No. 138) is 15 years; occasional light work is allowed from the age of 12 years. Hazardous work is prohibited for persons under the age of 18 years; forms of work classified as hazardous are listed in an Ordinance. The Employment of Children and Young Persons Act, 1987 (Kinder- und Jugendlichen-Beschäftigungsgesetz, KJBG) defines children as persons up to the age of 15 years, and young persons as persons between the ages of 15 and 18 years. Child labour in specific economic sectors is also governed by the Agricultural Labour Act and the Domestic Help and Domestic Servants Act. A working group on agricultural labour reviewed the relevant provisions from the Länder and formulated certain prohibitions and restrictions relevant only to agriculture and forestry. The Government has informed the ILO that it intends to start discussions with the social partners with the aim of raising the minimum age for light work from 12 to 13 years in order to bring it into line with Convention No. 138.

**Evidence of implementation effectiveness:** No indication of significant child labour in Government reports or other available information. In 2007, the labour inspection recorded five cases of child labour and 951 cases where the special protections guarding the employment of young persons were breached. In 2008, the ILO Committee of Experts expressed the firm hope that Austria will finally harmonize its national legislation with Convention No. 138 by raising the minimum age for light work from 12 to 13 years of age.

**Ratification of ILO Conventions:** Minimum Age Convention, 1973 (No. 138), ratified by Austria in 2000; and Worst Forms of Child Labour Convention, 1999 (No. 182), ratified by Austria in 2001.

Sources:

1. Government reports under C.138 and C.182.
2. Natlex ([http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=AUT](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=AUT))
3. National legislation.
4. CEACR: Individual Observation concerning Minimum Age Convention, 1973 (No. 138), Published: 2009 (<http://www.ilo.org/ilolex/cgi-lex/pdconv.pl?host=status01&textbase=iloilc&document=599&chapter=3&query=C138%40ref%2B%23YEAR%3D2009&highlight=&querytype=bool&context=0>).
5. Labour Inspection Report for 2007 (<http://www.arbeitsinspektion.gv.at>).

ery during which measures to terminate their residence may not be taken. If, after examination, it is established that they are the victims of human trafficking these persons may be granted residence permits on humanitarian grounds for at least six months (*ibidem*).

In November 2004, the Task Force on Human Trafficking was set up as a Working Group of representatives from the relevant Ministries, Federal States and NGOs. The aim of the Task Force was to intensify measures against human trafficking. This was followed by the First and Second National Action Plan against Human Trafficking and measures to aid national coordination, prevention, victim protection, prosecution and international cooperation. This also relates to the trafficking of children for which Austria is both a transit and a destination country. According to estimates by UNICEF, each year around 1.2 million children worldwide become the victims of trafficking, although no figures are available for Austria. Under the First National Action Plan against Human Trafficking, a Working Group on

Child Trafficking has been set up which meets at regular intervals.

The First Austrian Report on Combating Human Trafficking (*ibidem*) offers an overview of planned and implemented activities and measures in the area of human trafficking. A range of measures aim to protect the victims of human trafficking. In addition, a variety of NGOs providing protection, legal assistance and health services for the victims of trafficking are being publicly promoted and female victims of trafficking also have access to hostels for women. It is also possible for victims of trafficking to apply for permanent residence.

Austria is the seat of a number of important international organizations working to combat human trafficking, e.g. the Organization for Security and Co-operation in Europe (OSCE), the International Centre for Migration Policy Development (ICMPD), the United Nations Global Initiative to Fight Human Trafficking (UN.GIFT) and the United Nations Office on Drugs and Crime (UNODC). Austria can therefore exploit syner-

gies and act as a coordinator. Austria is engaged in efforts to improve the situation in the victims' countries of origin, particularly in South Eastern Europe. Austria is a State Party to all of the relevant international legal instruments to combat human trafficking and has ratified the four ILO core Conventions on Child Labour and Forced Labour (see Legal Framework Indicators 8 "Child Labour" and 9 "Forced Labour"). The ILO Committee of Experts on the Application of Conventions and Recommendations has repeatedly called for the increase of the minimum age limit for light work from 12 to 13 years in order to bring it into line with Convention No. 138. According to a Government statement, it intends to start discussions with the social partners on this issue

(see also Legal Framework Indicator 8 "Child Labour").

*Due to the lack of reliable data for the time period under review, it is impossible to draw any overall conclusions regarding child labour and forced labour. However, the political initiatives taken in Austria to combat human trafficking and the improved protection for victims deserve explicit recognition. Child labour is not prevalent in Austria. The Government has informed the ILO that it intends to hold consultations with the social partners with the aim of raising the minimum age for light work from 12 to 13 years, in order to bring its legislation into line with ILO Convention No. 138.*

### Legal Framework Indicator 9. Forced labour

**Law, policy or institutions:** Austrian constitutional law prohibits forced and compulsory labour. Section 104 of the Austrian Criminal Code makes slavery or similar practices a criminal offence, and prohibits trafficking for both sexual exploitation and forced labour. Prosecutors typically use sections 104(a) and 217 of the Criminal Code as well as section 114 of the Aliens' Police Act to prosecute traffickers. The Task Force on Human Trafficking, which is headed by the Federal Ministry for European and International Affairs (FMEIA), was set up by a Ministerial Council Resolution in November 2004 and charged with coordinating and intensifying the measures taken by Austria in fighting this crime. The first National Coordinator on Combating Human Trafficking was appointed on 10 March 2009, and is placed inside the Federal Ministry of European and International Affairs. The first National Action Plan against Human Trafficking was adopted by the Council of Ministers in March 2007, and a second National Action Plan in May 2009.

**Evidence of implementation effectiveness:** The only comments by the ILO Committee of Experts in recent years under Conventions Nos. 29 and 105 that have been raised in many years, concern the conditions of work (pay, extent of social security coverage) under which prison labour is used in privately run workshops within prisons and in private enterprises.

**Ratification of ILO Conventions:** Forced Labour Convention, 1930, (No. 29), ratified by Austria in 1960; Abolition of Forced Labour Convention, 1957 (No. 105), ratified by Austria in 1958; and Worst Forms of Child Labour Convention, 1999 (No. 182), ratified by Austria in 2001. Austria also ratified the Palermo Protocol on trafficking in 2005.

Source: Natlex ([http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=AUT](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=AUT)).

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# 6 Stability and security of work<sup>1</sup>

According to the labour force survey, in 2008 the average tenure for the employed population in Austria was 10.2 years (see Table 5). This figure has changed very little in recent years. For employees (as opposed to self-employed persons) the average length of service was 9.5 years in 2008. With an average of 11.0 years of service, male employees were in employment relationships for longer than women (on average 9.2 years). On the one hand, men have a greater density in sectors with shorter-term employment duration (e.g. the construction industry) but on the other also in segments with comparatively high employment duration (e.g. large-scale enterprises, manufacturing). Meanwhile, women are more frequently employed in activities of medium-term duration (*Mahringer*, 2005). When the data are adjusted for these influencing factors, the gender-specific differences decrease significantly (*ibidem*). Moreover, despite having a longer average tenure, men do not have a lower layoff ratio than women (see Table 5).

An analysis by *Mahringer* (2005) on the basis of social insurance data<sup>2</sup> indicates a growing segmentation of secure and insecure jobs on the Austrian labour market for both sexes. In particular, employment stability has decreased for younger women, but increased for women over 44 years. It is probable that the marked expansion of education for women in recent years plays an important role here. For men, the segment offering shorter-term employment duration (less than one year) has grown, meaning that employment stability has decreased. On the other hand, longer-term

employment relationships have not become more instable.<sup>3</sup>

Austria shows a comparatively high labour market turnover (*Mahringer*, 2005). On the one hand, this can be attributed to the considerable significance of seasonal and weather-dependent activities, particularly in tourism and in the construction industry. On the other hand, Austria has relatively little legal protection against dismissal compared with other EU countries (see also Legal Framework Indicator 10 “Termination of employment”) and a correspondingly large segment of very short-term and a small share of fixed-term employment relationships<sup>4</sup> (*Bock-Schappelwein – Eppel – Mühlberger*, 2009). According to the OECD employment protection indicator for the regulation of temporary contracts, Austria shows a relatively low and, since 1990, constant level of regulation. With regard to indefinite contracts, regulations have been reduced since the beginning of the 1990s so that the Austrian regulation level is today below the average for the Scandinavian countries. Overall, regulation is at a medium level (*Guger – Leoni*, 2006). With the change in the regulation

<sup>1</sup> Principal authors: Rainer Eppel and Helmut Mahringer.

<sup>2</sup> Employment stability indicators that are based on the use of administrative data sources generally show lower values than those based on survey data.

<sup>3</sup> Empirical findings such as these do not necessarily correspond to subjective assessments. The general perception is that stability and security of work have decreased in recent decades. However, in the international literature there are indications which broadly contradict this perception. For example, surveys relating to the US labour market indicate that overall employment stability has not undergone any significant change (e.g. *Jaeger – Stevens*, 1999; *Neumark et al.*, 1999; *Gottschalk – Moffitt*, 1999; *Steward*, 2002; *Borland*, 2000; *Bergemann – Mertens*, 2004).

<sup>4</sup> It is generally difficult to interpret the indicators of employment stability. Reduced employment security may be an indication of poor labour market integration, bad “matching”, unfavourable employment conditions or personnel policy strategies linked to a high turnover of personnel. On the other hand, it may also be an indication of flexible labour market reactions or improvements in the career position. The question of stability of business integration therefore refers to more than just the stability of employment relationships.

**Table 5. Stability and security of work**

Decent Work Indicator	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Average employment tenure, in years <sup>1</sup>	..	..	..	..	..	..	10.1	9.9	10.1	10.2	10.2
Men	..	..	..	..	..	..	11.0	10.8	11.0	11.1	11.0
Women	..	..	..	..	..	..	8.9	8.9	9.1	9.1	9.2
by status in employment:	..	..	..	..	..	..					
Self-employed (incl. contributing family workers)	..	..	..	..	..	..	13.3	13.7	13.9	13.9	14.3
Employees	..	..	..	..	..	..	9.6	9.4	9.5	9.6	9.5
Job lay-off rate <sup>1,2</sup>	..	..	..	..	..	..	1.3	1.7	1.5	1.7	1.6
Men	..	..	..	..	..	..	1.4	1.8	1.5	1.6	1.6
Women	..	..	..	..	..	..	1.1	1.6	1.5	1.7	1.6
Contributing family workers, in % of the total employed population <sup>1</sup>	3.0	2.8	2.6	2.5	2.3	2.1	1.0*	1.4	1.5	2.4	2.3
Men	1.6	1.6	1.5	1.5	1.4	1.3	0.6*	1.0	1.0	2.0	2.0
Women	4.7	4.3	4.0	3.8	3.4	3.0	1.6*	1.9	2.1	2.8	2.7
Freelance employees (freie Dienstnehmer), in % of the total employed population <sup>1</sup>	..	..	..	..	..	..	1.2	1.3	1.5	1.6	1.5
Men	..	..	..	..	..	..	0.9	1.1	1.1	1.3	1.2
Women	..	..	..	..	..	..	1.6	1.6	2.0	1.8	1.9
Marginally employed persons without additional employment covered by the social security system, in % of employees insured against occupational injury <sup>3</sup>	2.6	3.1	3.1	3.2	3.4	3.3	3.4	3.5	3.5	3.5	3.6
Men	0.8	1.1	1.1	1.2	1.3	1.3	1.4	1.5	1.5	1.6	1.7
Women	4.9	5.7	5.6	5.8	5.9	5.8	5.9	5.9	5.9	5.8	5.9

Notes:

<sup>1</sup> Annual average for all weeks; employment in accordance with the labour force concept.<sup>2</sup> The job lay-off rate is calculated as employees who lost their job no more than two months before the survey date as a result of dismissal by the employer of the expiry of a fixed-term employment contract, in per cent of the total number of employees.<sup>3</sup> Marginally employed persons (Geringfügig Beschäftigte) are compulsorily insured in the occupational injury insurance scheme, but not the health and pension insurance scheme. The rate is calculated as the share of persons only marginally employed out of the total figure for those employees compulsorily insured in the health and pension insurance scheme, plus the persons who are only marginally employed. Refers to 1 July of the respective year (cf. Haydn, different years).

\* Series break.

Source: Statistics Austria. Austrian special analysis of the Micro-Census – Labour Force Survey; Reinhard Haydn, *Personenbezogene Statistiken, various years* [person-based statistics], Vienna: The Main Association of Austrian Social Security Institutions.

governing severance indemnity payments<sup>5</sup> in 2003 (*Koman – Schuh – Weber, 2009*) employment protection legislation was further reduced.

As labour markets become more flexible, social security systems are facing increasing pressure to adapt. In Austria, as in the past, both for men and

women, the most common type of employment relationship is wage employment with full coverage under the social security system. However, marginal, casual, part-time, loan and fixed-term employment relationships have all significantly increased over the past ten years. Women are more often affected by part-time work and marginal employment than men, but also by casual employment relationships (see Table 5 and Chapter 3 “Decent hours”). On the other hand, self-employment and temporary employment are areas in which men are over-represented. Over the past ten years, social protection for those with atypical

<sup>5</sup> The employer must pay 1.53 per cent per month of the current gross salary including, where applicable, special contributions to a severance indemnity fund. The employee is eligible to claim for payment from the fund after three years of contributions in the event of dismissal by employer, involuntary lay-off, authorized resignation, release of funds by common consent, time-limit expiry or resignation due to maternity leave.

