

CHAPTER 11. PROVISIONS FOR MINIMUM INCOME

CONTENTS

11.1. Survey	96
11.2. Equalisation supplement in the statutory pension insurance	96
11.3. Unemployment benefit and unemployment assistance	97
11.4. Social assistance	97
11.5. Supplementary pensions under the Victims' Compensation Laws	98
11.6. Wage policy	99

11.1. Survey

95% of all cash benefits within the social protection systems are granted without means-testing. The claim to these benefits and their levels are either based on principles according to social insurance legislation or the principle of an unconditional claim in the case of a situation classified as social risk (universal benefit). These social systems guarantee the majority of the population that they will not fall below the EUROSTAT-at-risk-of-poverty threshold for Austria.

However, for a part of the population these regulations are not sufficient. For this reason additional means-tested benefits are offered within the statutory social insurance scheme, within other social systems and within special social assistance systems.

In the frame of the social insurance systems the equalisation supplement of the pension insurance and the unemployment assistance of the unemployment insurance are to be mentioned. In the frame of the Family Burden Equalisation Fund claims (connected to an income assessment) for certain risk-situations are provided.

The social assistance, for which the Laender are responsible, is designed to offer assistance, if the potential recipient's income, the income of family members obliged to provide maintenance and the income from other social schemes are insufficient to reach a certain minimum standard (principle of subsidiarity).

Additional means-tested social benefits are the grants for school children and students.

In 2003, a total of just under Euro 2 billion was spent on means-tested cash bene-

fits: Euro 770 million for the equalisation supplement in the pension insurance, Euro 660 million for unemployment assistance in the unemployment insurance, Euro 230 million for cash benefits of the extramural social assistance (excluding assistance during sickness), Euro 210 million for socially induced grants for schoolchildren and students and Euro 40 million for means-tested benefits from the Family Burden Equalisation Fund.

11.2. Equalisation Supplement in the statutory pension insurance

Low pensions are raised to a certain threshold value (equalisation supplement reference rate) in the case of financial need. If the total amount of the pension, the net income and other creditable amounts (e.g. maintenance payments) lie under a certain threshold value, an equalisation supplement to the amount of the difference is granted. Besides the pensioners' income, the spouse's/partner's income is also taken into account. However, a number of benefits such as the long term care allowance or housing allowance are exempted from the calculation of the equalisation supplement.

The equalisation supplement is a non-contributory special allowance registered in annex IIa of the Regulation (EEC) 1408/71 and is therefore only granted in the case of ordinary residence Austria.

In 2006, the monthly reference rate for singles will amount to Euro 690 and for married couples to 1,030 Euro (14 times per year). In addition there is a monthly supplement of Euro 70 for each child. The equalisation supplement reference rate corresponds to about 60% of the net-median-income from gainful employment.

PROVISIONS FOR MINIMUM INCOME

In 2004, an average equalisation supplement of Euro 239 was paid out.

At the end of 2004, about 230,000 persons (of these 70% were women) received an equalisation supplement. This is 11% of all pensioners under statutory pension insurance scheme.

11.3. Unemployment benefit and unemployment assistance

The unemployment insurance provides no minimum for unemployment benefits and unemployment assistance. For the calculation of the unemployment benefit, however, the generally applicable replacement rate is increased from 55% to 60% (supplementary benefit) if the unemployment benefit lies below the level of the equalisation supplement reference rate of the statutory pension insurance. For persons with maintenance obligations to family members, the unemployment benefit is scaled up to 80% of the former net income. The ceiling is the equalisation supplement reference rate.

In the case of a longer period of unemployment, unemployment assistance is granted after the unemployment benefit. Unemployment assistance is granted in financial hardship situations and if the remaining eligibility conditions are met (capacity to work and willingness to work). The partner's (spouse's) net-income is credited after the deduction of an allowance which differs according to the age of the unemployed person and the period during which the unemployment benefit was drawn.

For about half the recipients of unemployment benefit and three quarters of the recipients of unemployment assistance the benefits lie under the equalisation supplement reference rate for singles.

In 2004, 65.000 recipients of unemployment benefit could profit from the supplementary benefit. The supplementary benefit amounted to EUR 58 per month and recipient.

At the end of 2004, 92,000 persons received unemployment assistance (of those 40% were women), that is about 3% of all employees. The average level of the unemployment assistance amounted to Euro 560 per month.

