

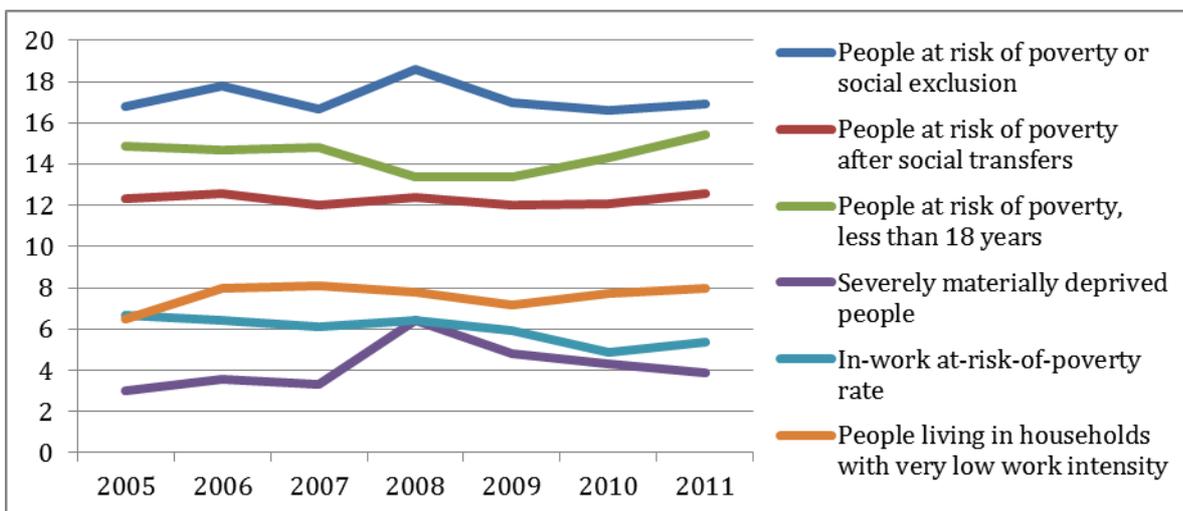
## 1. POVERTY

### 1.1. Recent trends

#### Developments of poverty and social exclusion in Austria based on Eurostat:

- All poverty indicators remained well below EU average. While some poverty indicators either decreased or remained stable, the **overall rate of people at risk of poverty increased slightly** from 12.4% in 2008 to 12.6% in 2012. The **most significant increase can be observed among children whose risk of poverty increased by 2 p.p.**, from 13.4% in 2008 to 15.4% in 2011. It also has to be noted that, while having remained more or less stable during the observed period, **women continue to be at a higher risk of poverty** (13.5% in 2011) than men (11.7% in 2011) whose rate rose by 0.5 p.p.
- In-work poverty shows a reverse gender pattern. Having dropped from 6.4% in 2008 to 5.4% in 2011, **men continue to be at a considerably higher risk of in-work poverty** (6% in 2011) than women (4.6% in 2011).

Poverty trends in Austria (% of population):



Caritas Austria believes that the **problem of in-work risk of poverty is not sufficiently reflected in the statistics**. The decrease in the number is believed to be due to the fact that a lot of those affected by this problem lost their jobs during the economic crisis and therefore failed to show in the statistics. Furthermore, there is a **widening gap between the income and the living costs** (especially housing) in Austria. The figures show that between 2000-2010, wages increased by 22%, rent by 34% and inflation by 21%.<sup>1</sup>

To provide a broader picture, Caritas Austria provides some figures collected through the social counselling services operated by the Dioceses:

- 2008: 40,300 assisted persons, 20,700 clients (61% women), 70,700 counselling interviews, 2.3 million euro disbursed
- 2009: 50,640 assisted persons, 22,000 clients (62% women), 54,502 counselling interviews, 2.7 million euro disbursed
- 2010: 51,458 assisted persons, 22,868 clients (62.6% women), 61,000 counselling interviews, 3.3 million euro disbursed

<sup>1</sup> Arbeiterkammer, 2013, *Mietsteigerungen in Österreich und Wien. Auswertungen aus dem Mikrozensus*. URL: [http://media.arbeiterkammer.at/wien/PDF/mietensteigerungen\\_studie.pdf](http://media.arbeiterkammer.at/wien/PDF/mietensteigerungen_studie.pdf)

- 2011: 62,163 assisted persons, 25,864 clients (59.6% women), 78,318 counselling interviews, 3.5 million euro disbursed

Additional monitoring data of Caritas Austria provides further insight into the structure of people affected by poverty in Austria. The figures collected through the social counselling services operated by the Dioceses show that in 2011, 44% of all clients lived in single households. 22% lived as single parents and 65% of the people seeking help were of Austrian nationality. The **main cause for seeking help is unemployment (38%) followed by encumbrance (36%)**.