### Legal Framework Indicator 10. Termination of employment

**Law, policy or institutions:** Austrian law distinguishes between summary or instant dismissal (i.e. without notice), which immediately terminates the employment contract, and dismissal with notice which ends the employment contract at the end of the period of notice. A number of different laws apply to termination of employment. The most important are the Civil Code (Allgemeines bürgerliches Gesetzbuch, ABGB), the Labour Constitution Act (Arbeitsverfassungsgesetz, ArbVG) and the Salaried Employees Act (Angestelltengesetz, AngG). General rules governing labour contracts are contained in the Civil Code but apply only in the absence of special statutes. Collective agreements and individual employment contracts may also provide special protection for the employee where the provisions are more favourable to the employee than those of the legislation. Generally, no grounds are required for dismissal with notice, and there is no requirement to show cause or good reason in order to give notice. However, notice can be contested in court under the Labour Constitution Act if it was given on the basis of certain employee activities, in particular activities related to representing workers, or if it is “socially unjustified”. Certain groups of employees enjoy special protection from dismissal, in particular pregnant women and women on maternity leave, parents on parental leave or exercising their right to part-time work to care for a child, workers who are called to military service and disabled workers.

**Notice periods:** The period of notice to which an employer is bound is typically in proportion to the period of employment (seniority principle), ranging from one day (casual workers) to five months. Periods of notice also depend on the status of workers (blue collar worker or salaried employee). Collective agreements also frequently establish notice periods which are more favourable to employees than the applicable statutes.

**Evidence of implementation effectiveness:** No information located by the ILO.

**Coverage of workers in law:** Protection from dismissal under the Labour Constitution Act applies to workers in establishments where five or more workers are regularly employed. For protection against “socially unjustified” dismissal with notice, the employee must have been employed in the establishment for at least six months. Certain sectors are excluded from the scope of Labour Constitution Act, e.g. public sector, agriculture, private households, journalists, where special provisions apply.

**Coverage of workers in practice:** See above.

**Ratification of ILO Conventions:** Termination of Employment Convention, 1982 (No. 158), not ratified.

Sources:

1. ILO: Profile of national legislation (<http://www.ilo.org/public/english/dialogue/ifpdial/info/termination/countries/austria.htm>).
2. National legislation:  
 ABGB (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10001622>);  
 ArbVG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008329>);  
 and AngG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008069>).

forms of employment has significantly improved. Among the most recent measures are a “flexicurity package”<sup>6</sup>, as a result of which casual employees are now covered by unemployment insurance and insolvency remuneration insurance, and self-employed workers have optional access to the unemployment insurance.

Therefore, by European standards the different employment forms today enjoy relatively broad social protection in Austria (Bock-Schappelwein – Mühlberger, 2008). Despite these improvements, atypical types of employment represent a growing segment of the labour market that is dispropor-

tionately affected by instability and insecurity of work. Many forms of atypical employment can be linked not only to reduced social and labour law protection but also to inferior career and income opportunities (Mühlberger, 2000 and 2008).

*To conclude, it should be stressed employment stability for the core workforce in Austria has remained high and it has been possible to increase employment overall. At the same time, however, insecure and precarious employment relationships have been on the increase. The Austrian labour market is thus characterized by increasing segmentation. In order to offset the effect of this segmentation to some extent, social protection for workers in atypical forms of employment, in particular, has been improved.*

<sup>6</sup> The term ‘flexicurity’ is composite term formed from ‘flexibility’ and ‘security’ and refers to a policy approach that combines flexibility for enterprises with labour market security for workers.



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# 7 Equal opportunity and treatment in employment<sup>1</sup>

Since the 1970s, Austria has pursued a policy of gender equality with regard to the labour market. The main instruments establishing gender equality in law are an Equality of Treatment Act, applicable to the private sector, and a Federal Equal Treatment Act for workers in Federal Government service, while the Federal States (Länder) have also enacted legislation for those working in their service. The legislation prohibits discrimination against women and stipulates that women and men must receive equal remuneration for equal work or work of equal value (see Legal Framework Indicator 12 “Equal remuneration of men and women for work of equal value”). The Equality of Treatment Commissions for the private sector and for the Federal Government service investigate possible infringements of the equal treatment requirement. In addition, since 2004 discrimination on the basis of ethnicity, origin, age, disability, religion, belief, or sexual orientation has been prohibited (see Legal Framework Indicator 11 “Equal opportunity and treatment”).

An important indicator of the success of this policy is the gender pay gap, which is also used by the European Union as a structural indicator. The data from Statistics Austria reproduced in Table 6 show that there has been no significant reduction in the gender pay gap over the past decade in Austria. In 2007, allowing for the limited comparability of data due to the time-series break, the differential was 19.0 per cent, which was only slightly below the level for 1998 (19.4 per cent). In other words, the average hourly earnings for women remained approximately one fifth below those for men. During the period 1998-2002, gender-specific pay differences decreased slightly. This development was

then reversed with the beginning of the new time-series in 2003, when the indicator went back up to its initial level (see also *Geisberger – Till, 2009*).

While in the past the calculation of the gender pay gap was based on household surveys,<sup>2</sup> Eurostat recently published a standardized gender pay gap for the whole of the European Union on the basis of the Structure of Earnings Survey.<sup>3</sup> This new EU structural indicator does not yet enable any conclusions with respect to changes over time. Nevertheless, the new Eurostat data (which differ from the figures in Table 6 due to the different calculation method) can be used for comparison within Europe. They show that gender pay gaps in Austria were above average: in 2007, Austria (at 25.5 per cent) was the only EU country apart from Estonia with a gender pay gap above 25 per cent, exceeding the average for the European Union (17.4 per cent for EU-27) by 8.1 percentage points. This result, which is disappointing by European standards, clearly shows the urgent need for further action in this policy arena.

<sup>1</sup> Principal authors: Rainer Eppel and Christine Zulehner.

<sup>2</sup> Until 2001, the gender pay gap was calculated on the basis of the European Community Household Panel (ECHP) and, during the period 2003–2006, on the basis of the European Survey of Income and Living Conditions (EU-SILC) (*Geisberger – Till, 2009*). See also Table 6.

<sup>3</sup> Contrary to the calculation method used to date, the new structural indicator relates to a specific reference month (October) instead of a time period between April and September. The original age limit of 16-64 years no longer applies, nor does the limitation to the primary employment of one person and one set of working hours amounting to at least 15 hours per week. According to the new calculation, both the gender pay gap and the earnings level are higher. This can be put down to the fact that small companies with less than ten salaried employees, indicating a tendency towards lower gross hourly earnings and a smaller gender-specific pay differential, are not included in the Structure of Earnings Survey. Additionally, certain areas which traditionally have a smaller pay gap between men and women, such as the public service, are also not taken into consideration (*Geisberger – Till, 2009*).



**Table 6. Equal opportunity and treatment in employment**

Decent Work Indicator	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Female share of employment in ISCO-88 major group 1 (legislators, senior officials and managers), in % <sup>1</sup>	27.2	25.8	28.1	29.3	28.7	27.0	27.6*	27.2	28.6	26.7	28.3
Gender pay gap, in % <sup>2</sup>	19.4	20.0	18.4	17.6	..	16.3*	17.8	17.9	19.8	19.0	..
Employment-to-population ratio for older workers (55-59 years), in % <sup>3</sup>	41.6	42.7	41.9	43.5	47.5	50.5	47.4*	50.0	53.2	55.2	59.2
Men	59.9	61.3	60.2	61.2	63.8	66.0	62.5*	62.4	66.0	68.3	71.9
Women	24.0	25.0	24.5	26.7	32.0	35.6	32.8*	38.0	40.9	42.6	47.0
Employment-to-population ratio for older workers (60-64 years), in % <sup>3</sup>	10.3	11.2	11.8	12.7	12.3	11.8	11.6*	13.6	15.3	19.5	20.8
Men	12.8	15.5	16.3	17.2	17.1	16.6	16.6*	19.6	21.1	28.2	29.1
Women	8.0	7.3	7.7	8.6	7.8	7.4	7.0*	8.1	9.9	11.5	13.0
Employment-to-population ratio for migrant workers (15-64 years), in % <sup>3,4</sup>	..	..	..	..	..	..	62.5	61.8	63.4	65.0	65.1
Men	..	..	..	..	..	..	72.5	70.9	72.5	75.0	74.9
Women	..	..	..	..	..	..	53.5	53.6	55.1	56.1	56.6
For comparison: Employment-to-population ratio (15-64 years), in % <sup>3</sup>	67.8	68.4	68.3	68.2	68.8	68.9	67.8*	68.6	70.2	71.4	72.1
Men	77.0	77.5	77.3	76.6	76.4	76.4	74.9*	75.4	76.9	78.4	78.5
Women	58.5	59.4	59.4	59.9	61.2	61.6	60.7*	62.0	63.5	64.4	65.8

## Notes:

<sup>1</sup> The ISCO-88 major group 1 includes the following three sub-major groups: (11) Legislators and senior officials; (12) Corporate managers; (13) General managers. Data up to 2003 Micro-Census (average of surveys in March, June, September and December); from 2004 onwards, Micro-Census – Labour Force Survey (annual average for all weeks). Employment in accordance with the labour force concept.

<sup>2</sup> The figures for the years until 2005 are based on a revised projection by Statistics Austria in which changes relating to the number of persons drawing unemployment benefit and the number of migrants were compared with administrative data. This resulted in differences to previous publications by Statistics Austria and the figures reported by Eurostat (see also the publication on EU-SILC 2007 for methodological explanations). The gender pay gap is defined as the difference between the average gross hourly wages of male and female employees, expressed as a percentage of the average gross hourly wage for male employees. To ensure comparability with the hourly wages used to calculate the gender pay gap for Eurostat, the arithmetic mean was calculated with the following constraints: only salaried employees working at least 15 hours/week between the ages of 16 and 64 years. Minimal changes cannot be interpreted due to the statistical sampling error. See also Tamara Geisberger and Matthias Till: "Der neue EU-Strukturindikator 'Gender Pay Gap'" [The new EU structural indicator 'Gender Pay Gap'], *Statistische Nachrichten*, 1/2009.

<sup>3</sup> In accordance with the labour force concept; up to 2003, Austrian Micro-Census (average of the surveys in March, June, September and December); from 2004 onwards Austrian Micro-Census – Labour Force Survey (annual average for all weeks).

<sup>4</sup> Not born in Austria.

\* Series break.

Source: Statistics Austria, Austrian Micro-Census (to 2003) and (from 2004 onwards) Austrian Micro-Census – Labour Force Survey; Statistics Austria, special analysis of ECHP (1998-2001) and EU-SILC (2003-2007).

The continued existence of large gender-specific pay differences in Austria, despite legal provisions to counteract this, can be explained by a number of factors. In terms of their education level, women have caught up with men over the past ten years. In 2007, the share of 25 to 34 year-old women without qualifications beyond the school-leaver's certificate was, at 15.0 per cent, still one and a half times greater than that for men (10.8 per cent). However, a difference of what was more

than 15 percentage points in 1981 has today been reduced significantly to just over 4 percentage points (*Statistics Austria*, 2009A). Moreover, the gap between women (aged 25-64 years) and men decreased during the same period in relation to secondary qualifications<sup>4</sup> (from 19.4 to 11.8 per

<sup>4</sup> Secondary qualifications include qualifications from a general or vocational high school, apprenticeship certificates and qualifications from an intermediate vocational training course lasting several years (*Statistics Austria*, 2009A).

### Legal Framework Indicator 11. Equal opportunity and treatment

**Law, policy or institutions:** The Equality of Treatment Act 2004 (Gleichbehandlungsgesetz, GIBG), applicable to the private sector, restructured earlier legislation and provides that no one shall be directly or indirectly discriminated against in employment and occupation on the grounds of sex, ethnicity, religion or belief, age or sexual orientation. The Federal Equal Treatment Act provides the same protection to workers in government service, while the Federal States (Länder) have enacted legislation on equal opportunity and treatment in employment and occupation in areas under their legislative competence. The Equal Treatment Commission and Equal Treatment Ombudsperson are specialized bodies to deal with discrimination complaints and to promote equality. Discrimination on the ground of disability is regulated in the Act on Equal Treatment of People with Disabilities (Bundes-Behindertengleichstellungsgesetz, BGStG) and the Act on the Recruitment and Employment of People with Disabilities (Behinderteneinstellungsgesetz, BEinstG). The ILO Committee of Experts (CEACR) has noted that there is no explicit legislative protection against discrimination based on political opinion and social origin (grounds both covered by Convention No. 111).

