

Employment Observatory

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**Mutual Information System
on Employment Policies (MISEP)**

Basic Information Report

AUSTRIA

Institutions, Procedures and Measures

1995

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On the basis of an agreement of the directors general for employment, the European Commission created a Mutual Information System on Employment Policies (MISEP) in 1982.

The system operates with a network of correspondents from the departments responsible for employment policy in the Member States or from employment services. The centralised secretariat is fully accountable to the Commission.

MISEP was set up by the Commission in response to a need voiced by the delegations of the Member States in the Council for a mutual information exchange on developments in national employment policy measures and structures. The definition of MISEP's objective is to gather, synthesise, translate and disseminate relevant information in the Member States, serving each of the responsible national ministries and agencies in their daily decision-making, and aiding the Commission in its co-ordinating role at Community level.

The Basic Information Reports describe the structure and content of employment policy in each Member State. The reports all have a common structure and contain basic information which is essential for an understanding of how employment policies are conceived and implemented.

The material in this Basic Information Report has been provided by the Austrian correspondent and is correct as of 30 April 1995. It is intended as a guide and an explanation of national policy measures in force at that date in Austria and is not a substitute for the corresponding legal texts. It is designed to describe the policies and practices in Austria without value judgements either on the part of the Commission or the national correspondent.

While these reports will be updated periodically, further information and regular updating of measures are published in the system's quarterly policy bulletin, inforMISEP.

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BENCHMARK STATISTICS 1994

| | |
|--|---------------------------------|
| THE LAND | |
| Area | 83,859 km ² |
| THE PEOPLE | |
| Population | 8.02 million |
| PRODUCTION | |
| Gross Domestic Product | ÖS 2,245 billion ^{1,4} |
| LABOUR MARKET | |
| Working age population (15 - 65 years) | 5.27 million ² |
| - of which women | 2.62 million ² |
| Labour force (15 - 65 years) | 3.66 million ¹ |
| - of which women | 1.58 million ¹ |
| Activity rate | |
| - women | 59.5% ¹ |
| - men | 78.3% ¹ |
| Employment (total) | 3.44 million ¹ |
| of which: | |
| - women | 1.48 million ¹ |
| - under 25 years | 0.60 million ¹ |
| by sector: | |
| - primary sector | 6.8% ² |
| - secondary sector | 35.7% ² |
| - tertiary sector | 57.5% ² |
| Registered unemployment (annual average) | 214,900 |
| of which: | |
| - women | 94,900 |
| - under 25 years | 40,600 |
| Unemployment rate by maximum level of education | |
| - compulsory schooling | 9.2% ^{2,3} |
| - foremen's qualifying examination | 4.7% ^{2,3} |
| - middle-level vocational school | 3.1% ^{2,3} |
| - general higher-level education | 2.9% ^{2,3} |
| - higher-level vocational school | 3.5% ^{2,3} |
| - university | 2.1% ^{2,3} |
| Unemployment rate | 4.4% (6.5%) ³ |

1 Forecast

2 1993 data

3 Registered unemployment as % of dependent labour force

4 1 ECU = ÖS 13.09 (April 1995)

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CHAPTER I INSTITUTIONS

1. General

Labour market policy and social policy in Austria are characterised by intensive interaction between public and private institutions. Hence, the social partners participate in the elaboration and implementation of laws and policy measures on a number of committees. The system of "tripartite" policy formulation, however, is currently undergoing a transformation, and the ultimate outcome of this process is as yet unforeseeable.

In addition, decision-making powers have recently been decentralised to some extent. This feature's most evident manifestation is the disembodiment of the Employment Service from the national labour administration.

2. Federal Ministry of Labour and Social Affairs (*Bundesministerium für Arbeit und Soziales – BMAS*)

Social policy in Austria benefits from successful collaboration between the Federal Ministry of Labour and Social Affairs and the Federal Government, the Austrian Parliament and the social partners. In fulfilling its social functions, the system does justice to a variety of needs, providing support where social solidarity is breaking down, and protecting, caring for and integrating marginal groups. Consequently, the *BMAS* has a wide-ranging portfolio, covering functions in the fields of social security, labour market policy, disabled persons, social care and social welfare, labour law, general social policy and matters concerning labour inspection.

The *BMAS* co-operates with other ministries (especially with the Federal Ministry of Finance) with respect to the functions listed above and also with *Land* Governments, representative bodies and other domestic and foreign authorities. Co-operation with these bodies entails co-ordination of diverse aims, regular exchange of ideas, creation of the instruments required to accomplish the tasks at hand, elaboration of new laws, project initiation (be they for labour market policy or care for the disabled), improving services and information, defining new directions for social policy, etc.

Organisation and responsibilities

The *BMAS* consists of six divisions which are again divided into groups, departments and sub-departments. There are also several staff units under the direct charge of the Federal Minister. The structure of the *BMAS* is based on the stipulations laid down in the Federal Ministries Act of 1986.

Staff units:

Department of General Policy, Department of Public Relations, Department of European Integration.

Divisions:

- Division I: Personnel, economic affairs, budgetary affairs, data-processing, general legal affairs, training, organisation, internal auditing and accounting
- Division II: Social security
- Division III: Labour market policy
- Division IV: Home-care insurance, affairs of the disabled and social welfare
- Division V: Labour law and general social policy
- Division VI: Central labour inspectorate

Divisions IV and VI have subordinate administrative offices.

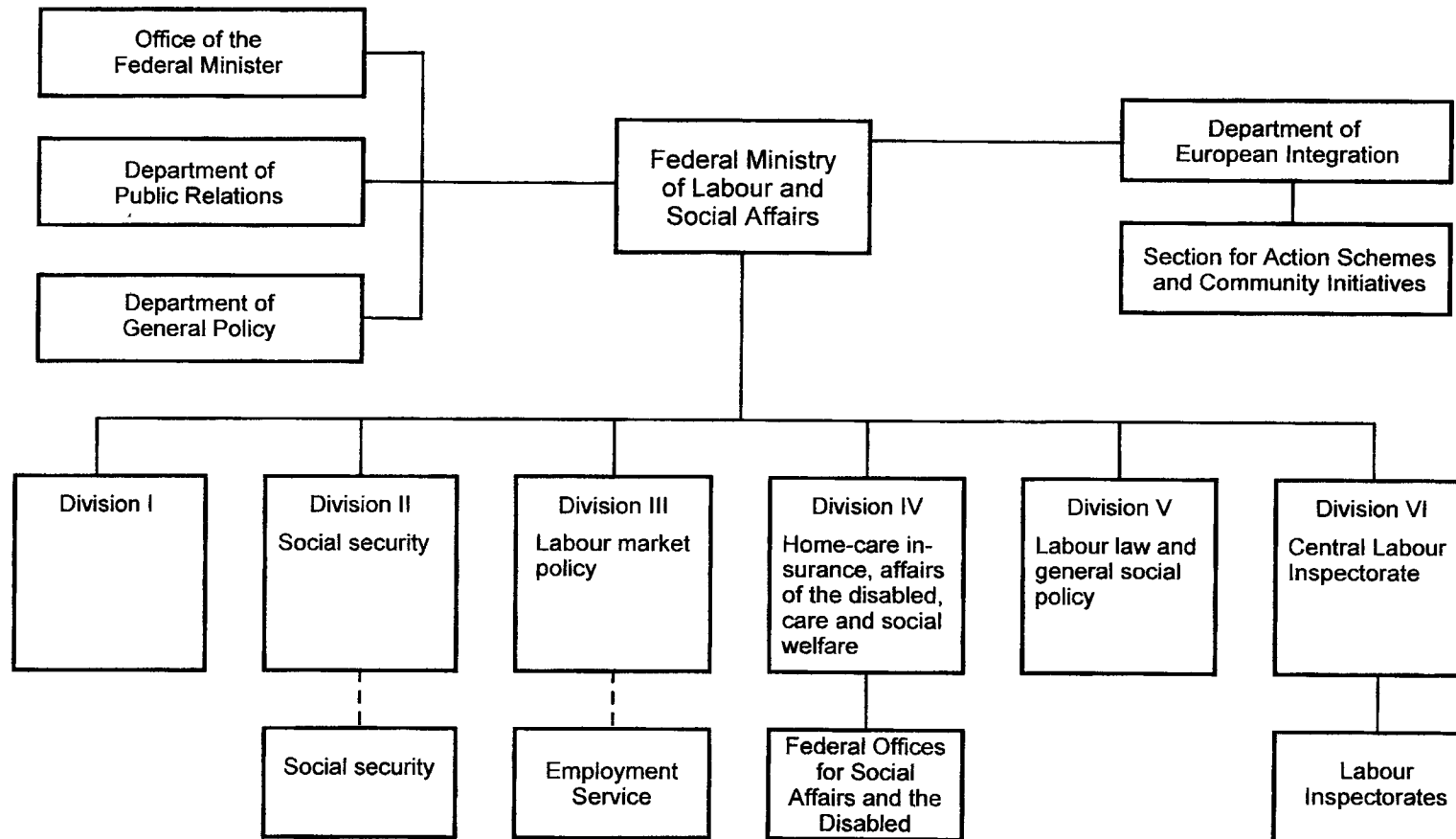
Division IV: The Federal Offices for Social Affairs and the Disabled (the successors to the *Land* Offices for the Disabled): their functions include enforcing the Disabled Persons Recruitment Act and the Federal Nursing Allowances Act and administering the Equalisation Tax and War Victims Funds with the aim of guaranteeing rapid and effective aid to persons in need. As of 1 January 1995 these offices are also charged with monitoring manpower transfer and non-Employment Service job placement and processing benefits to compensate for insolvency losses.