11.4. Social assistance

In Austria the Laender are responsible for social assistance. Social assistance has the duty to provide an adequate standard of living for persons in hardship situations. A hardship situation exists the necessities of life or the living expenses can be provided neither by one's own abilities and means (own working capacity, income and assets) nor maintenance from the family, nor by a statutory social insurance claim or another subsidiary claim (principle of subsidiarity). Apart from the most important basic principles, social assistance – which is regulated in nine Laender-laws – shows considerable differences concerning eligibility, level of the benefits as well as organisation and financing structures.

Social assistance includes cash benefits, benefits in kind and services towards securing the necessities of life, in the case of sickness and when care is needed, in the form of assistance towards education and the ability of gainful employment, help with establishing economic basis of living, relief of exceptional emergencies, and finally assistance by covering the cost of a simple funeral. As a rule there is a legal claim to assistance towards securing the necessities of life, assistance during sickness, assistance towards education and

SOCIAL ASSISTANCE REFERENCE RATES 2005 (in EUR per month)

	sole- recipients	Main recipients ("heads of the household")	Co-recipients without claim to family allowance with	
Burgenland	414.10 467.40 ¹	342.70 396 ¹	250 293.40 ¹	122.70 166.10 ¹
Kärnten	414 485 ¹	341 414 ¹	250	123
Niederösterreich	481.40	422.70	232.70	144.30
Oberösterreich	519.20 538 ¹	471.60 491.10 ¹	298.20 325.20 ¹	
Salzburg	404	364	233	108.50
Steiermärk	486	444 ²	296	150
Tirol	411	351.60	244.60	136.70
Vorarlberg	464.40	389.80	248.70	151.50
Wien ¹	405.22 630.17	395.07 776.30	202.93	121.49

1) Increased reference rate for "permanent recipients" (in particular disabled persons, persons requiring help in retirement age).

the ability to undertake gainful employment and the coverage of funeral costs.

Typical for the social assistance laws is that former recipients – as well as their family members – are obliged to reimburse the benefits, if they achieve an adequate income and property again. The obligation of reimbursement plays an important role particularly in the area of stationary social assistance. 3 Laender waive reimbursement by family members in the case of institutionalization.

Social assistance is granted to persons in private households ("extramural social assistance") as well as institutions or homes ("stationary social assistance"). At the end of 2003, the number of sole, main and co-supported beneficiaries in the frame of extramural social assistance amounted to 96,000 persons. Of those, 32,000 were classified as "permanent beneficiaries". During this period 53,000 recipients of social assistance lived in residential homes for the elderly and nursery homes. This means that – permanently or for only a short period – a total of about 150,000 (1.8% of the Austrian population) persons received

financial assistance towards securing the necessities of life.

The monthly cash benefits towards securing the necessities of life in the frame of extramural social assistance are calculated on the basis of reference rates and granted in the form of recurring benefits ("permanent assistance") or single benefits. In addition to the benefits calculated via reference rates the social assistance laws include also other benefits towards securing the necessities of life; these are above all assistance during sickness and taking over of housing costs. Therefore, a detailed evaluation of the available benefits towards securing the necessities of life by social assistance must consider the benefits calculated according to reference rates together with those benefits that go beyond. The following table presents the individual levels of reference rates (excluding other benefits towards securing the necessities of life) of the individual Laender.

11.5. Supplementary pensions under Victims' Compensation Laws

In addition to the recurrent cash benefits

PROVISIONS FOR MINIMUM INCOME

(see Chapter 4) the victim's compensation laws also provide means-tested benefits.

Means-tested pensions have the function of a minimum income provision for war victims, political victims, army victims, persons with vaccination-induced disabilities and crime victims.

In 2005, about 16,000 persons received means-tested benefits.

11.6. Wage policy

In Austria, a minimum wage is not specified by law; therefore, wage policy

is the sole responsibility of the representatives of the employees and the employers. These partners fix minimum wages via collective agreements, which are usually settled yearly on the sector level. By virtue of their normative character, provisions for wages and working conditions are legally binding for individual employment contracts. Over 90% of all types of employment in the private sector are regulated by collective agreements.

In 2003, the income of 4% of all full-time employees (7% women, 2% men) amounted to under Euro 1,000 per month (14 times per year).