**Evidence of implementation effectiveness:** The specialized equality bodies deal with a substantial number of complaints. The Government has also reported a number of court cases. In 2008, the CEACR asked for information on the employment situation of persons with ethnic minority (including migrant) background, especially of Roma origin. It also noted information indicating that employment services have communicated to jobseekers preferences (e.g. gender) of enterprises advertising posts, but that these enterprises remain anonymous to jobseekers, making it impossible for them to file a complaint against the prospective employer. There is a lack of information on the extent to which workplace agreements on gender equality have been concluded. Information provided by the Government in reply to the CEACR's 2008 comments will be examined by the CEACR at its November-December 2009 session.

**Coverage of workers in law:** The legislation applies to all workers.

**Ratification of ILO Conventions:** Equal Remuneration Convention, 1951 (No. 100), ratified by Austria in 1953; Discrimination (Employment and Occupation) Convention, 1958 (No. 111), ratified by Austria in 1973; Workers with Family Responsibilities Convention, 1981 (No. 156), not ratified by Austria; Maternity Protection Convention, 2000 (No. 183), ratified by Austria in 2004.

Sources:

1. Government report on C.111, 2005.
2. Committee of Experts comments.
3. National legislation:

GIBG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20003395>);

BGStG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20004228>);

and BEinstG ([http://www.bundessozialamt.gv.at/cms/basb/attachments/8/4/7/CH0011/CMS1199711314821/beinstg\\_2009.doc](http://www.bundessozialamt.gv.at/cms/basb/attachments/8/4/7/CH0011/CMS1199711314821/beinstg_2009.doc)).

centage points). At the level of tertiary education<sup>5</sup>, the proportion of women has even overtaken that of men (*Statistics Austria, 2009A*).

This catch-up process in relation to education levels resulted in increased labour force participation for women of almost all levels of education (*Statistics Austria, 2007*). While the rate of employment remained relatively stable for men, the gender-specific differential in the employment-to-population ratio has shrunk noticeably (1998: 18.5 percentage points, 2008: 12.7 percentage points; see also the Chapter 1 "Employment opportunities"). Nevertheless, according

to Statistics Austria, an increasing number of women are employed on a part-time basis (1998: 30.7 percent, 2008: 41.5 percent, time-series break in 2004), while to date men have mainly worked full-time (1998: 95.7 per cent, 2008: 91.9 per cent, time-series break in 2004). Even those women with higher qualifications often only play the role of secondary income earner in a household with children (*Biffli, 2008*). In combination with employment interruptions that are sometimes caused by a lack of institutional child-care provision, part-time work – which in Austria centres on poorly-paid activities with minimum qualification requirements for those employed (*Kreimer, 2009*) – is resulting in lower earnings in the long term. To a certain extent, this could have contributed to the fact that although women

<sup>5</sup> The tertiary area covers universities, specialized institutions of higher education, academies and colleges (*Statistics Austria, 2009A*).

## Legal Framework Indicator 12. Equal remuneration of men and women for work of equal value

**Law, policy or institutions:** The equal treatment legislation (see Legal Framework Indicator 11 “Equal opportunity and treatment”) sets out the principle of equal remuneration for men and women for equal work or work that is considered to be of equal value. The legislation provides that no one shall suffer direct or indirect discrimination at work in a large number of areas related to employment, including remuneration. Wage fixing in Austria is carried out by means of collective bargaining; collective bargaining parties are obliged to observe the principle of equal remuneration embodied in the legislation. In its recent comments regarding the application of the Equal Remuneration Convention, 1951 (No. 100), the ILO Committee of Experts (CEACR) has noted several projects and initiatives focusing on equal remuneration. For instance, the Equal Development Partnership KLARA! has endeavoured to make both politicians and the public aware of equal pay as a fundamental requirement for equality on the labour market, and to have it included in specific equality measures. In order to achieve this, labour market actors from various fields have been trained as equal pay experts, networks have been created and awareness-raising campaigns conducted among various target groups. An equal pay guide was published. Supervision is carried out by the Equality of Treatment Commission and by the Equal Treatment Office/Ombudsperson. Equal pay claims can also be brought before the courts.

**Evidence of implementation effectiveness:** The ILO Committee of Experts (Direct Request of 2008) noted from the statistical information provided by the Government that the gender remuneration gap continues to persist despite the various measures taken by the Government and the social partners. As regards average gross hourly earnings, the gap amounted to 19 per cent in 2007 (see statistical indicators in Table 6, as revised by Statistics Austria). The CEACR requested information on the impact of measures taken to promote equal remuneration, including regarding objective job evaluation.

**Coverage of workers in law:** The legislation applies to all workers.

**Ratification of ILO Conventions:** Equal Remuneration Convention, 1951 (No. 100), ratified by Austria in 1953; and Discrimination (Employment and Occupation) Convention, 1958 (No. 111), ratified by Austria in 1973.

Sources:

1. Government reports on C.100 and C.111.
2. Committee of Experts comments.
3. CEACR: Individual Direct Request concerning Equal Remuneration Convention, 1951 (No. 100) Austria (ratification: 1953) Submitted: 2008 (<http://www.ilo.org/ilolex/cgi-lex/pdconv.pl?host=status01&textbase=iloeng&document=21150&chapter=9&query=Austria%40ref&highlight=&querytype=bool&context=0>).

have been catching up in terms of education and professional experience, there has been no reduction in the gender pay gap.

A further factor explaining the gender pay gap is the marked occupational segregation by gender in the Austrian labour market. Women more often work in low-paid sectors (such as retail trade and hotels and restaurants) than men and less frequently in sectors with higher incomes, such as manufacturing (*Geisberger, 2007*). Moreover, women with the same qualifications as men are still to be found at lower hierarchical levels within their profession (*Statistics Austria, 2007*). This leads to the conclusion that there is a “glass ceiling” in relation to career and earnings prospects (*Kreimer, 2009*). The share of women in executive positions in Austria has stagnated over the last ten years at a level of around 28 per cent (1998:

27.2 percent, 2008: 28.3 percent; see Table 6).<sup>6</sup> One possible explanation could be that, despite the catch-up process, on average women still have less professional experience than men which, in turn, is linked to their frequent interruptions of employment and reductions of working hours due to family responsibilities (*Grünberger – Zulehner, 2009*).

Several studies, based on different data sources, have calculated the gender pay gap (adjusted for working hours) and investigated the factors determining it. The results indicate that some of the differences in remuneration between men and

<sup>6</sup> It should be noted, however, that the available data has limited comparability due to the time-series interruption in 2004. The data relate to the ISCO-88 major group 1, which includes the three sub major groups 11, 12 and 13. It covers legislators, senior officials and managers and departmental managers in large enterprises, as well as the directors of smaller businesses.

women can be attributed to various individual characteristics and labour-market related factors, such as school education, professional experience and labour market segregation. However, the greater part cannot be explained in these terms and can be attributed to discrimination or systematic non-observed characteristics (*Böheim – Hofer – Zulehner*, 2002 and 2007; *Geisberger*, 2007; *Grünberger – Zulehner*, 2009). According to *Grünberger – Zulehner* (2009) the unexplained element of the gender pay gap lies somewhere between 54 and 97 percent, depending on the econometric specification used.

Apart from the low employment-to-population ratio of women and the gender pay gap, there are also age-specific discrepancies evident in Austria. In the past ten years, the employment-to-population ratio for older people, both in the 55-59 year age bracket (1998: 41.6 per cent, 2008: 59.2 per cent) and the 60-64 year age group (1998: 10.3 per cent, 2008: 20.8 per cent) has clearly increased (which can also be explained by the changes to the statutory retirement age; see Chapter 9 “Social security”). However, in comparison with other European countries, the participation rate for older workers is still very low (*Bock-Schappelwein – Eppel – Mühlberger*, 2009). The social partners have acknowledged this problem and started the common initiative “Arbeit und Alter” [Work and age] to support managers, works council representatives, management consultants and relevant experts by collecting and processing information, providing literature and offering practical examples for age-based works organizations. The aim is to secure the productivity of older employees.<sup>7</sup>

Another common initiative by the social partners – “Arbeit und Behinderung” [Work and disability] – is designed to promote equal opportunity and treatment in employment for disabled workers. The initiative aims to demonstrate to companies and affected workers how people with disabilities, who generally have an impeded access to the labour market,<sup>8</sup> can be integrated both into employment and therefore society.<sup>9</sup>

Labour market integration is also lower for persons of non-Austrian origin than for those born in Austria. Despite an increase in recent years, at 65.1 per cent the employment-to-population ratio for migrants (defined here as persons born outside Austria) was still 8.5 percentage points below that for persons born in Austria (73.6 per cent) in 2008. In comparison with the figure for 2004 (6.2 percentage points) the gap has even increased. For women the difference in the employment-to-population ratio (11.3 percentage points in 2008) is even more noticeable than for men (4.3 percentage points).<sup>10</sup> Apart from their lower employment-to-population ratio, migrants – irrespective of their level of education – are more often unemployed than Austrians (see *Federal Ministry of the Interior – Austrian Integration Fund – Statistics Austria*, 2009). Although the unemployment rate for migrants fell from 10.3 per cent in 2004 to 7.5 per cent in 2008, it was still 4.4 percentage points above the level for persons born in Austria (2004: 4.0 per cent, 2008: 3.1 per cent) (*Statistics Austria*, 2009B; see also *Biffl – Bock-Schappelwein*, 2008).

Employment opportunities for migrants are determined by factors such as their level of education and the transferability of the knowledge and skills (human capital) they have gained abroad to the Austrian labour market. Over the past ten years, the qualification structure for migrants has improved, although the share of low-qualified migrant workers is still high compared to other European countries (*Bock-Schappelwein et al.*, 2009). For example, in 2007 the share of the employed migrant population having no more than a school-leaver’s certificate was, at around 33 percent, about twice as high for the Austrian-born population (approximately 16 per cent). For many migrants, getting their foreign qualifications recognized proves to be difficult – partly due to the high costs involved and partly due to the

<sup>7</sup> See <http://www.arbeitundalter.at>.

<sup>8</sup> See *Federal Ministry of Labour, Social Affairs and Consumer Protection* (2009).

<sup>9</sup> See <http://www.arbeitundbehinderung.at>.

<sup>10</sup> Migrants represent an extremely heterogeneous group. Persons from the EU-27 (69.0 per cent) and persons originating from the former Yugoslavia (68.3 per cent) show a significantly higher employment-to-population ratio than people of Turkish origin (57.5 per cent). While in 2008 the employment-to-population ratio for women from EU countries and the former Yugoslavia was not much lower than that for women born in Austria, only a minority of Turkish women (38.8 per cent) were active on the labour market (*Statistics Austria*, 2009B; see also *Biffl*, 2008).

formal difficulties of proving the equivalence to an Austrian qualification. Consequently, migrants are often employed below their actual skill levels. Owing partially to this, persons of foreign origin have lower average wages than those born in Austria and are more frequently at risk of poverty (Federal Ministry of the Interior – Austrian Integration Fund – Statistics Austria, 2009; see also Bock-Schappelwein et al., 2009).

*Despite extensive policy initiatives and efforts by the social partners, Austria has only made gradual progress in the area of equal opportunity and treatment in employment over the past*

*ten years. On the one hand, there has been success in increasing the employment-to-population ratio of both women and older workers. On the other hand, there are still considerable discrepancies. Migrants are still much less integrated in the labour market and at a higher risk of unemployment and poverty than persons born in Austria. In certain important areas, Austria has stagnated at an unsatisfactory level. This relates to the gender pay gap between men and women, which remains high in comparison with other European countries, and the small share of women in executive positions, which also remains unchanged at around 28 per cent.*



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# 8 Safe work environment<sup>1</sup>

In Austria, regulations to protect the life and health of workers have existed since the mid-19th century, along with the corresponding regulatory authorities. Therefore, when Austria joined the European Union in 1995 it already had a mature legislative and supervisory system. However, due to the EU accession new concepts were introduced and many regulations were systematically developed further (see also Legal Framework Indicator 14 “Labour inspection”). For example, a large part of the Federal Employee Protection Act and associated regulations are based on European Union guidelines. An important cornerstone to employee protection is the responsibility of employers, who must not only comply with the detailed statutory regulations but also implement additional measures following a risk assessment. They are provided with support and advice from preventive bodies specializing in safety techniques and occupational health. For small and medium-sized enterprises with up to 50 employees, there is a special support programme. Cooperation with the social partners is stipulated in law and consultations on employee protection are carried out on a regular basis. Both employers’ and workers’ representatives are entitled to take part in inspections by the labour inspectorate. In addition, legislative projects are negotiated during tripartite consultations. Cooperation with the social insurance organizations is also stipulated in law.

On the whole, the figure for recognized occupational injuries<sup>2</sup> (measured against the number of insured workers) has fallen in Austria over the past ten years. This decline was particularly evident in

the number of fatal occupational injuries, which decreased successively from 5.4 per 100,000 insured workers in 1998 to 4.3 per 100,000 insured workers in 2007 (although there were relatively strong fluctuations in the individual years, given the low numbers of cases; see Table 7). The number of recognized non-fatal occupational injuries also decreased during the same period, from 3,011 to, most recently, 2,622 per 100,000 insured workers. Again, the figures fluctuate for individual years, which could also be due to the fact that occupational injuries and diseases are recorded according to the recognition year, and not the actual year in which they occurred (*Austrian Social Insurance for Occupational Risks*, 2009). Part of the reduction in occupational injuries may be explained by the shift of employment to groups that are less exposed to risk, in particular towards white-collar workers, older people and women (*Statistics Austria*, 2009A; *Austrian Social Insurance for Occupational Risks*, 2008; *Leoni et al.*, 2008). In addition, the transfer of a share of employees from industry towards the less risk-intensive service sector has also contributed to the reduction.

