

# Caritas Cares Austria Report November 2015

## What this report is about

This report describes the main challenges related to poverty and social inclusion in Austria and provides recommendations for policy makers to address these challenges. The recommendations are based on an analysis of the grass-roots experience of Caritas Austria which is compared to official data.

## About Caritas Austria

In Austria, the organisation provides assistance for people living in poverty, people with disabilities, elderly persons, the homeless, refugees, asylum seekers, children and youth. In 2014, the organisation reached more than 80,000 beneficiaries in Austria; out of these, 64,000 attended social counselling; 2,900 families received family aid support in crisis situations; 3,900 people with addiction problems received counselling and support; 4,700 people were being taken care of in senior citizen and nursing residences across the country; 6,326 people with disabilities were supported and 3,264 people received socio-psychiatric aid.



**Recent publications by Caritas Austria:** [Annual Report 2014](#)

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**Long-term unemployment and access to affordable housing have become key challenges in Austria**

Austria's main challenges related to poverty and social exclusion:

❖ **The level of unemployment benefits is too low**

The long-term unemployed are the group at highest risk of poverty in Austria.

❖ **Access to affordable housing has become a critical determinant of poverty**

69% of people at risk of poverty spend more than 25% of their income on housing in Austria.

❖ **Minimum income schemes are inadequate to reduce poverty and social exclusion**

Means-tested monthly benefits (€830) in Austria are well below the poverty threshold (€1,161).

❖ **People with non-Austrian citizenship have limited access to rights**

Discrimination of people with non-Austrian citizenship affects their access to the right to healthcare, work, housing and equal opportunities.

Policy recommendations for the National Government:

**Adequate income support:**

1. Increase the level of unemployment benefits and further develop the means-tested basic income scheme.

**Inclusive labour markets:**

2. Take proper initiative to effectively implement the EU Employment Equality Directive in order to tackle discrimination in the labour market.

# 1. Poverty and social exclusion in Austria: the reality behind the data

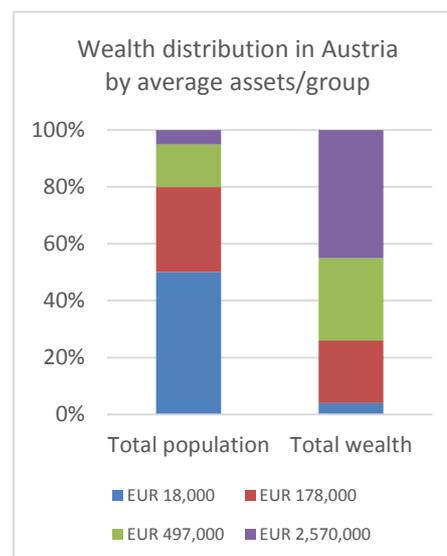
## The problems of most concern in Austria

- ❖ Increasing inequalities and gaps between rich and poor
- ❖ Access to housing

### Increasing inequalities and gaps between rich and poor

The share of the four groups of households in the total assets in Austria differs considerably. The entire lower half of households owns around 4% of total gross assets. The upper middle (30% of households) holds approximately 22% of the total gross assets; the wealthy (15% of households) own approximately 29% and the top 5% hold approximately 45% of the total gross assets. In other words, the smallest group (the top 5%) owns almost half of the total gross assets, while the largest group (the lower half) only has a minimal share of the total gross assets.<sup>1</sup>

Moreover, according to the Allianz Global Wealth Report 2015<sup>2</sup> the Gini coefficient of wealth distribution in Austria rose by about 2 percentage points from 2000 to 73.59 in 2014.



Source: Bundesministerium für Arbeit, Soziales und Konsumentenschutz, 2012

### Access to housing

74,5% of the beneficiaries of the Caritas Social Counselling Offices spend more than 30% of their income on housing<sup>3</sup> which is more than thrice the rate of people affected in the whole of Austria. 69% of people at risk of poverty spend more than 25% of their income on housing. 64% of the Austrian population are not satisfied with their housing and 20% of the total population are affected by very high housing costs.<sup>4</sup>

<sup>1</sup> Bundesministerium für Arbeit, Soziales und Konsumentenschutz, [Sozialbericht 2011-2012](#), 2012.

<sup>2</sup> Brandmeir et al, 2015.

<sup>3</sup> Sozialstatistisches Profil von KlientInnen der Caritas-Sozialberatungsstellen in Österreich.

<sup>4</sup> Statistik Austria, 2014, [Tabellenband EU-SILC 2014](#).