Division VI: Labour inspectorates: throughout Austria over 300 labour inspectorates monitor the observance of regulations concerning protection of workers. At the same time they also fulfil an advisory role to employers, e.g. in corporate planning or with respect to risk prevention. As of 1 January 1995 the labour inspectorates are also charged with controlling illegal employment.

The social security system is a self-administering body under the supervision of the *BMAS*. Division II thus deals with fundamental social security issues, legal affairs and questions concerning federal supervision of insurers.

The "Employment Service" came into being under Division III on 1 July 1994 with the amalgamation of the labour market authority's functions (see the following chapters for details).

**Structure of the Federal Ministry of Labour and Social Affairs
and its subordinate administrative offices**



3. Employment Service (*Arbeitsmarktservice*)

In 1990 the coalition government agreed to reform the labour administration in order to generate framework conditions which are better suited to current labour market requirements and to contribute to increasing the effectiveness of labour market policy in Austria.

The aims of the structural reform were thus:

- to enable rapid and flexible labour market intervention by decentralising decision-making powers, increasing flexibility in the allocation of resources and extending competence at regional level;
- to relieve the Employment Service of responsibility for matters which are not among the core functions of labour market policy;
- to increase the involvement of the representative bodies for employers and workers in decision-making structures and in implementing labour market policy;
- to improve active labour market policy, especially for disadvantaged groups (women, older workers, long-term unemployed, disabled persons);
- to authorise placement by private agencies;
- to introduce auditing by the General Accounting Office.

The consequence was the institutional separation of the labour market authority on 1 July 1994 from the federal administration and its reorganisation under the name Employment Service as a public-law service enterprise and autonomous legal entity.

3.1 Functions and legal basis

The Employment Service is charged with the following duties:

- implementation of active labour market policy measures aiming to contribute to the restoration of full employment and the prevention of unemployment; active labour market policy comprises advisory functions, placement and promotion (Labour Market Promotion Act of 1968 (*AMFG*), Employment Service Act of 1994 (*AMSG*));
- consideration of claims for and payment of wage-compensation benefits within the framework of passive labour market policy (in particular, Unemployment Insurance Act of 1977 (*ALVG*));
- regulatory functions such as the admission of foreign workers to the labour market (Foreign Labour Act of 1975 (*Aus/BG*)).

In order to relieve the Employment Service of duties which do not directly concern the labour market, on 1 January 1995 functions related to manpower transfer, private placement and insolvency losses benefits came under the jurisdiction of the Federal Offices for Social Affairs and the Disabled while illegal employment has been controlled by the Labour Inspectorate from this date.

In addition, by 1997 at the latest processing and payment of transfer benefits to facilitate transition into retirement, bad-weather compensation and parental allowances are to be entrusted to other public bodies (social security institutions, builders' holiday and severance payments fund).

Under the terms of the Labour Market Promotion Act, the *BMAS* maintains responsibility for aid linked to enterprises.

Legal status

Apart from a few exceptions (early warning system, private placement) the Labour Market Promotion Act and the Employment Service Act are private-sector regulations and not national laws. Thus there is no legal entitlement to active labour market services or benefits and neither a special procedure for legal petition nor any control by the administrative court.

All other legal principles are enforced within the framework of the national administration; the offices of the Employment Service function as public bodies and are bound to the stipulated administrative procedures. Applicants who fulfil the qualifying conditions are legally entitled to benefits; decisions can be appealed before the next-highest authority (*Land* offices or *BMAS*).

In addition, the constitutional and administrative courts exercise a supervisory function.

3.2 Organisation

The Employment Service is comprised of one authority at federal level, nine at *Land* level, 96 at regional level and 14 branch offices.

The Employment Service has a dual structure at all levels, consisting of

- partite committees with decision-making powers and powers of control; members are appointed on the recommendation of the representative bodies for employers and workers; the administrative council at federal level is a tripartite board (additionally including representatives from the *BMAS* and the Federal Ministry of Finance);
- executive bodies (at federal level the executive board, at *Land* level the chief executive and his/her deputy, at regional level the director of the regional office).

Each executive body is supported in the implementation of labour market policy by administrative offices; the *Land* offices and regional employment offices which had existed before the reform were adapted accordingly; a new administrative office was established at federal level.

In addition, the Employment Service is authorised to establish special institutions for specific activities (e.g. for research work and training and further training of personnel; regional offices with specific priority areas).

Powers of the Federal Minister of Labour and Social Affairs

On 1 July 1994 the original central labour market authority in the *BMAS* (Division III) was also restructured; it advises the Minister with respect to his/her obligations towards the Employment Service.

Functions of the Federal Ministry of Labour and Social Affairs

- Definition of general labour market policy goals;
- Approval of resolutions passed by the administrative council concerning financial affairs and personnel;
- Powers of supervision and control, efficiency analysis;
- Investment aid to enterprises.

The Minister is still the highest body at national level and retains his/her powers of authorisation; he/she is charged with defining general goals within active labour market policy, supervising and evaluating the activities of the Employment Service and approving fundamental financial decisions, although agreement on these must be sought from the Federal Minister of Finance (e.g. loans, financial support of over ÖS 50 million for a single purpose, financial participation in external bodies, changes in the stock of real assets and new buildings or alterations and extensions to the administrative offices costing more than ÖS 5 million).

Decisions concerning deployment of instruments and funds in order that the defined labour market policy goals may be achieved are now primarily reached in the Employment Service.

Federal organisation

The federal authority comprises the administrative council and the executive board – the latter being supported by its own federal office; it is charged with guaranteeing that uniform procedures are applied throughout Austria in all fundamental matters and is responsible for all affairs which extend beyond *Land* level.

In addition to exercising its co-ordination and control functions, the federal authority is also charged with creating the framework conditions required for decentral implementation of labour market policy and for organising research activities and training and further training of staff.

In accordance with legal stipulations, the *Land* authorities participate in the introduction of new instruments and guidelines.