According to figures from the Austrian Social Insurance for Occupational Risks (AUVA), the

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reporting. The reporting quota is estimated at almost 100 per cent and is, accordingly, very high in comparison with countries where only employers report injuries. A further specific feature for Austria concerns the definition of a fatal occupational injury, which will be recognized as such even if death as a consequence of the accident does not occur until several years later. Of the 152 fatal occupational injuries reported in 2004, in ten cases more than one year lapsed between the accident and the occurrence of death. Furthermore, the national agricultural insurance organization also recognizes tractor accidents as occupational injuries – i.e. traffic accidents which are not taken into consideration by Eurostat in its country comparison. Finally, a specific feature in the area of agriculture and forestry is contributing family workers are insured against occupational accidents, even if this is not their main occupational activity.

<sup>1</sup> Principal authors: Kristina Budimir and Rainer Eppel.

<sup>2</sup> In Austria occupational injuries are not only reported by employers directly to the social insurance organizations, but also by hospitals and doctors, since insurance benefits are linked to the

**Table 7. Safe work environment**

Decent Work Indicator	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Occupational injury rate (fatal), per 100,000 insured workers <sup>1</sup>	5.4	5.7	5.3	4.9	5.2	5.0	5.1	4.9	4.2	4.3	..
Occupational injury rate (non-fatal), per 100,000 insured workers <sup>1</sup>	3,011	3,040	2,954	2,725	2,652	2,784	2,761	2,749	2,818	2,622	..
Occupational diseases (fatal), per 100,000 insured workers <sup>1</sup>	0.5	0.3	0.3	0.5	0.4	1.0	1.5	1.6	2.0	1.6	..
Occupational diseases (non-fatal), per 100,000 insured workers <sup>1</sup>	33.8	33.1	34.1	34.7	35.2	30.1	30.8	30.2	32.3	33.2	..

Note:

<sup>1</sup> Recognized insurance cases (not including injuries to school-children and students, not including commuting accidents), in relation to all insured workers recorded by the Main Association of Austrian Social Security Institutions (employees and self-employed, not including school-children and students). There are differences to the data published in LABORSTA that refer to salaried employees only.

Source: The Main Association of Austrian Social Security Institutions (e.g. Statistical Manual, Table 4.02).

most commonly occurring occupational diseases are noise-induced hearing loss (805 recognized cases in 2007), skin diseases (159 cases), bronchial asthma (76 cases) and infectious diseases (47 cases). In contrast to occupational injuries, there was no clear trend for occupational diseases. From 1998-2001, the number of recognized cases of fatal occupational diseases was 0.5 cases per year per 100,000 insured workers (or less; see Table 7). It then increased rapidly, reaching a value of 2.0 cases per 100,000 workers in 2006. This was probably caused by the improved reporting of cases of asbestos poisoning which, since 2003, has been carried out by the AUVA as part of a targeted asbestos after-care programme.<sup>3</sup> From 2006 to 2007 – as with non-fatal occupational injuries – a decline is observed, which could be attributed to a statistical artefact.<sup>4</sup> Over the last few years, the figures for recognized non-fatal

occupational diseases fluctuated at around 30 to 35 cases per 100,000 insured workers without a clear trend being visible (see Table 7).

In addition to insurance statistics, the data collected by Statistics Austria in 2007 as part of the labour force survey also provides an overview of the occupational health risks at the workplace: four out of ten persons in the employed population (42 per cent) were exposed to physical strain in their workplace and one third (32 per cent) suffered from psychological stress. In total, 56 per cent of the employed population were subject to physically-strenuous and/or psychologically-stressful working conditions. With a share of 63 per cent, men were affected to a greater extent by straining working conditions than women (47 per cent). This difference can largely be attributed to the fact that men (48 per cent) work more often in physically-challenging environments than women (35 per cent), particularly involving the handling of heavy loads and/or difficult postures. Among the most frequently-cited psychological stress factors in 2007 were time pressure and being overworked. By their own account, 29 per cent of the total employed population were subjected to these phenomena (33 per cent of men, 24 per cent of women). Those most affected by time pressure were the highly-qualified (39 per cent) and those employed in the liberal professions (36 per cent). In total, 2.3 per cent of respondents among the employed population cited harassment or mobbing (2.2 per cent of men and 2.5 per cent of women) (*Statistics Austria, 2009A*).

<sup>3</sup> The programme was designed to register people who came into contact with asbestos dust as a result of their professional activity. The background to this initiative was the knowledge that those affected do not begin to feel the detrimental effects on their health until some 20-40 years after their exposure. During examinations carried out as part of this initiative, approximately 20 per cent of those affected showed contamination in the lungs or pleura. The asbestos after-care initiative has led to a significant increase in reported cases of suspected asbestos-related bronchial carcinoma. While in 2003 only 33 asbestos-related bronchial carcinoma cases were recognized as cases of occupational disease, according to the Austrian Social Insurance for Occupational Risks (AUVA) this number increased from 51 cases in 2004, to 62 cases in 2005 and a total of 76 cases in 2006.

<sup>4</sup> The AUVA indicates that Upper Austria displayed a very low recognition rate for claims in 2007 (Austrian Social Insurance for Occupational Risks, 2009), so that, compared with the preceding years, the number of cases for 2007 would appear to have been underestimated. If this is the case, the question arises as to whether this effect also applies to the other years.

### Legal Framework Indicator 13. Employment injury benefits

**Law, policy or institutions:** The General Social Insurance Act 1955 (Allgemeines Sozialversicherungsgesetz, ASVG), as amended, and social security legislation for specific sectors and occupations establish entitlements for employment injury benefits. Social insurance system with contributions from several sources: *Employee:* None. *Self-employed person:* Between 1.4 per cent and 1.9 per cent of covered income or a flat-rate contribution of €7.84 a month, according to profession. The maximum monthly income for contribution purposes is €4,690. *Employer:* 1.4 per cent of covered payroll. The maximum monthly earnings per employee for contribution purposes are €4,020. *Government:* Federal government contributes to farmers' accident insurance. Family Allowances Equalization Fund contributes to the General Accident Insurance Fund for students' accident insurance.

**Benefits (level and duration):** *Temporary disability benefit (Versehrtegeld):* The benefit is the same as the cash sickness benefit (see Legal Framework Indicator 16 "Incapacity to work due to sickness / sick leave") and is paid until the insured is assessed as permanently disabled. The employer pays 100 per cent of the insured person's earnings for up to 12 weeks (plus an additional 4 weeks at 50 per cent), depending on the insured person's employment tenure. After the right to full benefits from the employer ceases, sickness funds pay 50 per cent (60 per cent after 6 weeks) of covered earnings (25 per cent to those receiving 50 per cent of earnings from the employer), plus eventual family supplements (depending on the regulation of the sickness fund) for 26 to 52 weeks, depending on the length of the coverage period. The maximum benefit is equal to 75 per cent of the insured person's covered earnings, depending on the number of dependents.

*Permanent disability benefit (Versehrtenrente):* The full pension (66.6 per cent of the assessment base) is paid for a 100 per cent reduction in earning capacity. A proportionately reduced permanent disability benefit is paid with at least a 20 per cent reduction in earning capacity; at least a 50 per cent reduction in earning capacity is prerequisite in case of occupational accident of students or pupils or in case of an occupational disease not listed in the annex of the General Social Security Act (ASVG).

*Supplementary benefits for severe disability:* Workers with a reduction in earning capacity from 50 per cent to 70 per cent receive a supplementary benefit equal to 20 per cent of the permanent disability benefit; when the reduction in earning capacity is greater than 70 per cent, the supplementary benefit increases to 50 per cent of the permanent disability benefit.

*Child supplement:* If the insured has at least a 50 per cent reduction in earning capacity, 10 per cent of the permanent disability benefit is paid for each child younger than age 18 (age 27 if student or in training, no age limit if disabled). The maximum supplement is €76.31 for each child. The combined total disability pension, supplementary pension, and supplements for children must not exceed 100 per cent of the assessment base. Benefits are adjusted annually according to the rules of the accident insurance institution.

*Care benefit:* Persons receiving permanent disability benefit who need personal care may be entitled to a monthly benefit varying from €154.20 to €1,655.80, depending on the amount of care required.

**Evidence of implementation effectiveness:** No information located by the ILO.

**Coverage of workers in law:** Employees and self-employed persons, apprentices, and students. Special system for public-sector employees.

**Coverage of workers in practice:** See above.

**Ratification of ILO Conventions:** Social Security (Minimum Standards) Convention, 1952 (No. 102), ratified in 1969, but Part VI on employment injury benefits not applicable. Employment Injury Benefits Convention, 1964 (No. 121), not ratified.

Source: ISSA database (<http://www.issa.int/aiss/Observatory/Country-Profiles/Regions/Europe/Austria>).

The current transformation in the world of work is leading to changes and shifts in the pattern of stress factors. There are grounds for assuming that in the future – particularly given the continuing growth in the service sector – the forms and effects of psycho-social stress and increasing

expectations in the workplace will gain in significance. However, this process of change will occur slowly. Despite the waning significance of agriculture and manufacturing in Austria's economy, as in the past, the daily work routines of a significant share of the employed population are still charac-

## Legal Framework Indicator 14. Labour inspection

**Law, policy or institutions:** The responsibility for labour inspection is distributed among several governmental institutions, including the labour inspectorate (federal labour inspectorate and subordinated labour inspectorates), the labour inspectorate for the transport sector, the labour inspectorates for agriculture and forestry, and special occupational safety and health (OSH) departments in the Federal States (Länder). The main laws in Austria on this subject are: the Federal Labour Inspection Act of 1993 (Arbeitsinspektionsgesetz, ArbIG) and the Federal Employee Protection Act of 1994 (ArbeitnehmerInnenschutzgesetz, ASchG), as amended. The labour inspectors ensure that the health and safety of workers are assured and that there are appropriate and effective OSH measures in place. In addition to inspections of establishments, labour inspectors provide support and advice to employers and workers. They also deal with a number of other matters, including working time, enforcement of the minimum age for admission to employment and protection of certain categories of workers. Labour inspectors supervise compliance with the legal regulations and official decrees concerning the protection of workers.

**Evidence of implementation effectiveness:** The Committee of Experts has been welcoming information provided by the Government on the effectiveness of the procedures. A concern raised by the Federal Chamber of Labour is being explored by the ILO Committee of Experts (see observation of 2008 on Convention No. 81) about the effective cooperation between the labour inspection services and the judicial authorities. Information on the activities of the labour inspectorate is included in its annual reports (published at <http://www.arbeitsinspektion.gv.at>).

**Coverage of workers in law:** The labour inspectorates' mandate generally covers all undertakings and workplaces. However, some exceptions are established in section 1 of the Federal Labour Inspection Act (e.g. domestic workers).

**Coverage of workers in practice:** A total of 237,776 establishments with 2,753,400 employees were registered with the labour inspection in 2007. In the same year, the labour inspection employed 308 labour inspectors who visited 52,025 establishments (or 21.9 per cent of all establishments registered with the labour inspection) as well as 13,382 enterprises on construction sites and exterior workplaces.

**Ratification of ILO Conventions:** Labour Inspection Convention, 1947 (No. 81), ratified in 1949, but not its protocol. Labour Inspection (Agriculture) Convention, 1969 (No. 129), has not been ratified.

Sources:

1. Government reports and Committee of Experts comments on Convention No. 81.
2. National legislation:  
ArbIG ([http://www.bmsk.at/cms/site/attachments/6/7/1/CH0701/CMS1232619890449/arb\\_1993.pdf](http://www.bmsk.at/cms/site/attachments/6/7/1/CH0701/CMS1232619890449/arb_1993.pdf));  
ASchG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008910>);  
ArbVG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008329>);  
and ASVG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008147>);
3. Labour Inspection Report for 2007 (<http://www.arbeitsinspektion.gv.at>).

terized by physical strain (*Biffi – Leoni – Mayrhuber, 2009*). Since occupational diseases often only occur with a long time lag or are diagnosed late, the incidence rates for occupational diseases need not change as quickly in the future as those for occupational injuries.

In addition to the suffering caused to the victims and their families, occupational injuries and diseases cause additional costs for employers through the loss of employees or their sickness-related absence from work (continued pay, possible increase in accident insurance contributions, fluctuation and training costs) while the state has to bear losses in tax and social insurance revenue and incurs increased transfer expenses. For this reason, Austria has developed an occupational

safety and health strategy that involves all actors in this field (Government, social partners, social insurance organizations, training institutes, representatives from the preventive bodies and universities). The strategy for 2007-2012 includes risk evaluation, accident and disease prevention, education and further training, information on occupational safety and health and awareness-raising.<sup>5</sup> Further, the social partners have started a common initiative entitled “Arbeit und Gesundheit” [Work and health] that aims to promote occupational health and improve safety at work. In addition to a database with practical examples of how to pro-

<sup>5</sup> See <http://www.arbeitsinspektion.gv.at/Arbeitschutz/strategie/default.htm>.

mote occupational health, a free prevention consultation scheme is offered to small enterprises.<sup>6</sup>

*In conclusion, Austria has achieved gradual progress in the area of the safe work environment in recent years. This specifically relates to the decline in the number of occupational injuries, whereas the figures for occupational diseases do*

*not indicate any improvement and there has even been an increase in the number of recognized instances of fatal occupational diseases. However, this might be due, at least in part, to the improved reporting of asbestos poisoning cases. Overall, Austria has incidence rates for occupational injuries and diseases that are similar to those of comparable European countries.<sup>7</sup>*

<sup>6</sup> See <http://www.arbeitundgesundheit.at>.