The **main cause of the risk of poverty among children is their nationality**: only 11% of Austrian children are at risk of poverty, whilst **39% of children with foreign citizenship are affected by it**. Also there is evidence that **one-parent-households and more-children-households are at a higher risk of being poor**, thus naturally affecting the children in these households.<sup>2</sup>

**Migrants are at higher risk of poverty** in Austria. Reasons may be that the recognition of their qualifications and their education outcomes is not yet fully developed. Roma who are not staying permanently in Austria have no admission to the welfare assistance. Therefore they are not reflected in the statistics.

## 1.2. Recent policy developments

**Since last year the following policy developments have been registered:**

The planned **national standardisation of the needs-based minimum benefit has still not been achieved**. The country still lacks structural reforms.

**Assessment of Austria's NRP and policies it refers to:**

Measures addressing the poverty reduction target presented in the NRP include improved employment possibilities for recipients of the needs-based minimum benefit (BMS), the National Action Plan on Disability 2012-2020, an expansion/improvement of child care facilities, a focus on labour market initiatives, a new long-term care fund that was established in 2011, Accompanying Assistance ("Begleitende Hilfen") that includes clearing<sup>3</sup>, vocational training assistance, work assistance, job coaching, personal work place assistance.

The measures proposed in the NRP 2013 seem quite appropriate. There are a lot of actions taken to tackle child poverty and risk of poverty for women. However, **the problem of in-work poverty is not even mentioned**. About 200,000 people in Austria are considered "working poor" (that is 5.4% of job holders); among the most affected are unskilled workers, people employed in the low-wage-sector, and part-time workers.

**Assessment of Austria's Country Specific Recommendations (CSRs) adopted in 2013:**

The following recommendations can be considered adequate for achieving a reduction of poverty and social exclusion as well as employment in Austria: **CSR 2** on harmonising the pensionable age for men and women and increasing the effective retirement age, **CSR3** on taking new measures to increase the labour market participation of women by further improving child care and long-term care services and address the high gender pay and pension gaps, improving the recognition of migrants' qualifications and education outcomes and **CSR 5** on enhancing early childhood education and reducing the negative effects of early tracking.

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<sup>2</sup> EU-SILC Austria 2011

<sup>3</sup> Clearing is a programme for young people aimed at helping them to find the job. It is a critical gateway between school and working life through applying the apprenticeships, a vocational training and integration into the first labour market. In particular, it tries to make sure young people are not limited in their career options by traditional gender roles. It also aims at fostering young people in a manner which is likely to increase their chances of professional integration.

### 1.3. Recommendations

- Include the right to accommodation costs into the needs-based minimum benefit system.
- Establish the right to a defined catalogue of special needs.
- Increase the minimum wage.
- Prevent energy switch off for poor households that are assisted by social workers (especially in winter).
- Improve the recognition of the qualifications and education outcomes of people with migrant background.