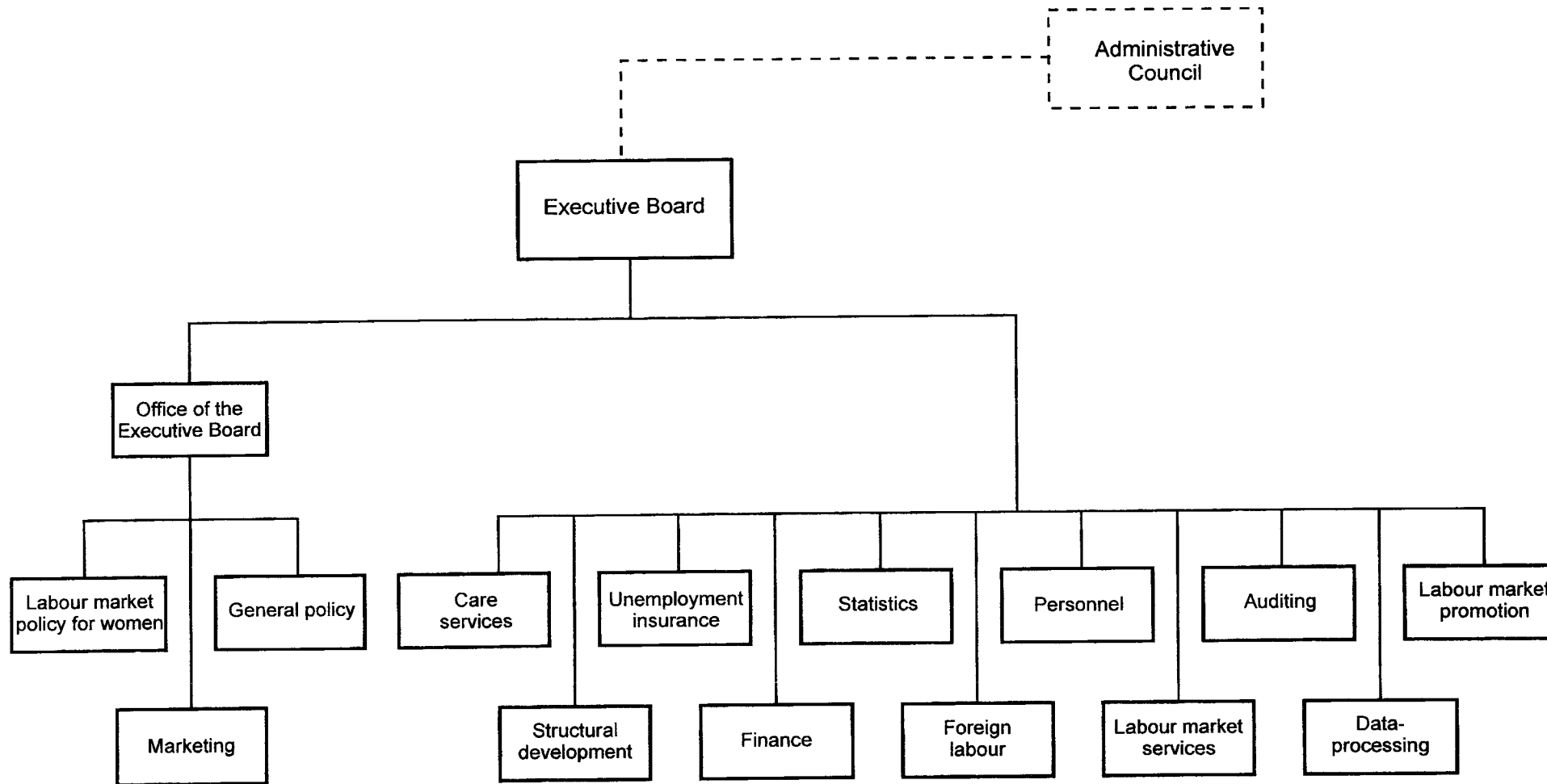
The administrative council is comprised of 12 members; these are appointed by

- the representative parties (three members from the employers' associations and trade unions, respectively);
- the Federal Minister of Labour and Social Affairs (three representatives, of whom one is recommended by the Federal Minister of Finance);
- the staff representative body of the Employment Service (with one member entitled to vote solely on issues concerning personnel and two other members fulfilling an advisory role).

Members are appointed for a period of six years. The administrative council elects the chairperson and two deputies from among its members for a period of two years; these three functions are divided between the trade unions, the employers' associations and the *BMAS*.

As a rule, administrative council resolutions are passed by simple majority; important issues require a two-thirds majority plus one vote. The administrative council is responsible for establishing a monitoring committee and may set up committees to prepare material on complex topics.

The Austrian Employment Service: structure of the federal authority



The members of the administrative council are obliged to execute their duties conscientiously and without bias and are liable for damages ensuing for the Employment Service or for the State from the neglect of their responsibilities.

Functions of the federal authority

Administrative council

- To pass resolutions concerning:
 - the basic objectives of labour market policy in accordance with the directives of the Federal Minister;
 - guidelines and instruments for operationalising the prescribed goals;
 - the Employment Service's financial services (definition of principles);
 - guidelines for the working conditions of Employment Service employees;
 - establishment of special bodies;
 - rules of procedure and finance;
 - annual accounts, progress reports, long-term plans;
- approval of the preliminary budgets and allocation of funds to federal and *Land* authorities;
- appointment of executive board members and directors of *Land* authorities;
- monitoring of the Employment Service management;
- the right to make proposals to the Federal Minister concerning the definition of guidelines and the labour market policy budget.

Executive board

- management of the federal administrative office and of day-to-day affairs;
- responsibility for framework conditions;
- organisation:
 - of labour market monitoring, statistics and research;
 - of accounting;
 - of training and further training for staff;
- co-ordination of *Land* authorities (reports, conferences, elaboration of guidelines);
- controlling;
- fixing of preliminary budgets, preparation of accounts and progress reports;
- elaboration of longer-term labour market policy principles (long-term plan);
- formulation of guidelines (e.g. for financial services).

The executive board comprises two members who have independent responsibility for day-to-day affairs at federal level. The chairperson is the director of the federal administrative office and the public representative of the federal authority.

Land authorities

Each of the nine federal *Länder* has its own *Land* authority, comprising a *Land* Directorate, a *Land* director and his/her deputy, which is responsible for all labour market policy affairs at *Land* level. The *Land* Directorate consists of the *Land* Director (also chairperson), his/her deputy and four other members; the latter are recommended by the representative bodies for the employers and workers (two each) and appointed for a period of six years by the Federal Minister of Labour and Social Affairs.

A *Land* Directorate may retain an advisory representative from the *Land* Government in cases of large-scale financial participation by the *Land* in question (in excess of 10% towards financial benefits or more than one-third of financial aid to enterprises).

Functions of the *Land* authorities

Land Directorate

- Defining principles for the implementation of labour market policy in the *Land* in question (approval of regional priorities);
- Fixing preliminary budgets; deploying and allocating budgets;
- Monitoring the management at *Land* or regional level;
- Passing resolutions concerning the establishment of regional offices and special bodies;
- Right to submit proposals to the administrative council with respect to the appointment of the *Land* Director;
- Appointing managers for the regional offices.

Land Director

- Managing the *Land* office and running day-to-day affairs;
- Supporting and monitoring the regional offices;
- Formulating regional programmes, fixing priorities and preliminary budgets, preparing reports (progress reports, annual accounts).

In managing the *Land* office, the *Land* director is bound to the resolutions passed by the *Land* Directorate and to directives from the federal authority.

Regional authorities

The Employment Service at regional level consists of partite regional advisory councils and the directors of the regional offices; among other functions, the regional authorities are charged with operationalising the prescribed labour market policy goals and implementing labour market policy in the region.

The regional advisory council comprises the director of the regional office (and chairperson of the council) and four other members; the latter are appointed by the *Land* Directorate for a period of six years on the recommendation of the representative bodies for employers and workers.

The directors of the regional offices are appointed for an unlimited period by the *Land* Directorate; they manage their offices in accordance with the principles defined by the regional advisory council and the directives of the federal or *Land* authority.

Functions of the regional authorities

Regional advisory council

- definition of principles for regional/local labour market policy;
- right of consultation prior to the appointment of the regional office director;
- right to submit proposals to the *Land* authority with respect to labour market policy;
- resolutions with respect to the report on regional labour market policy;
- approval of regional preliminary budgets and short- and long-term employment schemes;
- participation in other labour market policy matters.

Regional office director

- management of operations as prescribed by the federal and *Land* authorities and in accordance with the principles defined by the regional advisory council;
- implementation of labour market policy;
- decisions concerning approval of financial benefits;

The regional offices are usually located in the district capitals and are responsible for all persons and enterprises in the administrative district who wish to avail of their services. The offices in Vienna are still largely organised on the basis of occupational criteria.

