

CHAPTER 1. FEATURES OF SOCIAL POLICY IN AUSTRIA

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Social policy is an essential precondition for social cohesion and the management of social, demographic and economic change. It makes an important contribution to the prevention and avoidance of poverty.

1.1. Important role of social protection in Austria

Despite extensive consolidation measures to ensure the reduction of the state budget deficit and the financial sustainability of the social protection systems, social policy – as an instrument towards improving opportunities in life – is gaining an increasing significance.

Between 1990 and 2000 the social expenditure to GDP ratio increased from 26.2% to 28.3% and by 2003 to 29.5% – which is above EU average. In 2003 social benefits (monetary and non-monetary) of more than EUR 8,000 were spent on each person living in Austria.

Social benefits present a powerful measure towards poverty avoidance. Without social benefits 42% of the population would have an income below the risk-of-poverty threshold, according to the definition of EUROSTAT. Social benefits produce a reduction by more than two thirds, down to 13%. For the population (excluding pensioners) the risk of poverty is reduced from 30% to 12%. (See chapter 3)

1.2. Social insurance and universal benefits prevail

In cases of unemployment, old age and invalidity the preconditions for eligibility for and the assessment of monetary social benefits are mainly linked to the former employment and income status. The share

of those insurance-based benefits in all monetary social benefits amounts to 59%.

Universal benefits – that is, benefits independent of the current or previous income or employment status – exist for long-term care allowance, family allowance and child care allowance. During the past years the share of universal benefits within the total monetary social benefits has increased from 10% to 15%. Further 98% of the residents are covered by health insurance.

In the case of poverty, social assistance benefits (the assessment of these benefits is means-tested) play a less important role than on EU average; they amount to only about 5%. This can be explained by the dense net of benefits under the social insurance schemes and of universal benefits, and by the low level of unemployment in international comparison.

The remaining 21% of social benefits are attributable to civil servant pensions, cash benefits according to entitlements under labour law and supplementary pension schemes.

1.3. Benefits for families

Compared with the EU, direct family benefits are above average. Further, the “indirect” family benefits play an important role in Austria, above all, the non-contributory co-insurance for most family members under the health insurance scheme and the provision for survivors in the frame of survivors’ pensions.

Reconciliation of work and family life is facilitated by provisions under labour law.

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1.4. Shared responsibilities between Federal Government and Laender

Overall, the Austrian system of social protection, with regard to the distribution of legislative competence, is defined by a mixture of centralised and decentralised elements – however, benefits under the jurisdiction of the Federal Government prevail.

The regional jurisdiction (Laender, local authorities and cities) covers part of the health care system, the housing system, the majority of the social services, child-care facilities and social assistance.

1.5. Important role of regulations under labour law

The Austrian welfare state demands social responsibility of its employers, but they are also well integrated in decision finding processes and in the implementation of policies (social partnership).

Collective agreements per sector provide binding regulations for pay and working conditions for all employees/workers in a sector. Legal regulations strive for a fair balance between the employees' needs of statutory protection and the employers' needs for flexibility.

Provisions under labour law guarantee the employees' statutory claims to reconciliation of work and family life and a number of further social risks. Overall the statutory protection of employees under labour law is at a high standard. (See chapter 13).

1.6. Participation of non-governmental actors

Key protagonists are the social partners: the chambers of labour, the economic chambers and the chamber of agriculture as statutory representatives (compulsory membership), the Austrian Trade Union Federation and the Association of Industrial Employers as representatives with voluntary membership.

Before measures in the field of social legislation – especially measures at the Federal level – are implemented, extensive consultations with the social partners take place. Often the social partners elaborate their own consensual solutions. The supervisory bodies of social insurance authorities, of the Public Employment Service and of other institutions are mainly or wholly represented by members of the social partner organisations.

Besides the social partners, an increasing number of experts are included in the decision-making and implementation processes within the framework of reform commissions and other forums. Also various interest groups (such as associations of pensioners and of the disabled) have increased their influence in recent years.

Last but not least the institutions within the European Union are to be mentioned. They provide important impulses for the further development of the social protection systems.