<sup>7</sup> ILO Labour Statistics Database (LABORSTA), Series 8B, <http://laborsta.ilo.org/>.

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Biffi, G., Leoni, T., Mayrhuber, C. 2009. *Arbeitsplatzbelastungen, arbeitsbedingte Krankheiten und Invalidität*, Study (Vienna, WIFO). [http://www.wifo.ac.at/www/servlet/www.upload.DownloadServlet/bdoc/S\\_2009\\_INVALIDITAET\\_35901\\$.PDF](http://www.wifo.ac.at/www/servlet/www.upload.DownloadServlet/bdoc/S_2009_INVALIDITAET_35901$.PDF).

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# 9 Social security<sup>1</sup>

The Austrian system of social security is extensive and covers the nine branches of social security set out in ILO Convention No. 102.<sup>2</sup> The statutory social insurance, narrowly defined, covers sickness benefit, employment injury insurance and retirement and old-age pension insurance. In addition, there is unemployment insurance which is administered by the Public Employment Service Austria (AMS). Social insurance system covers the vast majority of the labour force (salaried employees including civil servants, the self-employed and the unemployed). Only those in some of the atypical forms of employment are not generally covered by the statutory social insurance system, although they are covered by employment injury insurance. However, in recent years efforts have been made to bring freelance employees (*freie Dienstnehmer*) and contractual agents (*Werkvertragsnehmer*) into the employment-based social insurance system.<sup>3</sup> Due to the fact that the system is dependent on income – and since gender-specific income differences continue to exist – upon retirement and in the event of unemployment men regularly receive higher benefits than women. In addition to social insurance, the Austrian social system includes universal cash benefits such as family allowances,

child-care benefits and care allowances, as well as emergency social assistance (*Federal Ministry of Social Affairs and Consumer Protection, 2007*).

In 2007, Austria's social protection expenditure, as defined under the European System of integrated Social Protection Statistics (ESSPROS), was equal to 28.0 per cent of gross domestic product (GDP) and had thereby fallen slightly below its 1998 value (having increased in the interim to over 29 per cent; see Table 8). The percentage lies above the European Union average. Around 40 per cent of social expenditure is spent on the payment of old-age pensions and around a quarter on healthcare. Family benefits, one tenth of the total, represent a large expenditure item. The decisive factors for the development of the social expenditure ratio have been demographic and economic development, and reform measures which have caused a change in the spectrum of benefits (*Federal Ministry of Social Affairs and Consumer Protection, 2009*). The expenditure on sickness/healthcare remained constant relative to GDP throughout the period in question. On the other hand, between 1998 and 2003/04 expenditure on old-age benefits increased by 0.9 percentage points of GDP, which was mainly due to demographic developments and the increasing participation of women in the labour force. However, in connection with the pension reforms of 2000 and 2003, changes in pension legislation concerning the conditions for taking retirement curbed increases in expenditure, so that it fell slightly relative to GDP.

Over the past decade, the Austrian pension system has been extensively reformed in a series of steps – in the first instance with the aim of

<sup>1</sup> Principal authors: Kristina Budimir and Rainer Eppel.

<sup>2</sup> See also Social Security (Minimum Standards) Convention, 1952 (No. 102), <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C102>.

<sup>3</sup> Overall, Austria has made progress in the area of statutory social protection, in particular with regard to the coverage of atypical forms of employment. Since 1 January 2008, freelance employees (*freie Dienstnehmer*) have also been compulsorily insured in the unemployment insurance system. Moreover, they are now included in the model for the enterprise-level employee social welfare fund ("new severance indemnity") and have the right to claim unemployment benefit, emergency social assistance, insolvency payment, sickness benefit and maternity benefit, just as salaried employees do. Since 1 January 2009, contractual agents have been able to take out voluntary unemployment insurance (*Bock-Schappelwein – Mühlberger, 2008*).



**Table 8. Social security**

Decent Work Indicator	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Share of the population aged 65 and above benefiting from a pension, in % (ILO estimate) <sup>1</sup>	≥ 87	≥ 87	≥ 87	≥ 87	≥ 87	≥ 88	≥ 90	≥ 89	≥ 89	≥ 89	≥ 89
Men	≥ 96	≥ 95	≥ 95	≥ 95	≥ 95	≥ 96	≥ 98	≥ 96	≥ 96	≥ 95	≥ 95
Women	≥ 82	≥ 82	≥ 82	≥ 82	≥ 82	≥ 83	≥ 84	≥ 84	≥ 85	≥ 84	≥ 85
Public social security expenditure, in % of GDP <sup>2</sup>	28.5	29.0	28.4	28.8	29.2	29.7	29.3	28.9	28.5	28.0	..
by modality of spending:											
Sickness/health-care provision	7.2	7.4	7.1	7.2	7.2	7.2	7.2	7.1	7.0	7.1	..
Old age	10.6	10.8	11.0	11.2	11.4	11.5	11.5	11.4	11.4	11.3	..
Other	10.7	10.7	10.4	10.4	10.6	10.9	10.7	10.4	10.1	9.6	..

Notes:

<sup>1</sup> International Labour Office estimate on the basis of: a) data from the Main Association of Austrian Social Security Institutions (those drawing Austrian pensions resident in Austria or abroad, 65 years and above, reference date 1 July); b) a special analysis by the Federal Ministry of Labour, Social Affairs and Consumer Protection on the distribution of persons drawing a pension (not including civil servants) aged 65 years and above according to residence in Austria or abroad; and c) population statistics from Statistics Austria (population as annual average, revised version; status: August 2009). The following simplifying assumptions were made for the estimate: (1) The share of civil servants drawing pensions and living abroad in the same as for others drawing pensions; (2) population status as of reference date 1 July corresponds to the annual average. Pensions from the chambers of the liberal professions, health insurance services and from those Federal Government and Federal State employers that do not reported to the Main Association of Austrian Social Security Institutions are not taken into account. Persons living in Austria who solely draw a pension from abroad, the United Nations or a private pension fund are also not included. This results in a strong probability that the actual share of persons aged 65 years and above drawing pensions in the total resident population within the same age group lies *above* the estimated value.

<sup>2</sup> Public social security expenditure as a percentage of the gross domestic product. Calculation according to ESSPROS (European system of integrated social protection statistics). Social expenditure covers the costs of social security payments and administrative costs and other expenses which cannot be allocated. However, it does not include transfers to other systems (redirected social security payments and other transfers).

Source: International Labour Office estimate on the basis of official sources (see above); ESSPROS database of the Federal Ministry of Labour, Social Affairs and Consumer Protection.

ensuring that it can be financed in the long-term. The result – with few exceptions – is a uniform pension system with a statutory retirement age of 65 years for the entire employed population. For women the retirement age is currently still 60 years, however between 2024 and 2033 this will be gradually brought into line with the retirement age for men (see also Legal Framework Indicator 15 “Pensions”). At present, workers have the right to claim a normal old-age pension if they have paid at least 15 years’ worth of contributions. According to the new pension formula “45/65/80”, retiring at the age of 65 years after having paid 45 years’ worth of contributions will guarantee the maximum pension of 80 per cent of the assessment base.<sup>4</sup> In recent years, the possibilities for taking early retirement have been

reduced (Mairhuber, 2009; Federal Ministry of Social Affairs and Consumer Protection, 2007; Guger – Mayrhuber, 2004).

According to ILO estimates, over 95 per cent of men aged 65 years and above and over 85 per cent of women of the same age receive a pension from Austrian pension insurance schemes. Not included in the estimates are pensioners who solely receive a pension from abroad, from the United Nations or from a private pension fund (which reduces the coverage rate indicated). The smaller share of women aged 65 years and above receiving a domestic pension is primarily linked to their lower participation rate in the labour force. As a result of the increasing numbers of women entering the labour force (see also Chapter 1 “Employment opportunities”) the gender gap has decreased from 14 percentage points (1998) to 10 percentage points most recently. At the same time, the increase in the coverage rate for women from

<sup>4</sup> The assessment base is the basis for calculating the pension amount. In principle, the monthly gross income limited by the maximum assessment base applies as the assessment base for compulsorily-insured persons in the pension insurance.

### Legal Framework Indicator 15. Pension

**Law, policy or institutions:** General Social Security Act of 1955 (Allgemeines Sozialversicherungsgesetz, ASVG), as amended. Notable are the pension reforms of 2003 and 2004, including the 62nd Amendment to the ASVG (“Pension Harmonization Act”) and the General Retirement Income Act of 2004 (Allgemeines Pensionsgesetz, APG), both in force from January 2005. The transition to the new common rules of the unified system is being phased over several decades. *Financing:* Combination of insured person (including self-employed), employers and government.

**Benefits (level and duration):** The pension is calculated as 1.78 per cent of the assessment base for each year of coverage. The current normal *retirement age* is 65 years for men, and 60 years for women, transitioning to 65 (from 2024 to 2033 for those born after 1 January 1964). Pensions are paid on an open-ended basis.

**Evidence of implementation effectiveness:** High pension coverage; see coverage of workers in practice and Table 8.

**Coverage of workers in law:** Insurance under the General Social Security Act (ASVG) covers wage earners and salaried employees (separate systems with essentially identical provisions) earning more than €357.74 a month (the insignificant income threshold in 2009), as well as apprentices. Special systems exist for railway workers and miners; notaries; public-sector employees; and self-employed persons, including those in trade and agriculture.

**Coverage of workers in practice:** According to the Government’s 2007 report on Convention No. 128, in 2006 the total number of protected persons in accordance with Article 16 of C.128 was 2,848,855 out of a total of 3,291,358 workers (comprising all employees, including apprentices, and unemployed persons; excluding civil servants (Article 39.2)). This is equivalent to 86.6 per cent.

**Ratification of ILO Conventions:** Social Security (Minimum Standards) Convention, 1952 (No. 102), ratified in 1969; and Invalidity, Old-Age and Survivors’ Benefits Convention, 1967 (No. 128), ratified in 1969. Reporting under C.128.

Sources:

1. OECD Economic Survey of Austria (OECD 2005).
2. Government web-portal ([www.help.gv.at](http://www.help.gv.at)).
3. ISSA database country profile. (<http://www.issa.int/aiss/Observatory/Country-Profiles/Regions/Europe/Austria>).
4. Government reports on C.128.
5. National legislation: ASVG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008147>) and APG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20003831>).

≥ 82 per cent in 1998 to ≥ 85 per cent in 2008 has contributed significantly to a rise in the general coverage rate.

From the mid-1990s, and to an even greater degree from 2000 onwards, the social partners were not continuously involved in the policy formulation and decision-making process for the statutory pension insurance. The extent to which the traditional politics of consensus had been eroded was evident when the Austrian Trade Union Federation called for “defensive strikes” in protest against the Federal Government’s pension reform plans, and when decisions on reforms were taken by the Government without the approval of all the interest groups traditionally involved in the negotiating process. Since the change of Government in 2007, an increased involvement of the social partners in the development of informed political opinions and the decision-making processes is once again becoming apparent (*Mairhuber, 2009*).

Although the statutory sickness insurance scheme is linked to employment, it extends to the insured person’s family members (who are for the most part insured without additional contributions), thereby ensuring extensive healthcare coverage for the whole population. Over 98 per cent of the population are covered by the statutory sickness insurance scheme. People who are not insured have the possibility of taking out voluntary sickness insurance cover. During prolonged illness, and now also during maternity leave, employees receive benefits from the statutory health insurance to compensate for loss of wages. As a rule, mothers receive eight weeks of maternity benefit before and eight weeks after the birth of a child (see Chapter 4 “Combining work, family and personal life”) (*Federal Ministry of Social Affairs and Consumer Protection, 2007*).

The statutory employment injury insurance covers the risk of occupational injuries and occupational

## Legal Framework Indicator 16. Incapacity for work due to sickness / sick leave

**Law, policy or institutions:** The Salaried Employees Act (Angestelltengesetz, AngG) the Civil Code (Allgemeines bürgerliches Gesetzbuch, ABGB) and the Continued Remuneration Act 1974 (Entgeltfortzahlungsgesetz, EFZG), all as amended, regulate the right to sick leave for private sector employees; special regulations apply for some occupations. The General Social Security Act (Allgemeines Sozialversicherungsgesetz, ASVG) and special social insurance laws for specific sectors and occupations regulate sickness benefits. Parallel provisions exist for the public sector.