The employees of the regional offices carry out all functions related to direct customer service (implementing active and passive labour market policy through information, counselling, placement, support to those seeking advice, services to enterprises, payment of benefits in the event of unemployment, etc.) and are also responsible for approving the employment of foreigners; they will continue to perform additional functions until such time as these have been transferred to other bodies.

3.3 Personnel

The Employment Service has 4,167 employees in 1995, some of whom have retained their civil servant status since its foundation.

The following table illustrates the high output and workload of the staff of the Austrian Employment Service in comparison to other countries.

International comparison of registered vacancies and employed and unemployed workers per Employment Service employee

| | Vacancies registered per ES employee | Unemployed workers per ES employee | Employed workers per ES employee |
|----------------|--------------------------------------|------------------------------------|----------------------------------|
| Austria | 90 | 210 | 1,200 |
| Netherlands | 41 | 130 | 900 |
| United Kingdom | 64 | 90 | 1,200 |
| Sweden | 60 | 60 | 400 |
| Germany | 49 | 100 | 600 |

Source: *BMAS, The Efficiency of the Labour Administration – Organisational Analysis*, p. 70, Vienna 1992 (round figures).

Under the terms of the *AMSG* the executive board of the federal authority is obliged to devise and carry out training measures which will yield suitably qualified personnel.

A one-year preparatory course was introduced in February 1994 for new recruits as part of the basic training reform. The duration of this course will be extended to two or three years as the reform proceeds.

At the same time the range of further training available to employees will be continually extended both quantitatively and qualitatively; current priority areas in work-related training include consolidating professional counselling abilities, coaching for executives, group care, services to enterprises, co-ordination of vacancies and vocational rehabilitation counselling. A special training course was established for the women's consultants in the regional and *Land* offices.

3.4 Financing structure of labour market policy in Austria

Income

The labour market policy budget relies primarily on revenue from the following sources:

- contributions to unemployment insurance;
- a general federal subsidy of ÖS 2.5 million for labour market policy (this sum will be adjusted in future to the consumer price index);
- transfers from the equalisation fund for family allowances through which a share of expenditure on family benefits is reimbursed.

Labour market policy budget revenues

| ÖS million (round figures) | 1993 | 1994 |
|---|--------|--------|
| Unemployment insurance contributions | 35,476 | 41,609 |
| Federal contributions | 2,248 | 2,500 |
| Equalisation fund for family allowances | 0 | 5,578 |
| Repayments | 89 | 94 |
| Total | 37,813 | 49,581 |

The Federal Government allocated a further ÖS 1 billion for the period 1993 – 1995 to boost the economy (cf. Chapter III.1).

Expenditures on bad-weather compensation and insolvency losses allowances are covered by earmarked receipts (cf. Chapter III.2 and III.8).

Unemployment insurance contributions

Contributions to unemployment insurance are the most important source of income for the labour market policy budget. Practically all dependent employees whose monthly income exceeds the non-significant income level of ÖS 3,452 (1995) are legally obliged to pay contributions. This also applies to apprentices in their final year, homeworkers, persons participating in a vocational rehabilitation scheme, soldiers on fixed-term contracts with entitlement to further vocational training and migrant workers; public-sector employees are exempt from obligatory contributions.

Contributions to unemployment insurance – currently amounting to 6% of gross earned income (including additional payments) – are divided equally between workers and employers; the maximum basis of assessment is ÖS 37,800 (1995) per month.

The contribution rate is fixed by the Federal Minister of Labour and Social Affairs in agreement with the Federal Ministry of Finance and with the approval of the National Council's executive committee.

The Labour Market Policy Financing Act (1994) stipulates that the contribution rate is to be raised if predicted receipts do not cover predicted expenditure, where other revenue is calculable and the following are taken into account: the possibility of the Employment Service taking out loans, labour market trends and the average annual expenditure for the previous two years.

The contribution rate is to be lowered, on the other hand, if the Employment Service's assets (labour market reserve) exceed average annual revenue from contributions to unemployment insurance for the previous five years.

Expenditure

Personnel costs, material costs and Employment Service investments as well as financial benefits from active and passive labour market policy, *BMAS* aid linked to enterprises and the social security contributions of those in receipt of financial benefits are financed from labour market policy budget receipts (e.g. Employment Service social security contributions as a share of total expenditure on unemployment benefit and emergency assistance: 18% for health insurance, 2.8% for pension insurance, 1.3% for accident insurance for members of employment foundations in receipt of unemployment benefit).

The State authorises and finances expenditure on financial benefits from labour market policy without drawing on the labour market policy budget; such expenditure is thus subject to federal budgetary regulations.

The Employment Service independently covers personnel costs, material costs and expenditure on investments in its own domain on the basis of the longer-term plan and the preliminary budgets; these are fixed annually (under consideration of the federal budget estimate) and require the

approval of the Federal Minister of Labour and Social Affairs and the agreement of the Federal Minister of Finance.

The longer-term plan sets out planned Employment Service expenditure (investments, personnel and material costs) and the projected labour market policy budget revenue for at least three years.

Preliminary budgets for the Employment Service's own functional area are prepared annually. They set out predicted income and expenditure and the personnel plan for the coming year. Budgeted outlay on individual items may be exceeded by up to 25% under consideration of total expenditure.

Employment Service outlay is met in advance by the State; thus, labour market policy budget revenue is returned to the State.

Where income exceeds expenditure, the surplus is to be transferred to the Employment Service so that a reserve can be accumulated. This labour market reserve can be used to finance the cost of building and equipping administrative offices inasmuch as this is required for the maintenance of customer services.

In addition, the labour market reserve can be used to cover the cost of rectifying exceptional regional and local labour market problems. There is a legal upper limit on the amount which can be released for this purpose.

Under the terms of the *AMFG* (cf. Chapter III.5), the reserve also serves as a guarantee for liability assumed by the Federal Ministry of Labour and Social Affairs for bank loans to enterprises.

Where outlay exceeds revenue, the Employment Service must reimburse the labour market policy budget, insofar as its assets (labour market reserve) – including potential loans – suffice for this purpose.

The Employment Service can thus take out loans if unforeseeable labour market policy budget outlay cannot be covered by the labour market reserve, or if additional emergency funds are required to temporarily cover the Employment Service's personnel and material costs.

The upper limit for loans is set at 20% of revenue from unemployment insurance contributions for the respective year.

The sum of the loans is advanced to the Employment Service from the labour market policy budget. The Federal Ministry of Finance may assume liability for such loans.

Expenditure on active labour market policy as a percentage of total labour market policy expenditure – international comparison

| | 1990 | 1993 |
|----------------------|--------------------|--------------------|
| Austria | 24.0% | 18.0% |
| Denmark | 22.3% | 27.8% |
| Finland | 46.4% | 25.7% |
| Germany ¹ | 48.6% | 37.7% |
| Norway | 46.3% | 44.8% |
| Spain | 23.7% | 12.4% |
| Great Britain | 39.1% ² | 29.7% ³ |

Notes: The OECD classifies bad-weather compensations under passive labour market policy; expenditure on family benefits is not included in total expenditure.

1 1990: West Germany, 1993: Federal Republic of Germany;

2 1990-1991;

3 1993-1994.

Source: OECD, Employment Outlook 1994; author's calculations.

3.5 Co-operation and co-ordinated activities

The Employment Service has close relations with the Federal Ministry of Labour and Social Affairs, the Federal Ministry of Finance and the employers' and workers' representative bodies (cf. Chapter I.3.2: Organisation).

3.6 International relations

Co-operation with labour administrations in other countries is both direct and indirect, through international and supranational organisations. The Employment Service participates in important labour market policy programmes organised by the European Union (EU), the International Labour Organisation (ILO) and the World Association of Public Employment Service (WAPES); the secretariat of the latter is currently accommodated in the Austrian Employment Service.

CHAPTER II LEGAL FRAMEWORK AND PROCEDURES

1. Sources of Law in their Ranking Order

Constitutional law

There are currently no basic social rights – the right to work, for example – laid down in the Austrian Constitution.