## Groups at risk of poverty with the highest need for political action in Austria

- ❖ Long-term unemployed
- ❖ Non-Austrian citizens
- ❖ Other high risk groups

### Long-term unemployed

Unemployment is, not surprisingly, a big issue at Caritas Austria's Social Counselling Offices. Nearly 65% of all the 2014 beneficiaries were unemployed and more than 16% were known to be long-term unemployed.<sup>5</sup> According to official data from Statistik Austria, 45% of the long-term unemployed are at risk of poverty, thus making them the most affected group.<sup>6</sup>

### Non-Austrian citizens

More than a third of all people seeking help at Caritas Austria's Social Counselling Offices are of non-Austrian citizenship.<sup>7</sup> According to data from Statistik Austria, 36% of people with non-Austrian citizenship are at risk of poverty, thus making them the second most affected group.<sup>8</sup>

### Other high risk groups

Groups also at higher risk of poverty are single-parent-households, children (0-15) in single-parent-households, households with three or more children, and people with not more than basic compulsory education.

*For over a year I was looking for work. I had written a lot of applications. And the terrible thing about it: of all the applications I had written, I had only gotten a response on every tenth. But I had good support from my girlfriend. She gave me repeated encouragement. Of course there were days when I said to myself, "What am I doing this for?"*

*You can get depressed and that is dangerous. I visited an AMS course at some point and there I saw a poster of Caritas. So I thought to myself, "Well, that's one opportunity you have to take. Don't be ashamed, just go there." There was only a part time job available which I couldn't have lived off, but Mrs Leicht of Caritas' 'job\_aktiv' was great. She said, "Don't worry, we'll find something else."*

*One day in March, I received a phone call to tell me that on the first of April I could start work at the museum and I just had to come and sign the service contract. I am very happy that I went this route and found employment. Julia aged 43*

<sup>5</sup> Sozialstatistisches Profil von KlientInnen der Caritas-Sozialberatungsstellen in Österreich.

<sup>6</sup> Statistik Austria, 2014, [Tabellenband EU-SILC 2014](#).

<sup>7</sup> Sozialstatistisches Profil von KlientInnen der Caritas-Sozialberatungsstellen in Österreich.

<sup>8</sup> See footnote 6.

*Anna\* worked in Knittelfeld in 2012 (through the ‘integration means work’ (IdA) project). She packed and dispatched Christmas parcels.*

*The IdA project began in 2002, facilitating access to the workplace for those far removed from the labour market (for example, recipients of social assistance, minimum income schemes and unemployment benefits) by means of hourly job opportunities. Now the project employs approximately 120 people annually in the districts Hartberg, Voitsberg and Knittelfeld, where many of them are granted a means-tested minimum income. The IdA offers services such as cleaning, laundry services, and maintenance of green areas as well as a snack and buffet service. Each location also has a Carla (second hand shop) as well as a Solidarmarkt – “solidarity market” – (for food) in Hartberg and Knittelfeld.*

*30% of those employed through the IdA in 2012 were able to obtain a job in the regular labour market. Facilitated access to employment has proved successful. The project participants gain their ability to work by means of the individual possibility to increase their level of participation. The Knittelfeld location has been handling orders for the countrywide Austrian initiative “Gift for a Cause” since 2011.*

*“At last I have enough money to buy my son a Christmas present,” recounts Anna, as she puts a package onto the mail dispatch stack. “Furthermore, I meet people at the IdA with whom I can talk about my problems.” Anna has already acquired a lot of experience in processing orders for “Gift for a Cause”. The gift that she is holding as she talks is a baby’s parcel. It costs €20, contains the basic needs for toddlers and is given to distressed families in Austria. The package provides a start in life for a family; whilst for Anna it is the start of a future with work that allows her to live.*

*\*Anna (name changed), aged 26, receives a minimum income and is the single parent to an autistic son.*

## The challenges in achieving active inclusion in Austria

- ❖ Adequate Income Support
- ❖ Inclusive labour markets
- ❖ Access to quality services

### Adequate income support

In Austria, minimum income schemes are accessible but cannot be considered adequate to cover basic living needs. With a total monthly amount of €830, the means-tested benefits in Austria are well below the poverty threshold of €1,161 per month, thus hindering people from escaping the poverty-trap they are caught in. Therefore, minimum income schemes in Austria are considered to be inadequate in reducing poverty and social exclusion and in leading to the inclusion of people.

### Inclusive labour markets

The labour market in Austria is becoming more inclusive. However, questions of low-wage employment and in-work poverty, precarious jobs or labour market

segmentation are not being addressed. Furthermore, structural questions like wage inequalities or the re-distribution of working time are very rarely given attention.

## Access to quality services

In recent years, access to services has improved. Nevertheless, despite performing quite well on this pillar – especially in comparison to other European countries – migrants are still disadvantaged due to their limited language ability in Austrian German and/or their residence status.

### Access to rights is limited for people at risk of poverty and social exclusion in Austria

- ❖ Right to healthcare
- ❖ Right to work
- ❖ Right to housing
- ❖ Right to equality and non-discrimination

The main problems related to not being able to realise these rights are: (1) lack of social insurance due to undocumented work, (2) limited access to work due to language difficulties, (3) limited rights of access to social services due to certain types of residence permits, and (4) problems in accessing affordable housing due to low income and discrimination. In general, the discrimination of people with non-Austrian citizenship has a severe impact on the access to rights for these groups.