**Benefits (level and duration):** *Paid sick leave:* Employees are entitled to six weeks' sick leave per calendar year with full pay; sick leave with full pay is extended to a maximum of twelve weeks, depending on the worker's employment tenure. The worker is entitled to a further four weeks' sick leave during which he/she receives 50 per cent of his/her normal salary. During this period, the worker is in addition entitled to 50 per cent of sickness benefits.

*Sickness benefits:* Once the period of entitlement to paid sick leave under labour law has been exhausted (see above), the ASVG provides for the following duration of sickness benefits: basic provision of 26 weeks that is extended to 52 weeks if the worker was insured for a minimum of six months during the preceding twelve months. The different health insurance institutions can extend sickness benefits to 78 weeks in total. In general, the entitlement to sickness benefits expires at the end of the calendar month in which notice is issued of allocation of a pension.

**Evidence of implementation effectiveness:** No information located by the ILO.

**Coverage of workers in law:** *For paid sick leave:* paid employees as defined by labour law. *For sickness benefits:* paid employees under mandatory ASVG insurance; freelance employees (freie Dienstnehmer); marginally employed persons with earnings below the threshold for insignificant incomes (Geringfügig Beschäftigte) who have taken voluntary insurance in accordance with Section 19a of the ASVG. Contractual agents (Werkvertragsnehmer) and other self-employed workers can take voluntary sickness benefit insurance under the GSVG (Gewerbliches Sozialversicherungsgesetz). Special systems exist for public sector employees.

**Coverage of workers in practice:** *For paid sick leave:* paid employees (ca. 86 per cent of the employed population, according to Statistics Austria). *For sickness benefits:* paid employees and some self-employed workers.

**Ratification of ILO Conventions:** Social Security (Minimum Standards) Convention, 1952 (No. 102), ratified in 1969, but Part III not applicable. Medical Care and Sickness Benefits Convention, 1969 (No. 130), not ratified.

Sources:

1. National legislation:

AngG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008069>);

ABGB (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10001622>);

EFZG (<https://www.bmask.gv.at/cms/site/attachments/3/8/4/CH0650/CMS1233229938197/entgeltfortzahlungsgesetz.pdf>)

and ASVG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008147>).

2. Government web-portal help.gv.at (<http://www.help.gv.at/Content.Node/97/Seite.970003.html>).

3. ISSA database (<http://www.issa.int/aiss/Observatory/Country-Profiles/Regions/Europe/Austria>).

diseases and also extends to those who are only marginally employed as well as school-children and students. At the centre of the care system in Austria is a uniform, needs-based, flexible care allowance that was introduced in the 1990s and is financed from general tax revenues (Mühlberger – Knittler – Guger, 2008). Social assistance is the last, subsidiary safety net in the social security system. At present, the statutory regulations in the nine Federal States (Bundesländer) are different. In 2010, the existing system is to be standardized through the introduction of a “needs-based social floor”. This benefit will provide a gross amount of 772.40 Euro per month for a single person and thereby lies below the poverty-risk threshold.

*By international standards, Austria has maintained an extensive social security system and social security expenditure has stabilized at a comparatively high level. The most recent reforms of the pension system are designed to contribute to a sustainable financing of the retirement and old-age pension insurance scheme. However, changes in the structure of social security expenditure are still to be discussed, since in-kind benefits have better regulatory effects than cash benefits (for example an increase in the quantity and quality of child-care provision).*

### Legal Framework Indicator 17. Incapacity for work due to invalidity

**Law, policy or institutions:** Provisions for invalidity benefits are incorporated into the Pension Scheme; the relevant piece of legislation, as with old-age benefits, is therefore the General Social Security Act of 1955 (Allgemeines Sozialversicherungsgesetz, ASVG) and the General Retirement Income Act of 2004 (Allgemeines Pensionsgesetz, APG) that came into force from January 2005. There are special provisions for invalidity due to occupational accident or illness (see Legal Framework Indicator 13 'Employment injury benefits' in Chapter 8).

**Benefits (level and duration):** In principle, the benefit level of an invalidity pension is calculated according to the same rules that apply to old-age pensions. The time between the application for an invalidity pension and the applicant's 60th birthday is counted as an additional qualifying period. If the diagnosis points to permanent incapacity, the benefits are allocated on an open-ended basis. In all other cases, the duration of benefits is maximum two years, which can only be extended through a further application for a maximum of another two years. *Qualifying and entitlement conditions:* Incapacity must be for at least a 6-month period; need for doctor's certificate; plus fulfilment of a qualifying period. Social security contributions must have been paid for 180 months (15 years), or the worker must have been insured for 300 months (25 years). Other, more specific conditions apply if these thresholds are not met. The waiting period does not have to be fulfilled if the incapacity for work was caused by an occupational injury or sickness, an injury which occurred while serving the Federal Army, or before the person attained 27 years of age and a minimum of six insurance months were saved.

**Evidence of implementation effectiveness:** See under coverage of workers in practice.

**Coverage of workers in law:** All workers are automatically insured under the General Social Security Law (ASVG). Covers wage earners and salaried employees (separate systems with essentially identical provisions) earning more than the insignificant income threshold of currently €357.74 per month and apprentices. Special systems are in place for railway workers and miners; notaries; public sector employees; and self-employed persons, including those in trade and agriculture.

**Coverage of workers in practice:** According to the Government's 2007 report on C.128, in 2006 the total number of protected persons in accordance with Article 16 of C.128 was 2,848,855 out of a total of 3,291,358 workers (comprising all employees, including apprentices, and unemployed persons; excluding civil servants (Article 39.2)). This is equivalent to 86.6 per cent. In case of invalidity of occupational accident or illness (Versehrtenrente) also workers below the non-significant income threshold are covered.

**Ratification of ILO Conventions:** Social Security (Minimum Standards) Convention, 1952 (No. 102), ratified in 1969, but Part IX not applicable. Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128), ratified in 1969, but relevant Part not applicable.

Sources:

1. Government web-portal (<http://www.help.gv.at/Content.Node/128/Seite.1280500.html>).
2. ISSA database country profile (<http://www.issa.int/aiss/Observatory/Country-Profiles/Regions/Europe/Austria>).
3. National legislation: ASVG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008147>) and APG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20003831>)

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[http://www.bmsk.gv.at/cms/site/attachments/8/0/6/CH0025/CMS1232965764488/sozialbericht\\_2007-2008.pdf](http://www.bmsk.gv.at/cms/site/attachments/8/0/6/CH0025/CMS1232965764488/sozialbericht_2007-2008.pdf) .

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# 10 Social dialogue, workers' and employers' representation<sup>1</sup>

Austria has a mixed system of collective interest representation, consisting of voluntary associations and statutory representative bodies (chambers). Like other groups, the voluntary associations are privately-organized institutions for which membership is not compulsory. On the employers' side, the Federation of Austrian Industries (IV) has an outstanding status. In the area of voluntary associations, workers' interests are primarily represented by the Austrian Trade Union Federation, which acts as an umbrella organization for a number of affiliated unions. The chambers are established by means of a Government act as statutory bodies with compulsory membership for those in each of the occupational groups. Thus, the vast majority of private employers are statutory members of the Austrian Federal Economic Chamber (WKO). The WKO is structured on an industry basis, both at the federal level and in each of the nine Federal States (Länder). In addition to this, there are the chambers of agriculture under the umbrella of the Presidential Assembly of the Austrian Chambers of Agriculture. There are also chambers for the liberal professions (e.g. Austrian Medical Chamber, Austrian Pharmacists' Chamber, Austrian Lawyers' Chamber, etc.). In the area of statutory bodies with compulsory membership, workers' interests are represented by the Chambers of Labour, comprising nine regional chambers for wage and salaried workers and the Federal Chamber of Labour that serves as an umbrella organization (Fink, 2006; Karlhofer, 2006).

The Austrian Trade Union Federation, the Federal Chamber of Labour, the Austrian Federal Economic Chamber, and the Presidential Assembly of the Austrian Chambers of Agriculture are the traditional actors of Austrian social partnership and cooperate closely in a variety of ways with governmental institutions. The Federation of Austrian Industries (IV) is not one of the traditional associations involved in the social dialogue. However, since the end of the 1980s it has been gaining in significance and political influence (Fink, 2006; Tálos, 2006). Both the chambers and the voluntary associations are vested with the capacity to conclude collective bargaining agreements (see also Legal Framework Indicator 19 "Collective bargaining right"). In practice, collective bargaining agreements are usually concluded at sectoral level by the trade unions on the part of workers and by the divisions, industry associations or other subsidiary organizations of the Austrian Federal Economic Chamber on the employers' side.

The public sector is also characterized by the same extensive social partnership that is decisive for every aspect of economic and social life in Austria. The partnership is based on collective problem-solving and covers a number of aspects, including the annual wage negotiations and the discussion of draft legislation in relation to the public service. Important actors are the two affiliates of the Austrian Trade Union Federation, namely the Union of Public Services, with around 230,000 members,<sup>2</sup> and the Union of Municipal

<sup>1</sup> Principal authors: Rainer Eppel and Thomas Leoni.

<sup>2</sup> This figure includes civil servant of the Federal Government and the Federal States and – with the exception of Vienna – those retired from active service.



**Table 9. Social dialogue, workers' and employers' representation**

Decent Work Indicator	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Trade union density rate, in % <sup>1</sup>	47.4	46.2	45.7	44.2	43.1	41.9	41.6	40.3	37.4	36.2	35.1
Men	57.3	56.0	55.8	53.9	52.9	51.5	51.6	50.4	46.7	44.4	43.6
Women	34.6	33.7	33.0	32.1	31.2	30.4	29.8	28.6	26.8	26.6	25.5
Enterprises belonging to an employers' organization <sup>2</sup>	..	..	..	..	..	..	..	..	..	..	..
Collective bargaining coverage rate, in % <sup>3</sup>											
Adjusted	..	..	..	..	..	..	..	..	94	..	..
Unadjusted	..	..	..	..	..	..	..	..	77	..	..
Extended	..	..	..	..	..	..	..	..	95	..	..

Notes:

<sup>1</sup> Unadjusted union density rate, calculated as the number of union members as a percentage of employees. Reference date for union membership is 31 December of the respective year; figures for employees relate to the annual average.

<sup>2</sup> No statistics on the density rate for voluntary associations of employers were available to the International Labour Office.

<sup>3</sup> The adjusted collective bargaining coverage rate refers to employees (wage and salaried employees and marginally employed persons) who could potentially be covered by a collective agreement. The unadjusted rate sets all employees under collective agreements in relation to all employees (including civil servants). The expanded definition includes civil servants as covered by collective agreements, since their wages are determined in negotiations akin to collective bargaining. See Markus Bönisch, *Kollektivvertragliche Abdeckung in Österreich* [Collective bargaining coverage in Austria], *Statistische Nachrichten* 3/2008.

Source: Austrian Trade Union Federation and Statistics Austria, Austrian Micro-Census (to 2003) and Austrian Micro-Census – Labour Force Survey (from 2004 onwards); Statistics Austria (*Statistische Nachrichten* 3/2008).

Employees, with 150,000 members.<sup>3</sup> The different organizational units of the public service have a complex system of workers' representation with manifold statutory rights concerning access to information and co-determination.

Between 1998 and 2008 the trade union density, i.e. the share of trade union members in the total number of employees, decreased by around twelve percentage points (from 47.4 per cent to 35.1 per cent; see Table 9). This change was a result of the counter trends of a continuously increasing number of employees and declining union membership. In the long-term perspective, the absolute membership figures for the Austrian Trade Union Federation remained almost constant from the 1980s to the middle of the 1990s, before dropping significantly. From 1998 to 2008, the Austrian Trade Union Federation lost around 240,000 members, bringing the total membership to 1,239,000 (*Austrian Trade Union Federation*, 2009). While the level of employment was increasing sharply, trade union density decreased from the 1970s onwards, but particularly from the

middle of the 1990s, (see also *Traxler – Pernicka*, 2007; *Karlhofer*, 2005).

Today, the rate of unionization is at a medium level by comparison to other OECD countries. Apart from Belgium, the Scandinavian countries have a higher rate than Austria (*Karlhofer*, 2005), which can primarily be attributed to the special payments linked to trade union membership in these countries (e.g. disbursement of unemployment benefits) (*Böckerman – Uusitalo*, 2006).

The willingness to join a trade union varies considerably among different groups of employees. The rate of unionization is considerably lower in small and medium-sized enterprises, among women, younger employees, salaried employees (as opposed to wage employees) and unskilled workers. Among the factors negatively influencing union membership levels are the trend towards the privatization and divestment of former public enterprises, the increase in atypical forms of employment and the increasing shift of employment from industry to the service sector (*Karlhofer*, 2005). In this regard Austria demonstrates similarities with other post-indus-

<sup>3</sup> This figure includes outsourced establishments and subsidiary services and pensioners in these areas.