The following constitutionally guaranteed liberal fundamental rights and rights of freedom are of relevance in the domain of labour law: freedom of association and freedom of assembly (Art. 12 StGG, Art. 11 European Commission for Human Rights), the principle of equality (Art. 7 B-VG), freedom of establishment (Art. 6 StGG), freedom of occupation (Art. 18 StGG) and the prohibition of forced labour (Art. 4 European Commission for Human Rights).

Laws

Labour legislation in Austria is marked by a wealth of special laws which have precedence over the universal labour regulations contained in the General Civil Code (*Allgemeines Bürgerliches Gesetzbuch – ABGB*) where they apply.

Labour law regulations for particular occupations include, for example, the law on salaried employees, the law on actors and actresses, the law on journalists, the law on farm employees, the law on home help and domestic employees and the law on housekeepers.

There are also laws which regulate a specific issue for a large number of workers, for example the Leave Act (cf. 2.1).

As a rule, regulations under labour law are binding and in most cases they are unilaterally binding, i.e. deviations are only possible in favour of the worker.

Absolutely mandatory stipulations which prohibit flexibility in favour of any party can be found especially in the laws pertaining to labour relations at the workplace and health and safety at work.

Statutory law which is wholly modifiable is rare and ranks after employment contracts in the hierarchy of legal sources.

Ordinances

Ordinances are general standards which are established by administrative authorities on the basis of the law. They usually serve to enforce laws and have most relevance in the area of worker protection (cf. 2.2).

As for laws, ordinances may be either binding or flexible.

Collective contracts

Collective contracts are agreements reached in writing between organised bodies of workers and employers with collective bargaining authority; such contracts involve matters which can be regulated by collective agreement (cf. 3.2 for details).

The principle of preferential treatment for the worker is regularly applied in the hierarchy of legal sources. Special agreements laid down by lower-ranking sources – if these are not precluded by the collective contract – only apply as long as they favour the worker or concern matters which are not regulated by the collective contract.

Internal agreements

Internal agreements are ranked directly below collective contracts. They function as an instrument for co-determination in enterprises and – unlike the collective contract – have no general regulatory power in the definition of working conditions (cf. 3.2).

Individual contracts

An employment contract only has legal validity in those areas which are not subject to superordinate mandatory standards. Unlike the comparatively (unilaterally) binding conditions above, the only deviating regulations which are permissible in individual contracts are those which are more favourable to the worker (principle of preferential treatment).

Jurisdiction

While jurisdiction cannot give rise to new law and is thus not a source of law in the true sense, in reality it has great legal significance.

The *Land* and district courts are authorised as "labour and social courts" to rule with original jurisdiction on labour law issues. The "Labour and Social Court of Vienna" was established specifically for this purpose. Judgements by the labour and social courts (original jurisdiction) on labour law and social law issues can be appealed before the competent local Higher *Land* Court (appellate jurisdiction).

Professional judges adjudicate together with expert lay judges. The latter are elected by the representative bodies for the employers and workers by occupational group.

In order that actions before the labour and social courts proceed efficiently, unbureaucratically and economically in comparison to other cases, the law on labour and social courts deviates significantly from the basic regulations contained in the Code of Civil Procedure (e.g. the judge has a special directory function, parties to the case may also be represented by plenipotentiaries from the representative bodies).

2. Individual Labour Law

The legislation outlined in the following applies to the majority of workers. However, the following laws contain divergent regulations for certain categories: the law and ordinances relating to agricultural work, the law on farm employees, the law on home help and domestic employees, the law on housekeepers, the law on bakers, the law on homeworkers, the law on holidays and severance pay for builders, the law on journalists and the law on actors and actresses.

2.1 Law pertaining to employment contracts

General Civil Code (*Allgemeines Bürgerliches Gesetzbuch – ABGB*)

The *ABGB* contains the basic regulations concerning the legal relations between parties to an employment contract ensuing from the contract (especially §§ 1151-1164).

In particular, it lays down regulations with respect to the conclusion and the validity of the employment contract.

As regards the rate of remuneration, the *ABGB* stipulates that in the absence of a different arrangement the worker is due a fair wage.

In practice, the rate of remuneration is primarily determined by the employment contract or secondarily by collective agreement.

In applying the law, the stipulations laid down in special laws on employment contracts take precedence over the general labour law regulations contained in the *ABGB*.

Salaried Employees Act (*Angestelltengesetz – AngG*)

The *AngG* applies to persons who are employed by a business establishment to carry out primarily commercial activities, or more senior non-commercial or legal work.

Specifically, the *AngG* regulates:

Claims where an employee is prevented from working: continued remuneration where an employee is sick is calculated on the basis of the length of service. Workers are also entitled to continued payment under other serious circumstances and to leave during the period of notice.

Workers are subject to the terms of the Sickness Benefits Act.

Termination of employment contracts: the *AngG* regulates dates of termination and periods of notice. An employment contract can be terminated both by employer and worker; the grounds must not be specified.

Employees are entitled to compensation in cases of unfair dismissal, justifiable premature resignation, and dismissals which violate dates of termination or periods of notice.

Workers are subject to the same regulations, which are laid down with slight deviations in the ABGB and the Trade Regulation Act of 1859. These laws do not specify any dates of termination and the stipulated periods of notice are shorter. More specific regulations are defined in collective contracts.

Dismissal and resignation: the *AngG* specifies causes for premature termination of employment contracts.

Workers: the Trade Regulation Act of 1859 likewise specifies causes for premature termination. (See below for protection against termination and dismissal.)

Severance pay: severance pay is an exceptional payment due to employees – with some exceptions – on termination of the employment relationship. The amount is determined by the length of service.

Workers are subject to the regulations laid down in the Workers' Severance Pay Act.

Workplace Labour Relations Act (*Arbeitsverfassungsgesetz – ArbVG*)

In addition to regulating collective elaboration of laws and co-determination in enterprises (cf. 3.3), the *ArbVG* also governs protection against termination and dismissal.

General protection against termination and dismissal:

General protection applies to all workers who have been employed for at least six months in an enterprise with no less than five employees.

Employers must inform the works council prior to terminating an employment contract. The works council is entitled to request consultation with the employer within five days and to state its position.

The works council may either agree to the proposed termination, make no statement of its position or file an objection. If it either makes no statement or objects, the termination may be contested in court, either by the works council or by the worker concerned.

A challenge to the termination is admissible under the following circumstances:

- the employer has given the worker notice to quit on unfair grounds (in this case the agreement of the works council to a proposed termination does not impede its contestation) or
- the termination is unjustified on social grounds and has not been expressly agreed to by the works council.

If the competent court rules in favour of the challenge the termination is retroactively annulled. The employment relationship is henceforth considered free of any notice to quit and proceeds without interruption.

General protection against dismissal:

The employer is obliged to immediately report every dismissal to the works council and on request to discuss it with the council within a period of three working days.

If the works council has not expressly approved the dismissal, an action to contest it can be brought before court, provided that there are justifying grounds to challenge the dismissal and the worker has not provided cause for discharge.

If the court rules in favour of the challenge, the dismissal is annulled and the employment relationship is resumed.

Special protection against termination and dismissal:

Under the terms of the regulations concerning special protection against termination and dismissal, certain categories of workers enjoy greater job security. For workers representatives in enterprises, workers participating in training, pregnant women, parents on leave, disabled workers and workers temporarily in the public service (persons on military or alternative military service) a dismissal is only considered valid before court in the event of particularly grievous cause.

Leave Act (*Urlaubsgesetz*)

Workers are entitled to leave of 30 working days per annum and to 36 working days after 26 years of service.

In addition to annual holidays, the Leave Act also regulates entitlement to leave of up to two working weeks per working year with continued remuneration in order to nurse close relatives.

Workers' Liability Act (*Dienstnehmerhaftpflichtgesetz – DNHG*)

The purpose of the *DNHG* is to limit the liability of workers for damages. If a worker has inadvertently caused damage to an employer in the course of performing his/her duties, the court can diminish the reparation on grounds of equity or even waive it totally if the damage has occurred as a result of a minor degree of error.

Adaptation of Employment Contracts Act (*Arbeitsvertragsrechtsanpassungsgesetz – AVRAG*)

The *AVRAG* stipulates that in the event of transfer of ownership of a firm (except in cases of bankruptcy) the new owner as employer by act of law "automatically" assumes all obligations and rights regarding the employment relationship which apply at the time of the transfer. Under certain circumstances workers may challenge such transfers of ownership.