## 2. How effective are Austria's policies to fight poverty and social exclusion?

The Country Report for Austria,<sup>9</sup> published by the European Commission in February 2015, reflects the main problems and reality of poverty and social exclusion in the country. However, the failure to harmonise means-tested social benefits is not addressed adequately by the report. For a country as small as Austria, it is unnecessary to have nine different laws for means-tested benefits. However, if it isn't possible to create a federal law, the second-best solution would be harmonising the existing provincial laws. The treaty between the provinces and Federal Government only comprises the minimum standards and the actual help offered therefore differs quite widely.

At the same time, the National Reform Programme<sup>10</sup> published by the Government of Austria reflects the main problems and reality of poverty and social exclusion in the country. However, it fails to highlight that means-tested benefits are too low.

In general, it can be said that the current policies implemented in Austria do not adequately address the problems related to poverty and social exclusion. This is most evidently demonstrated by the fact that there is absolutely no progress in

<sup>9</sup> European Commission, 2015. [Country Report Austria 2015](#).

<sup>10</sup> Government of Austria, 2015. [National Reform Programme Austria 2015](#).

reforming the tenancy law to ensure affordable housing for people experiencing poverty.

Furthermore, a tax shift from wages to other sources of income (e.g. immovable property) that currently increase income inequalities has not yet happened.

## .What policies are needed to address poverty and social exclusion more effectively?

In order to reduce the high tax on wages, especially for low-income earners, the tax burden should be shifted away from low-income earners and, instead, be placed on the owners of immovable property and the income generated therefrom in rent. These measures would help to reduce wealth inequality in Austria.

### The use of EU funds in Austria

- ❖ Caritas Austria is involved in the planning process of European Structural and Investment Funds.
- ❖ The organisation is implementing projects funded by EU funds for the period 2014-2020.

Caritas Austria has been involved in the planning process of the European Structural and Investment Funds 2014-2020 in Austria. Furthermore, Caritas Austria is expected to be involved in the direct implementation of European Structural and Investment Funds 2014-2020.

## 3. The response of Caritas: initiatives that have been effective when addressing poverty and social exclusion

The following initiatives run by Caritas Austria have been demonstrated to have a positive impact on the reduction of poverty in Austria:

### ADEQUATE INCOME SUPPORT

<https://www.caritas.at/hilfe-beratung/menschen-in-not/>

#### Project “Social Counselling”

##### Description

Social counselling reached more than 60,000 people in 2014 and distributed more than €3.6 million. It is available in every Austrian province. Furthermore, it provided more than 123,000 counselling interviews. Each diocese runs at least one Social Counselling Office where people with low incomes and/or other problems can get help. The help provided can comprise: giving information; referrals to specialised services; support in dealing with the authorities; financial support concerning rent and/or energy costs; and assistance in access to services.

## Problem addressed

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This project addresses a challenge related to the “adequate income support” pillar of active inclusion with regards to the negative consequences of unemployment, limited access to housing, indebtedness, low incomes, and hampered access to services.

## Results

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The empowerment of single parents, the long-term unemployed, and those generally less-included people will follow; as will an increase in household budgets and better control thereof in order to avoid further financial setbacks. Emergency relief, via financial and psychological means, will also result.

## 4. Recommendations to address the described problems

### **Recommendation 1: Increase the level of unemployment benefits and further develop the means-tested basic income scheme.**

- **Problem addressed if implemented:** inadequate unemployment benefits; There is weak legal certainty in Article 15a of the Treaty (Basic Welfare Support Agreement): this Treaty is between the federal State and provinces, and thus citizens cannot take legal action against it; furthermore, the federal State would not prosecute a claim even though it would be possible, so in reality article 15a is weak. Unemployment benefits are too low.
- **Governmental department that could lead this measure:** The Federal Government and Provincial Governments; the Federal Ministry of Labour, Social Affairs and Consumer Protection
- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market (the “adequate income support” pillar)
- **How the European Commission could support this measure:** By providing tailored policy guidance (e.g. Country Report, Country Specific Recommendations etc.) that addresses the specific challenges of adequate income support in Austria.

### **Recommendation 2: Take proper initiatives to effectively implement the EU Employment Equality Directive in order to tackle discrimination in the labour market.**

- **Problem addressed if implemented:** Discrimination (particularly indirect discrimination) of certain groups in the labour market, as well as people with a migrant or ethnic background and people with disabilities.

- **Governmental department that could lead this measure:** The Federal Ministry of Labour, Social Affairs and Consumer Protection; the Federal Ministry of Justice.
- **Policy framework:** The EU Employment Equality Directive [2000/78/EC](#), and the EC Recommendation on the active inclusion of people excluded from the labour market (the “inclusive labour markets” pillar).
- **How the European Commission could support this measure:** By addressing the issue of possible non-compliance with the EU Employment Equality Directive in informal talks with the Austrian authorities.



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