### Legal Framework Indicator 18. Freedom of association and the right to organize

**Law, policy or institutions:** Austria's Federal Constitution (Bundes-Verfassungsgesetz, B-VG) and other basic legislation guarantee the right to form associations, including trade unions and employers' federations. As for other subjects, Austrian legislation on this subject is contained in a number of different enactments, not always fully coordinated. The statutory representation of the majority of workers is regulated by the Chamber of Labour Act of 1992 (Arbeiterkammergesetz, AKG). In principle, civil servants and employees in agriculture are exempted from membership of the Chamber of Labour, but workers in agriculture and forestry are represented by agricultural workers' chambers under the legislation of the Länder. The Act on Associations of 2002 (Vereinsgesetz, VerG) contains various provisions concerning the right of unions to organize their activities freely. Employee representation in enterprises is regulated by the Labour Constitution Act of 1973 (Arbeitsverfassungsgesetz, ArbVG), as updated. It was recently amended to fill gaps in eligibility of foreigners to stand for elections to work councils noted by the ILO Committee of Experts (see below). The Economic Chamber Act of 1998 (Wirtschaftskammergesetz, WKG) regulates the legal representation of private enterprises and employers that are statutory members of the chambers. In addition, voluntary associations of employers exist.

**Evidence of implementation effectiveness:** No current gaps noted by the Committee of Experts, or current cases before the ILO Committee on Freedom of Association. In 2008, the Committee of Experts noted with satisfaction that a recent amendment to the Labour Constitution Act extended the right to stand for election to works councils to all employees, irrespective of their nationality, thus also to foreign workers from countries outside the European Economic Area.

**Coverage of workers and employers in law:** It appears that all workers and employers have the right to organize, either under generally-applicable legislation or under special legislation for categories of workers or economic sectors.

**Coverage of workers and employers in practice:** For the trade union density rate see Table 9; no statistics on the density rate of voluntary associations of employers could be located by the ILO.

**Ratification of ILO Conventions:** Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), ratified by Austria in 1950; and Right to Organise and Collective Bargaining Convention, 1949 (No. 98), ratified by Austria in 1951.

Sources:

1. Rudolf Strasser: Austria, In: International Encyclopaedia for Labour Law and Industrial Relations Vol. 3, Supplement 131 (Jan. 1992), p. 140.
2. National legislation:  
B-VG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10000138>);  
AKG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008787>);  
VerG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20001917>);  
ArbVG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008329>);  
and WKG (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10007962>).
3. Reports of the ILO Committee of Experts.

trial OECD countries (*Visser, 2006; Haynes – Vowles – Boxall, 2005*). In recent decades, trade unions have only been partially successful in signing up women entering the labour market to their organizations; in 2008 the rate of unionization for women was only around a quarter (25.5 per cent), compared with just over a third (34.6 per cent) in 1998 (see Table 9).

In addition to the decreasing trade union density the number of works councils has also been decreasing in Austria for many years, which has led to a growing lack of representation at the

enterprise-level. Works councils had been established in a mere 14 per cent of the enterprises in question<sup>4</sup> and only just over half of the employees in the private sector were represented by a works council (*Hermann – Flecker, 2009*). The explanation is similar to that for the decrease in trade union density. The collective bargaining coverage in Austria is, to date, very high compared with other European countries – mainly due to the compulsory membership of the majority

<sup>4</sup> A works council can be set up in enterprises with a minimum of five employees.

### Legal Framework Indicator 19. Collective bargaining right

**Law, policy or institutions:** The capacity to conclude collective agreements for those covered by the Labour Constitution Act (Arbeitsverfassungsgesetz, ArbVG) is regulated under its sections 4 to 7. Both the statutory representative bodies (chambers) and voluntary associations of workers and employers have the capacity to conclude collective bargaining agreements. Voluntary associations are invested with collective bargaining capacity by official decision of the Federal Arbitration Office when they fulfil certain requirements. When a voluntary association concludes a collective agreement, this takes precedence over the statutory representative bodies. In practice, trade unions (i.e. voluntary associations of workers) and the Economic Chambers (i.e. statutory representative bodies of employers) usually conclude collective agreements on a sectoral level. In addition, works councils, which represent all the employees in an enterprise, regardless of union membership, have the power to participate in the enterprise's social, economic and personnel affairs, and to conclude works agreements in order to regulate matters which – by law or under terms of a collective agreement – may be governed by enterprise-level agreements (ArbVG, sections 29-32). The right of works councils to collective bargaining is restricted as they can conclude works agreements only in connection with those matters reserved by law or collective agreement to be settled by works agreement. The ArbVG sets, *inter alia*, as an important legal condition for having the capacity to conclude collective agreements that they have to be independent of the other party in their representation of employers' or workers' interests.

**Evidence of implementation effectiveness:** No recent comments of the Committee of Experts or complaints to the Committee on Freedom of Association.

**Coverage of workers in law:** The Labour Constitution Act applies to employment relationships established by private law. It does not apply to the public sector when conditions of the employment contract are determined by law (ArbVG, section 1). Collective bargaining as regards agricultural workers and home workers is regulated in separate legislation.

**Coverage of workers in practice:** See statistical indicator. In practice, negotiations between public employers and trade unions closely resemble collective bargaining.

**Ratification of ILO Conventions:** Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), ratified by Austria in 1950; and Right to Organize and Collective Bargaining Convention, 1949 (No. 98), ratified by Austria in 1951.

Source: National legislation (<http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008329>).

of private-sector employers in the Austrian Federal Economic Chamber (*Böhmisch*, 2008). In 2006, 94 per cent of employees with the potential to be subject to a collective agreement were actually covered by collective agreements (see Table 9). When civil servants are included, whose wages are determined in negotiations that closely resemble collective bargaining, the coverage rate is 95 per cent. The macroeconomic significance of the collective agreements in Austria is evident not only from the high coverage rate, but also in the fact that for a significant share of employees (almost 20 per cent) not only the sector-specific minimum wage rate is negotiated annually, but also the increase in the actual wage rates (*Traxler – Pernicka*, 2006). Furthermore, in recent years the unions have been successful in concluding collective agreements in sectors not covered to

date. Among these, in addition to subcontracting, are information technology, health and social professions, non-university research and private educational institutions (*Böhmisch*, 2008; *Hermann – Flecker*, 2009).

Representation of employers' and workers' interests must be seen in the wider context of social dialogue. The role of the social partners in Austria traditionally extends far beyond collective bargaining. This specific, multi-dimensional system of cooperation between the large umbrella organizations representing employer and worker interests on the one hand (bipartite consultations), and these two groups and the Government on the other (tripartite consultations), plays an important role in the design and implementation of legislation in a variety of economic and social policy areas.

### Legal Framework Indicator 20. Tripartite consultations

**Law, policy or institutions:** Austria has an established practice of tripartite consultations regarding international labour standards under the Tripartite Consultation (International Labour Standards) Convention 1976 (No. 144). Beyond this, there is an established practice of tripartite consultations regarding economic, social and labour policy, including the design and implementation of national and European legislation. In addition, positions agreed between workers' and employers' organizations in bipartite negotiations are generally considered and often followed by the Government.

**Evidence of implementation effectiveness:** The Government reports regular tripartite consultations within the framework of C.144, on submission, ratification, drafting and possible denunciation of Conventions and Recommendations. These take place in writing on an ongoing basis, during yearly preparatory meetings for the International Labour Conference and on an "as needed" basis, in the form of working groups on specific topics. The consultations are reported as including the Austrian Confederation of Trade Unions, Federal Chamber of Labour, Austrian Federal Economic Chamber, and the Federation of Austrian Industry. Reports under C.144 mention broadening the consultations to "all those concerned", without more indicated. Tripartite consultations are carried out on a range of subjects beyond those covered in Convention No. 144.

**Ratification of ILO Conventions:** Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), ratified by Austria in 1979.

Source: Government reports on Convention No. 144.

In fact, when international comparisons are being made, Austria is held up as a classic example of neocorporatism (*Tálos – Stromberger, 2005*). The Austrian social partners have proved themselves to be a central force in coordinating and shaping policy and have contributed significantly to the political, economic and social stability of the post-war decades. In particular, the favourable macro-economic development, the extensive welfare state and the low strike rates in Austria can be attributed to this model of interest intermediation (*Tálos, 2005 and 2006; Karlhofer, 2005*).

The golden age of the Austrian social partnership, from the beginning of the 1960s to the 1980s, was characterized by continuity and stability. Since the middle of the 1980s, and especially since the 1990s, the Austrian social partnership has changed in terms of institutional structures, procedure, style and influence in political decision-making processes. Moreover, as part of the process of Europeanization, there has been an increase in the diversity of interest representation, with public affairs agencies and large public relations companies becoming active in this area (see *Michalowitz – Tálos, 2007; Karlhofer, 2007*). In the recent past (since 2007), the traditional social partnership

model of interest representation has been revitalized at various levels. Again, the social partners are currently being consulted more closely in the development of informed opinions and the political decision-making process.

Austria has ratified the fundamental ILO Conventions on freedom of association and collective bargaining. In 2007, the Committee of Experts on the Application of Conventions and Recommendations noted with satisfaction that Austria had met its long-standing request and extended the right to stand for election to works councils to foreign workers in the previous year (see also the Legal Framework Indicator 18 "Freedom of association and the right to organize").<sup>5</sup>

*In conclusion, with regard to the development of social dialogue and workers' and employers' representation, a graded assessment seems necessary. Due acknowledgement should be given to the fact that social dialogue, both in bipartite and tripartite form, retains a high status in Austria, as in the past. Nevertheless, changes in the economic*

<sup>5</sup> Comments of the Committee of Experts on the Application of Conventions and Recommendations (CEACR) during the 78th session in 2007.

*structure and the world of work have left their mark on social dialogue in Austria. The decreasing density of trade union membership and the decline in the number of works councils reflect an increasing lack of representation at enterprise and sectoral level. In particular, female workers, those in atypical employment and younger workers – i.e. those groups which have benefited most*

*from the growth in employment – are affected. At the same time, Austria has been more successful than other European countries in maintaining high collective bargaining coverage. This has also enabled the social partners to reaffirm their future significance as a creative and stabilizing macro-economic factor.*

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# 11 Economic and social context for decent work<sup>1</sup>

Austria is a highly-developed industrial nation with around 8.3 million inhabitants. The slight population growth seen in recent years is due to inward migration; currently almost 1.3 million of Austria's inhabitants were not born there. Around 40 per cent of the migrant population comes from other countries within the European Union, of which Austria has been a member of since 1995. According to calculations by the World Bank, in 2008 Austria had a GDP per capita of US\$ 36,000 (in purchasing power parities) per year, ranking it eighth out of those countries with available data<sup>2</sup> and slightly above the OECD average. The main aspects of the economic and social context for decent work in Austria are analyzed below (see Table 10 for figures).

Education of the adult population is an important factor for economic growth, individual income and social areas such as health, life expectancy and the educational status of children. In Austria, schooling is compulsory for nine years. The enrolment ratios in primary and secondary schools are therefore near 100 per cent, and the gross ratios partly exceed this level due to a statistical artefact (see Table 10). With respect to tertiary education (universities), the unadjusted enrolment ratio is just over 50 per cent (see Table 10, footnote 1, for the definition). The distribution of the population according to the highest educational attainment shows a concentration at the intermediate voca-

tional level (*Bock-Schappelwein – Eppel – Mühlberger, 2009*). A feature of the Austrian education system is the dual training system, combining practical training in enterprises with classroom-based education. In 2008, although 35.8 per cent had completed an apprenticeship and 12.8 per cent had obtained an advanced vocational education, only 14.1 per cent had completed a secondary education and a further 10.2 per cent a higher education. An important challenge faced by the Austrian education system is to educate highly qualified workers in order to keep up with technical progress. At 5.5 per cent of GDP, total spending on education in Austria was 0.3 percentage points below the average for the OECD countries (*OECD, 2008*).

Current economic developments are in line with the international trend in the context of the economic crisis. According to the most recent economic forecast by the Austrian Institute of Economic Research (WIFO) from September 2009, there will be a negative growth of -3.4 per cent in 2009. One particularly affected sector is manufacturing (-9.5 per cent), due in particular to a fall in merchandise exports (-15.1 per cent).<sup>3</sup> A slight recovery and weak growth of +1.0 per cent are forecast for 2010. Over the past ten years, growth rates were comparatively high throughout and often exceeded 3 per cent, although the economy did slow down between 2001 and 2003. The development of consumer prices lies near the European average and is currently demonstrat-

<sup>1</sup> Principal author: Ulrike Mühlberger.

<sup>2</sup> Current data are not available for Qatar, Kuwait and the United Arab Emirates. If these three countries were included, Austria's ranking would go down three places. Macao and Hong Kong, both Special Administrative Regions of China, are not considered as countries.

<sup>3</sup> In 2008, Austria had a foreign trade ratio amounting to 59.4 per cent of GDP (nominal, referring to goods and services). Data source: WIFO database.