The *AVRAG* also includes a stipulation that on commencement of employment the employer is obliged to immediately provide workers with written substantiation (notice of rights and duties) of the most important rights and obligations ensuing from the employment contract.

Company Retirement Act (*Betriebspensionsgesetz – BPG*)

The *BPG* regulates the protection of old-age pensions, disability pensions and dependent survivors' pensions (and workers' entitlement to them) which are supplementary to benefits from statutory pension insurance and ensue from commitments made by employers to workers within

the framework of an employment relationship under private law. It contains stipulations regarding the perpetuity of claims and the transfer of entitlements.

In itself the *BPG* does not entitle workers to a company pension. It is only applied in the event of an employer voluntarily entering into such a commitment towards a worker.

Manpower Transfer Act (*Arbeitskräfteüberlassungsgesetz – AÜG*)

The *AÜG* regulates the transfer of workers and their labour to third parties. Its purpose is to protect the workers on hire and to regulate manpower transfer such that unfavourable consequences for the labour market are avoided.

Such transfer requires the express consent of the workers concerned.

Equal Treatment Act (*Gleichbehandlungsgesetz – GBG*)

Direct or indirect discrimination on grounds of gender and sexual harassment within the framework of an employment relationship are prohibited.

The damages due for discriminatory treatment are as follows: up to two monthly salaries for failure to recruit a worker; four times the difference between actual monthly remuneration and the salary the employee would have earned for failure to promote a worker; at least ÖS 5,000 for sexual discrimination of a worker.

2.2 Law pertaining to health and safety at work (*Arbeitnehmerschutzrecht*)

Working Hours Act (*Arbeitszeitgesetz – AZG*)

The Working Hours Act regulates normal working hours, maximum working hours, rest breaks and rest periods.

On principle, daily working hours may not exceed eight hours; weekly working hours may not exceed 40 hours.

A premium of 50% of the normal hourly wage is payable for overtime.

Special regulations are in force for drivers and co-drivers of motor vehicles and for certain hospital employees.

The *AZG* also prohibits discrimination against part-time workers.

Rest Periods Act (*Arbeitsruhegesetz – ARG*)

The *ARG* entitles workers to 36 hours' rest at weekends, including Sundays. It also regulates rest periods on national holidays.

Maternity Protection Act (*Mutterschutzgesetz – MSchG*)

Pregnant women are unconditionally prohibited from working for a duration of eight weeks prior to delivery and between the eighth and sixteenth week after delivery (term of protection). Beyond these periods there is an absolute ban on employment if the life or health of the mother or child is endangered by continued employment before childbirth or if the mother is unfit for work after the term of protection has expired.

The worker concerned receives health insurance benefits (maternity allowance) during the term of protection.

During pregnancy women may not be obliged to carry out heavy physical work or duties which are harmful to their own organism or to their child.

Apart from some exceptions, night-work, Sunday work and work on national holidays is prohibited for pregnant and nursing women.

On expiry of the term of protection the mother is entitled to parental leave until her child's second birthday. She also has the option of working part-time until her child's fourth birthday in lieu of taking all or part of the leave due.

Under the terms of the Parental Leave Act, fathers are also entitled to leave and/or part-time employment if they share the same domicile as the child, if they are the principal custodian of the child, if a working mother partially or totally forfeits her entitlement to leave or if her employment prevents her from caring for the child. Parental leave may also be shared between parents; in this case each parent may avail of leave once for a minimum duration of 3 months.

Parents who qualify for leave under the terms of the Unemployment Insurance Act are entitled to a parental allowance which is financed from unemployment insurance funds. Workers in part-time employment receive a reduced allowance.

Minors and Youth Employment Act (*Kinder- und Jugendlichenbeschäftigungsgesetz – KJBG*)

This law prohibits child labour. Minors are defined as children who have not yet completed compulsory – i.e. nine years' – schooling; children who are no longer required to attend school or have been exempted from compulsory schooling are considered minors until 1 July of the calendar year in which they reach the age of 15.

Children aged over 12 years may be employed to carry out specific simple and isolated tasks.

The *KJBG* also lays down protective regulations for young people concerning working hours, rest breaks and rest periods, and rest at night, on Sundays, on national holidays and at weekends.

Young persons (minors aged under 18 or at most 19) may not be employed in certain enterprises (e.g. bars) or to carry out specific tasks which entail a risk to their health.

Heavy Night-work Act (*Nachtschwerarbeitsgesetz – NSchG*)

There are special protective measures for workers who engage in heavy work at night to prevent, eliminate or reduce the difficulties connected with this type of work, or to compensate for hardship, e.g. supplementary leave, additional rest breaks and special retirement pensions.

Women's Night-work Act (*Frauennachtarbeitsgesetz*)

Women are prohibited from working at night – defined as a period of at least 11 successive hours between 8pm and 6am. However, there are numerous exceptions to this ban.

3. Collective Labour Law

3.1 Law pertaining to associations and unions

Legal representation (chambers)

Chambers (*Kammern*) are self-administering public corporate bodies established under law; they have compulsory membership and their functions are legally defined.

Workers:

The legal representation of the majority of workers (including the unemployed) is regulated by the Workers Chamber Act of 1992.

Each *Land* has its own chamber for workers and salaried employees and these are affiliated at federal level in the Federal Chamber of Labour.

The executive bodies of the workers' chambers are appointed by democratic election.

The workers' chambers are authorised to represent and promote the social, economic, occupational and cultural interests of the workers.

To this end, their specific mandate is to prepare reports, proposals and evaluations for legislative bodies and public authorities, to review draft bills and ordinances, to represent the workers on various bodies, to participate in administrative measures concerning the economy, to advise and to collaborate with voluntary professional associations with collective bargaining authority and works councils, to monitor working conditions and to establish offices for the protection of apprentices and young workers.

The chambers are required to advise their members in matters of labour and social law and to provide them with legal protection in the form of representation before a court of law.

Workers in agriculture and forestry are represented by agricultural workers' chambers. These are established under *Land* law.

Employers:

The Chamber of Commerce Act regulates the legal representation of most enterprises and employers. Each *Land* has its own chamber of industry and trade and these are affiliated at federal level in the Austrian Chamber of Industry and Commerce.

The employers' chambers are authorised to represent the common interests of all natural and juristic persons, business partnerships (limited commercial partnerships) and registered profit-seeking companies in their jurisdiction which operate independently in any one of the following areas of business: trade, industry, commerce, finance, banking, insurance, transport or tourism.

There are also chambers of agriculture and forestry for the employers in these sectors as well as chambers for the liberal professions (e.g. for medical practitioners, lawyers, notaries, trustees, etc.).

Voluntary professional associations

These are based on voluntary membership and are associations as defined in the Associations Act.

Workers:

The most important voluntary professional association is the Austrian Trade Union Federation (*Österreichischer Gewerkschaftsbund – ÖGB*). It consists of 14 craft unions which – with the exception of the Private Salaried Employees' Union – are organised on a sector basis.

The functions of this federation include ensuring that labour legislation is observed, representing the members in individual labour disputes, pursuing the expansion of the system of labour law through the conclusion of collective contracts, assessing laws and bills, providing support to works councils and participating in national socio-economic policy formulation.

Employers:

The most important voluntary professional association for employers is the Association of Austrian Industrialists. There are also a few others, such as the Federation of Austrian Newspaper Publishers, the General Federation of Printing Firms, the Federation of Insurance Companies, etc.

3.2 Social partners and collective bargaining

Law pertaining to collective legislation

The Workplace Labour Relations Act defines the regulatory instruments for collective legislation and regulates collective contracts, statutes, the minimum wage rate and internal agreements.

Collective contracts are agreements in writing which are concluded between employers' associations with collective bargaining authority and workers and which regulate working conditions (e.g. rights and duties of employers and employees ensuing from employment contracts, special payments, working hours, periods of notice, changes in the collective legal entitlements of former employees, social plans, the form and extent of co-determination in such matters, joint bodies established by the parties to collective contracts).