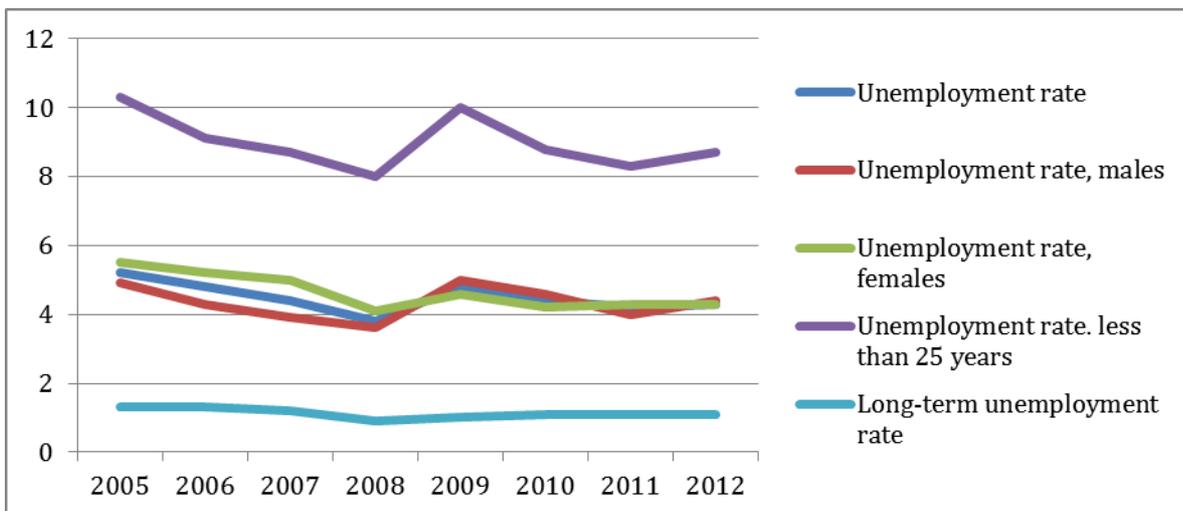
## 2. EMPLOYMENT

### 2.1. Recent trends

#### Developments of the employment situation in Austria:

- **The unemployment rate rose by 0.5 p.p.** during the observed period, with a peak of 4.8% in 2009 and then dropped to 4.3% in 2012. **Young people remain most affected by unemployment** (with 8.7% more than twice as high as the national average). Nevertheless, all unemployment rates remain amongst the lowest in the EU.
- An interesting trend can be observed in the employment rate: while the overall rate dropped by 0.5 p.p. (equal to the rise in unemployment) from 75.1% in 2008 to 75.6% in 2012, **female employment rose by 1.7 p.p., slightly narrowing the gender gap of this indicator.**

Employment trends in Austria (% of population):



When speaking about the rise of female employment rates, one has to take in consideration that **nearly 50% of the female employees are working part-time**, whilst the rate of part-time working men is only about 10%.

Working poor in Austria are 18-39 years old (more than 50%), low-skilled and have a low level of education, full-time employees throughout the year (nearly 50%). **Low income is one of the reasons for becoming "working poor"**. This can be demonstrated by the following comparison of hourly wages: the average gross hourly wages amount to 9.06 euro for the "working poor", and 12.95 euro for people working with no risk of poverty. For women, the median hourly wages are 7.75 euro for

"working poor", compared to 11.80 euro for women working with no risk of poverty. More than 25% of working people with a risk of poverty are not Austrian nationals.<sup>4</sup>

## 2.2. Recent policy developments

**Since last year the following policy developments have been registered:**

**Care allowances have been increased** and there appears to be a positive effect; however, it is too early to make a final comment, as there is no valid data yet available.

Another new measure includes **part-time work combined with education and training**. In contrast to education and training leave, this new instrument is designed to enable continued education by allowing employees to maintain their employment relationships on a part-time basis.

Furthermore, **paid care leave** (Pflegekarenz) has been introduced. This measure should ensure that employees are able to take care of close relatives in need.

**Assessment of Austria's NRP and policies it refers to:**

Main groups addressed in the NRP 2013 are **older workers, women, people with a migration background and young people**. Furthermore, the extension of childcare facilities is supposed to contribute to an increase of the employment rate of women.

The measures foreseen in the NRP for these 4 groups are: (1) Older workers: comprehensive package of preventive measures ("fit2work", "health road", "rehabilitation rather than pension" principle, reform of old age part time scheme, implementation of IP NEW); (2) women: special programmes ("women in technology", "return to a working life with a future", vocational centres for women are being implemented nationwide (pilot projects in three regions), further extension of child care facilities); (3) persons with a migration background: special programmes (interpretation services, mother-tongue basic information, multi-language folders, basic qualifications, German language courses (incl. professional language), project "Mentoring for Migrants" (on-going), specialised counselling offers for highly-skilled migrants, project for recognition of foreign qualifications); and (4) young people: training guarantee for young people aged 15-18, "Future for Youth" action programme for young people aged 19-24, new emplacement foundation for youth ("Just NEU"), youth coaching (starting in 2012, to be rolled out by 2014), apprentice coaching, special focus on youth with a migrant background).

**Assessment of Austria's Country Specific Recommendations (CSRs) adopted in 2013:**

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However, the following CSR may have a negative impact on the employment situation in Austria:

CSRs that could have a negative impact	Observations
<b>CSR 6:</b> Further strengthen the powers and resources of the federal competition authority and monitor the implementation of the competition law reform. Remove excessive barriers for service providers. This includes reviewing whether existing restrictions on entry and conduct in regulated professions are	<b>A reduction of barriers for service providers could have a negative impact on the local job market.</b> The existing restrictions allow somehow to protect job market, which ensures the employment of local companies and people living in the

<sup>4</sup> Statistik Austria, 2013, *Haushalts/Einkommen*. URL: [http://www.statistik.at/web\\_de/statistiken/soziales/haushalts-einkommen/index.html](http://www.statistik.at/web_de/statistiken/soziales/haushalts-einkommen/index.html)

<b>CSRs that could have a negative impact</b>	<b>Observations</b>
justified by general interest and fostering competition region. notably in the railway sector	

### **2.3. Recommendations**

The following challenges should be tackled and actions implemented:

- The cost of housing and the general living costs in relation to income.
- The further standardisation and improvement of the needs-based minimum benefits.
- Improving education and tackling of inheritance of poverty and poor education.