Table 10. Economic and social context for decent work

Context Indicator	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Population in millions <sup>1</sup>	7.97	7.98	8.00	8.02	8.06*	8.10	8.14	8.20	8.25	8.28	8.32
of which: born in Austria	..	..	..	..	6.95	6.96	7.00	7.05	7.06	7.07	7.07
of which: born abroad	..	..	..	..	1.11	1.14	1.14	1.15	1.20	1.22	1.25
Gross enrolment ratio (unadjusted), in % <sup>2</sup>											
Primary	..	102.9	103.6	104.0	103.4	103.1	103.0	102.1	101.8	101.0	..
Secondary	..	98.8	98.8	98.6	99.1	99.9	100.3	101.6	101.9	102.0	..
Tertiary	..	53.5	55.8	56.6	47.4	47.9	48.6	48.9	49.9	51.0	..
Population according to highest education level completed, in % <sup>3</sup>											
Compulsory schooling	34.4	33.7	33.1	31.6	30.8	30.1	29.2*	28.8	27.9	28.3	27.1
Apprenticeships	35.4	35.7	35.4	35.6	35.7	36.0	33.2*	34.2	35.4	35.7	35.8
Technical college	9.9	9.8	10.2	10.5	10.5	10.6	13.9*	13.5	12.9	12.4	12.8
Secondary school	14.0	14.3	14.5	15.3	15.7	15.7	14.2*	13.9	14.0	13.9	14.1
College, university	6.3	6.6	6.8	7.0	7.3	7.6	9.6*	9.6	9.8	9.6	10.2
Adult literacy rate, in % <sup>4</sup>						ca. 99					
HIV prevalence among adult population (15 to 49 years), in % <sup>5</sup>	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	..
GDP per capita, in purchasing power parity (PPP\$) <sup>6</sup>	30,215	31,141	32,149	32,289	32,402	32,657	33,179	33,616	34,520	35,537	36,051
Real GDP growth, in % <sup>7</sup>	3.6	3.3	3.7	0.5	1.6	0.8	2.5	2.5	3.5	3.5	2.0
Annual inflation rate (Consumer Price Index), in % <sup>8</sup>	0.9	0.6	2.3	2.7	1.8	1.3	2.1	2.3	1.5	2.2	3.2
Labour productivity <sup>9</sup>											
GDP per employed person (full-time equivalent), in Euros at constant 2000 prices	57,308	58,578	59,976	60,100	61,073	61,448	62,812	63,833	65,066	65,899	..
Change over preceding year as %	2.7	2.2	2.4	0.2	1.6	0.6	2.2	1.6	1.9	1.3	..
Employment by branch of economic activity, in % <sup>10</sup>											
Agriculture and forestry	6.6	6.2	5.9	5.7	5.7	5.6	4.8*	5.2	5.2	5.5	5.4
Industry	30.3	30.5	30.4	29.7	29.5	29.5	27.9*	27.6	28.4	27.6	26.2
Services	63.1	63.3	63.8	64.5	64.8	65.0	67.4*	67.2	66.4	66.9	68.4
Wage share (adjusted), in % of GDP <sup>11</sup>	61.1	60.8	59.8	59.6	58.9	59.0	58.0	57.3	56.9	56.3	56.6
Income inequality, Gini coefficient <sup>12</sup>	25.0	26.6	25.3	24.5	..	27.1	25.8	26.3	25.3	26.2	..
At-risk-of-poverty rate (after social transfers), in % <sup>13</sup>											
Men	13.8	11.8	11.5	11.9	..	13.2*	13.0	12.6	12.6	12.0	..
Women	12.0	9.6	9.1	9.5	..	12.5*	11.6	11.9	11.0	10.6	..
Women	15.4	13.9	13.8	14.3	..	13.8*	14.2	13.3	14.0	13.4	..

## Notes:

<sup>1</sup> Statistics Austria, Table "Population at the beginning of the year according to countries of birth" and Statistics Austria, Population update.

<sup>2</sup> Data from UNESCO Institute of Statistics. The unadjusted gross enrolment ratio is calculated as: number of pupils enrolled in a specific level of schooling (irrespective of age) / population in the age group that normally attends this level of schooling \* 100 %. For the calculation of the unadjusted tertiary enrolment rate, the number of students enrolled is divided by the population in the five-year age group after completion of secondary school. The unadjusted (gross) enrolment ratio can exceed 100 per cent since pupils sometimes attend a level of schooling which is not normally envisaged for them (e.g. early enrolment, repetition of a class).

<sup>3</sup> As a percentage of the resident population aged 15 years and above (not including conscripts and institutional households). Secondary schools cover general and vocational high schools; colleges/university including technical training colleges, from 2004 including university studies. Statistics Austria, Austrian Micro-Census – Labour Force Survey (special analysis).

- <sup>4</sup> Estimate used by UNDP to calculate the Human Development Index.
- <sup>5</sup> UNAIDS estimate, see UNAIDS, 2008 Report on the global AIDS epidemic, Geneva: UNAIDS/WHO, July 2008.
- <sup>6</sup> Gross domestic product in international dollars at 2005 prices, World Bank, World Development Indicators, based on the International Comparison Programme database.
- <sup>7</sup> Based on Statistics Austria, National Accounts, Table “National Accounts – Main Aggregates (linked volume indices)”.
- <sup>8</sup> Annual average of Consumer Price Index, change over preceding year. Statistics Austria, Table “Overview of consumer price indices”.
- <sup>9</sup> Calculated by Statistics Austria; gross domestic product at constant prices (chained, 2000=100) / employed population (full-time equivalent).
- <sup>10</sup> In accordance with the labour force concept; average of surveys for March, June, September and December (until 2003) or annual average for all weeks (from 2004 onwards). Up to and including 2003, economic sectors correspond to the following ÖNACE sections (1995 and 2003): A and B (Agriculture and forestry); C to F (Industry); G to Q (Services); from 2004 back calculation and classification in accordance with ÖNACE 2008 A (Agriculture and forestry); B to F (Industry); G to U (Services).
- <sup>11</sup> European Commission calculation, AMECO database (DG ECFIN). The adjusted wage share is calculated as: (employees’ remuneration / employees) / (gross domestic product / employed population) \* 100 %.
- <sup>12</sup> As a percentage, i.e. Gini coefficient multiplied by 100. Based on EU-SILC; see Statistics Austria, Income, Poverty and Living Conditions (various years) and special analysis.
- <sup>13</sup> At-risk-of-poverty rate: Equivalent household income below 60 per cent of the median equivalent income for each year. For methodological notes, see Table 2.
- \* Series break.

Sources: Statistics Austria; UNESCO Institute of Statistics; UNDP; UNAIDS; European Commission (see notes).

ing deflationary tendencies, as in other European countries. However, the current WIFO forecast estimates that the inflation rate for 2009 will be slightly positive at 0.5 per cent. Labour productivity has fallen due to the idle capacity in enterprises during the crisis, after having grown consistently in previous years.

Over the past ten years, the share of the employed population in the different sectors of the economy has shifted towards the service sector, where around two thirds of all workers are now employed. The most important branches of economic activity are retail trade, manufacturing (in particular the metals industry), business services, transport, communications and the construction sector. Tourism also plays a significant role.

Since the early 1980s, the wage share in GDP (adjusted and unadjusted) has been declining. While during the 1960s and 1970s the long-term average for the adjusted wage share was almost 70 per cent, by the end of the 1990s it had gone down to 60 per cent and in recent years it has fluctuated around 57 per cent. There are many reasons for this reallocation of primary incomes away from wages, namely: the longer term increase in unemployment (the unemployed do not draw labour income but transfer income), the increasing flexibility of the labour markets in the form of subcontracting and atypical forms of employment, new working time models and increasing revenue from investment income as a result of bull markets until the most recent financial crisis (*Guger – Knittler, 2008*).

Over the past 15 years, the inequality in personal and household incomes has grown in Austria (*Guger – Knittler, 2008*). The main reasons for the greater inequality at the personal level are the expansion of part-time employment and technical progress, combined with growing internationalization – two developments which put pressure on the incomes of low-qualified workers and favour those with better qualifications. The increase in inequality at the household level can be attributed to the growing number of single-person households. Another relevant factor is the fact that households are increasingly formed by people with similar educational levels. Furthermore, as already mentioned above, there are the shifts from labour to capital income, which are distributed significantly more unevenly.

On an international scale of comparison Austria shows an above-average level of public expenditure relative to GDP. However, the redistributive effect is below average, both on the income and expenditure side. In Austria, fiscal redistribution primarily takes the form of expenditure by the public authorities. Social transfers (i.e. unemployment assistance, social assistance, family support and education expenditure) and public services benefit the lower income strata to a significantly greater extent than the upper income strata. They significantly reduce the income disparity between persons and/or households and the risk of poverty among low-income households. Data from 2007 show that 12.0 per cent of the Austrian population live in households considered to be at risk

of poverty, even after taking into account social transfers. In particular, migrants, single parents and households with limited labour force participation are at greater risk of poverty. In contrast to expenditure, there is hardly any redistribution via taxes and duties. The increase in the inequality of market incomes is significantly reduced through

progressive wage and income taxation. However, this does not offset the regressive effect of social insurance contributions and indirect taxation (consumption and excise duties). The general taxation structure has therefore a slightly regressive impact (*Bock-Schappelwein – Eppel – Mühlberger, 2009*).

### Legal Framework Indicator 21. Labour administration

**Law, policy or institutions:** The *Federal Minister of Labour, Social Affairs and Consumer Protection* is part of the Federal Government and the Council of Ministers where decisions have to be taken unanimously (each minister has a veto). He is responsible for most of the legislation covering the main governance fields, namely social security (pension insurance, unemployment insurance); industrial relations; labour market policy; labour conditions and labour inspection; labour statistics; occupational safety and health; and vocational training. Part of the issues are within the *responsibility of other ministers*: *Federal Minister of Health* (sickness insurance; accident insurance for work injury); *Federal Minister of Economics, Family and Youth* (apprentices including their vocational training, family benefits); *Federal Minister of Transport, Innovation and Technology* (labour inspection for transport); *Federal Minister of Education, Art and Culture* (basic education); *Federal Minister of Science and Research* (higher education).

The Legal Framework Indicators on most of these topics, read together, reveal an integrated system of labour administration.

The *Federal Minister of Finance* is responsible for developing a draft federal expenditure framework in collaboration with the other ministries. The annual budget law (*Bundesfinanzgesetz*) has to be adopted by the National Council (Nationalrat) of the Austrian Parliament.

The *Federal Minister of Labour, Social Affairs and Consumer Protection* is responsible for “principal legislation” concerning work in agriculture, the Federal States (Länder) have to implement the directives given by the ministry and can vary in details. The Federal States (Länder) are responsible for social welfare (i.e. social assistance, kindergarten, nursery schools) and for labour inspection in agriculture and forestry. The Federal Chancellery is responsible for federal public service. Public service of Federal States and of municipalities lays within the responsibility of the Federal States (Länder).

**Further institutions:** *Labour Inspection* is part of the Federal Ministry of Labour, Social Affairs and Consumer Protection and is responsible for most workers in the private sector and part of the public sector. The 19 regional labour inspectorates and the Labour Inspection for Construction Work are governed by the Central Labour Inspectorate. The *Federal Social Office* is a subordinated office of the Ministry of Labour, Social Affairs and Consumer Protection and has nine regional offices (one in each of the Federal States/Länder; centre of expertise for people with disabilities, promotion of disability employment, arbitration board on disability arbitration conflicts, benefits in victims’ compensation, encouragement of care-giving relatives, promotion of 24-Hours-Care). The *Public Employment Service Austria (AMS)* is an individual corporate body, a service “agency under public law”. It is under supervision of the Minister of Labour, Social Affairs and Consumer Protection. It is structured into one federal, nine regional and 99 local organizations. Representatives of employers’ and workers’ organizations (i.e. Austrian Trade Union Federation, Federation of Austrian Industry, Austrian Federal Economic Chamber and the Federal Chamber of Labour) are involved at all levels and are instrumental in designing labour market policies (employment programmes of the Federal States/Länder) and in monitoring the organization’s corporate governance.

**The social security institutions:** There are 22 insurance institutions responsible for health, pension and accident insurance under supervision of the respective Federal Ministers, with the status of individual corporate bodies under public law. Social partners are involved through their administrative bodies. All institutions belong to the *Main Association of Austrian Social Insurance Institutions* for coordination purposes. The Unemployment Insurance is administered by the Public Employment Service Austria (AMS) under direction of the Federal Ministry of Labour, Social Affairs and Consumer Protection.

**Exclusion of parts of workforce from coverage:** None. Coverage in different forms.

**Ratification of ILO Conventions:**

*Labour Administration:* Labour Administration Convention, 1978 (No. 150) not ratified.

*Labour inspection:* Labour Inspection Convention, 1947 (No. 81), ratified in 1949, but not its protocol. Labour Inspection (Agriculture) Convention, 1969 (No. 129), has not been ratified.

*Industrial relations:* Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), ratified in 1950; Right to Organise and Collective Bargaining Convention, 1949 (No. 98), ratified in 1951.

*Labour statistics:* Labour Statistics Convention, 1985 (No. 160), ratified in 1987.

*Social Security:* Social Security (Minimum Standards) Convention, 1952 (No. 102), ratified in 1969.

*Employment Policy:* Employment Policy Convention, 1964 (No. 122), ratified in 1972.

*Occupational Safety and Health:* Occupational Safety and Health Convention, 1981 (No. 155), and Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187), not ratified. (Ratification of C.187 is planned).

*Vocational Guidance and Training:* Human Resources Development Convention, 1975 (No. 142), ratified in 1979.

Sources:

1. Federal Ministry of Labour, Social Affairs and Consumer Protection.
2. Sources listed in other Legal Framework Indicators.

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