The most important items covered by collective contracts are wages and salaries.

The parties to collective contracts operate autonomously in defining the content of the agreement within its legal framework.

The legal representative bodies for employers and workers and juristic persons under public law are authorised by act of law to be party to a collective contract.

Voluntary professional associations of employers and workers may be invested with collective bargaining authority by official notification from the Federal Arbitration Office.

When a professional association with collective bargaining authority concludes a collective contract, the designated legal representative body for the members affected forfeits its collective bargaining authority for the duration of the contract.

Hence, voluntary professional associations have seniority over the chambers competing with them in the collective regulation of working conditions.

In practice, in the Austrian system of collective bargaining the trade unions as the executive bodies of the *ÖGB* or the *ÖGB* itself are usually the representative bargaining parties for the workers; the employers are generally represented by the competent chambers or their agents. Voluntary professional associations only function as bargaining parties for the employers when they represent multi-level organisations (e.g. savings banks, insurance companies, newspaper publishers).

The stipulations laid down in collective contracts have a direct influence on the content of employment contracts, including those of workers who are not members of the employees' association concerned but are employed by a party to the collective agreement (legal validity for non-affiliates).

The content of collective contracts may not be circumscribed by either internal or individual agreements. The only agreements with effect are those which are more favourable to workers (principle of preferential treatment), provided that the collective contract does not – as is permissible – preclude exceptional arrangements (principle of regulation).

The Federal Arbitration Office may use *statutes* to extend the normative regulations contained in a collective contract to employment not covered by collective agreement (cf. declarations of general application in Germany).

On the request of corporative workers' bodies with collective bargaining authority, the Federal Arbitration Office can fix *minimum wage rates* for sectors where there are no bargaining parties on the employer side and thus no collective agreement can be reached (e.g. for housekeepers, domestic help, kindergarten teachers).

Internal agreements are agreements in writing which are concluded between the proprietor of an enterprise and the works council as the staff representative (works committee, central works council, company group works council) in order to regulate matters which – by law or under the terms of a collective contract – may only be governed by internal agreements.

The conditions laid down in internal agreements are directly binding within their jurisdiction – inasmuch as they do not regulate the privity of contract between the parties – and may neither be sus-

pended nor restricted by individual agreements. Individual agreements are only valid in the event that they favour the worker or concern matters which are not regulated by internal agreement.

The *ArbVG* distinguishes between four types of internal agreement:

1. Essential internal agreements

Certain measures require the consent of the works council before they take legal effect (e.g. the introduction of internal disciplinary regulations, staff questionnaires and control mechanisms which may impinge on human dignity).

2. Substitutable internal agreements

These are measures for which the approval of the arbitration board suffices in lieu of the works council; (introduction of automated staff information systems, introduction of staff assessment systems).

3. Compulsory internal agreements

If no agreement can be reached on the conclusion, modification or suspension of an internal agreement, the arbitration board is the ruling instance (e.g. regulation of working hours, social plans, general regulations, utilisation of company buildings and company equipment).

4. Optional internal agreements

These agreements require consensus between the employer and the works council and may not be forcibly concluded; (e.g. guidelines for the allocation of company apartments, measures to prevent accidents or towards humane job design, general policy concerning disposal of leave).

Social partners

The system of social partnership in Austria is characterised by a unique culture of discourse and negotiation; it is also marked by the willingness of the organisations concerned to push through compromises internally and externally and to represent diverse interests with a view to common medium-term goals for society. This necessitates a permanent basis for discussion and constant exchange of information.

The essential function of the social partners in Austria is to resolve economic and social problems by way of consensus. The overall consequence is that the Austrian economy has a real competitive advantage on world markets because social peace has been maintained. It is also an explanation for the absence in the objective sense of legislation relating to industrial disputes.

The functions of the social partners in Austria are not restricted to the domain of social policy, but also entail more general socio-political responsibilities.

3.3 Worker representation in enterprises and scope for participation

Worker representation in enterprises is regulated by the Workplace Labour Relations Act.

Works councils must be elected in all companies which regularly employ at least five workers who are eligible to vote.

If both workers and salaried employees meet this condition, a works council is to be elected for each group. Where there are separate works councils the works committee functions as the joint representative body.

The number of works council members depends on the number of workers in the company.

The works council represents all the workers in the company, regardless of union membership.

The members of the works council are elected on the basis of equal, direct and secret suffrage; on principle, the mode of election is by proportional representation. Works councils are elected for a period of four years.

Voting rights are extended to all workers – including foreigners – who are employed in the company and are at least 18 years of age on the date of the works meeting convened to elect the electoral committee.

The right to stand for election is reserved for Austrian nationals and workers from countries which are parties to the EEA Treaty.

Board executives and directors of juristic persons as well as senior staff with executive authority are not considered workers in the sense of the Workplace Labour Relations Act. They are thus neither entitled to vote nor are they eligible to stand for election to the works council.

The works council may pass a resolution to collect a levy from workers in order to cover the costs of running the council, building and maintaining welfare facilities and carrying out welfare schemes to the benefit of the workforce and former employees of the company. The levy may not exceed .05% of gross wages.

Works council members hold office on an honorary basis. They must be granted the necessary paid time off for performing their duties. One or more works council members – depending on the size of the workforce – must be wholly relieved from their company duties in enterprises with over 150 employees.

Works council members may not be subject to any disadvantages as a result of exercising their mandate and enjoy special protection against termination of their employment contract and against dismissal.

Other workers' representative bodies:

A works meeting is a convention of the entire workforce of a company employing at least five workers aged over 18 years.

If an enterprise comprises several companies, a central works council is established at enterprise level. The members of the central works council are elected by the total membership of the company works councils.

A youth council must be established in companies which regularly employ at least five young workers.

A company group works council may be established in consolidated companies in which works councils exist in more than one of the sub-companies.

The function of the works council is to protect the economic, social, health-related and cultural interests of workers and it is invested with the following powers in order to fulfil these tasks:

General powers: these include supervisory powers with respect to the observance of legal regulations which affect the workers in the company, rights of intervention (proposals to the employer in the interests of the workers), rights of information (e.g. the right to information relating to matters which concern the interests of the workers); the proprietor of the company is obliged to consult with the works council at least every quarter or once a month if the works council so desires.

Participation in social affairs: participation in decisions which concern the workforce – in part or whole – of the company, such as the right to information and counselling with respect to in-plant training, company welfare facilities, the conclusion of internal agreements regarding generally applicable working conditions.

Participation in personnel affairs concerns the participation of an enterprise's works council as the representative of the workforce in individual decisions by the proprietor with respect to staff, e.g. contract terminations and dismissals, recruitments, transfer or promotion of workers, compensation rates for services rendered, imposition of disciplinary measures, allocation of company apartments and termination of employment contracts by common consent.

Participation in economic affairs refers to the management of the enterprise and encompasses, for example, the right to information and consultation with respect to the economic circumstances of the company, the right to inspect the annual accounts and the right to co-determination where changes are planned.

Participation on the supervisory board:

The central works council – or works council if the enterprise comprises only one company – is represented on the supervisory boards of public limited companies, limited liability companies, mutual insurance companies, co-operatives which regularly employ at least 40 workers, the Austrian post office savings bank, and the council for savings banks and its sub-committees.

For every two members appointed in accordance with the law or the statutes by the shareholders, one workers' representative is entitled to a seat and a vote (one-third participation).

Moreover, in holding companies which employ no workers and whose activities are limited to managing company shares the workers' representatives from the controlling subsidiaries are also entitled to participate on the supervisory board.

4. Regulatory Instruments

4.1 Regulation of foreign labour

Principles and trends

The regulations contained in the Foreign Labour Act of 1976 (*Ausländerbeschäftigungsgesetz – AuslBG*) and in the related ordinances are based on the following fundamental goals:

- to safeguard the protection of Austrian workers;
- to safeguard foreign workers' interests which warrant protection and which are related to their employment in Austria;
- to control the inflow of foreign labour to the labour market while giving consideration to the manpower requirements of the industrial sector;
- to promote the integration of foreign workers who have been employed in Austria for a number of years;
- to control the foreign labour market;
- to penalise illegal employment of foreign workers.

When the *AuslBG* was originally conceived it was thought that foreign workers would regularly be employed in Austria only in the short term in order to relieve a specific manpower shortage and that they would then return to their native countries. Consequently, fixed-term and workplace-linked work permits were the priority control mechanism.

Because the inflow and outflow of foreign workers did not proceed as expected and many foreigners chose Austria as the focal point of their lives, remaining in employment there in the long term, it became necessary to adjust the regulations in order to promote the integration of foreign workers who had long been resident and of young foreigners who grew up in Austria, and to afford them greater mobility on the Austrian labour market.

The massive inflow of foreign workers in 1991 as a consequence of the political developments in the former Eastern Block and of the demands from industry for more manpower led to a significant increase in the supply of foreign labour.

In order to protect the existing domestic labour force, integrated foreign workers and – especially – the unemployed, admission of new entrants was considerably restricted and new legislation was passed concerning the requirements demanded of foreigners wishing to reside in Austria.

Under the terms of the Residence Act, which was taken effect on 1.7.1993, the Federal Government annually defines the qualitative and quantitative criteria for immigration and residence of foreigners in Austria (1995: 17,000 residence permits available for allocation, of which 10,300 are for relatives of resident foreigners).

According to the law on aliens currently in force in Austria, an employer may thus only employ a foreign worker if the person is entitled to reside in Austria and is in possession of a valid work permit from the labour market authorities.

At the same time, efforts are pursued to integrate those foreigners into the labour market who have resided in Austria for a considerable length of time.

In addition, the *AuslBG*'s control system was continually advanced and the Employment Service's monitoring activities were intensified in order to prevent a shift to illegal employment.

Scope of the Foreign Labour Act

In principle the *AuslBG* applies to all persons not in possession of Austrian citizenship, with the exception of foreigners from EU and EEA countries, their spouses and children, relatives of Austrian nationals (spouses and children aged under 21) who are not themselves Austrian citizens, refugees under the Geneva Convention and persons who are employed in Austria on the basis of intergovernmental or international treaties or are engaged in specific activities which require no official approval.

The following are the primary circumstances in which approval is required for the use of foreign labour: under employment, training or similar contracts as well as employment of workers delegated by their foreign employers and of shareholders who have no significant say in the management of the company.

Upper limits at federal and *Land* level

The purpose of the federal upper limit is to ensure controlled entry of foreign workers: it has binding force and limits the foreign labour share of the labour force to 8% (1995: 262,000 persons); the federal upper limit may be raised by ordinance to a maximum share of 9% if public or economic interests necessitate the employment of certain groups of persons.

In addition, upper limits are set for each *Land*, the sum of which is lower than the federal limit; when a *Land* limit is exceeded, a stricter procedure is applied in considering applications. Once the federal upper limit has been reached no further permits to employ foreign workers may be issued.

Individual and general clearance certificates

New entrants require a residence permit prior to entering Austria. As part of the application procedure for a residence permit with a view to taking up dependent employment, the Employment Service investigates the labour market situation and issues a so-called clearance certificate. If the proposed employment is deemed unobjectionable and there are no further reasons to withhold approval, the aliens office may issue a residence permit. Foreigners have no legal entitlement to residence in Austria.

An employer intending to recruit a worker from abroad must apply to the *Land* Employment Service office for an individual clearance certificate. If this certificate is issued, the foreign worker may submit it in application for a residence permit.

Employment licence

After the foreign person has legally entered the country the employer must apply to the Employment Service for an employment licence, i.e. a general or individual clearance certificate cannot substitute for an employment licence.

An employment licence sanctions the employment of a foreign worker identified by name in a precisely defined job for a fixed term of maximum one year; the employment licence may be extended by one year at a time.

If the employer or the workers' duties in the firm change, a new employment licence is required.

Employment licences are issued when the current and prospective labour market situation are favourable, if the employment of foreign workers does not significantly impinge on public or economic interests and the employer meets the necessary requirements (e.g. observance of wage and working conditions, regulations concerning social security, suitable accommodation for the foreign worker, etc.); a further prerequisite is that older workers (aged over 50 years) may neither have been dismissed nor have been denied a job within the preceding six months.

In particular, the Employment Service must ascertain whether a registered jobseeker (substitute worker) could be recruited for the job in question. Hence, placement of Austrian nationals or those with equal status (refugees, relatives of Austrian nationals who are not in possession of Austrian citizenship and integrated foreigners) has priority over approval of licences for new entrants, especially if the former are receiving benefits from unemployment insurance; an employment licence may also be issued ex officio for this group.

Work permits and dispensation certificates

In certain circumstances, foreign workers who have been employed in Austria for a number of years and second-generation foreign youth are entitled to a work permit or dispensation certificate. Both of these permits are issued to the foreigner workers ad personam.

Applicants are eligible for a work permit if they have been legally employed in Austria for at least 52 weeks within the preceding 14 months. The permit allows foreigners to work in a job of their choice in the *Land* in which it was issued; it is valid for two years (with the possibility of extension).

The following persons are entitled to a dispensation certificate, which licences them to engage in employment of their choice in the entire federal territory for a period of five years:

- second-generation foreign youth who grew up in Austria (provided that Austria has been their legal domicile for more than half their lives or they have completed no less than half their compulsory schooling in Austria and at least one parent has been legally resident in Austria for five years; persons aged over 19 years must additionally have resided legally in Austria for at least two and a half of the preceding five years);
- persons who have been legally employed in Austria for at least five of the preceding eight years;
- foreigners who have divorced their Austrian spouse after at least five years of marriage and whose habitual residence is in Austria.

Special quotas for short-term employment licences to satisfy a temporary labour demand

Under the terms of the Residence Act, the Federal Minister of Labour and Social Affairs may, by ordinance, sanction quotas of up to 4,000 employment licences in order to satisfy a temporary labour demand in seasonal occupations; these licences are valid for up to six months.

Trends

A long-term comparison shows that as a share of total licences, employment licences are becoming less significant, while the number of permits aimed at fostering integration is increasing. For example, in 1992 the number of dispensation certificates issued rose by almost a quarter (+22.8%), whereas the number of employment licences approved fell by 10.7%. In 1993 some two-thirds of foreign workers (approx. 180,000) were in possession of a work permit or dispensation certificate, while one-third were bound to their employers by employment licences. This trend continued in 1994.

Control of illegal employment

In order to prevent a shift to illegal employment of foreign workers, monitoring activities have been continuously expanded and penalties drastically increased (up to ÖS 240,000 for repeated offences).

Enterprises which have been penalised *res judicata* at least twice for illegal employment of foreigners and have thus also violated social security regulations are prohibited under the terms of the Federal Tenders Act – which came into force in conjunction with the EEA Treaty – from accepting commissions from the State. A central supervisory body was established in the *BMAS* to register all *res judicata* penalisations on grounds of illegal employment of foreigners.

4.2 Early warning system

Under the terms of the Labour Market Promotion Act, enterprises are obliged to notify the regional offices of the Employment Service in good time when large-scale manpower reductions are proposed; the Employment Service is thus in a position to consult with the management of the enterprise, the works council and the competent representative bodies for employers and workers with regard to measures towards preventing termination of employment contracts or dismissals; the Employment Service may provide appropriate schemes and subsidies to this end, e.g. in-plant training or short-time work.

If the negotiations fail to achieve the goal of job retention, efforts are pursued to reintegrate the redundant workers into the labour market as quickly as possible by means of counselling, placement and measures which facilitate placement. Older workers are a priority target for reintegration efforts.

The Employment Service must be notified at least 30 days prior to termination of employment relationships if the lay-offs affect at least

- five workers in companies employing between 20 and 100 workers;
- 5% of the workforce in companies employing up to 600 workers;
- 30 workers in companies employing over 600 workers.

Proposed dismissal of five or more workers aged over 50 years must be reported, regardless of the size of the workforce.

Dismissals which are carried out before they have been reported to the Employment Service or before the period of notification has expired have no legal effect; however, the *Land* director may approve lay-offs after consultation with the *Land* Directorate because, for example, the dismissals are justified on economic grounds or because notification of the Employment Service within the stipulated period would have been an impossible or unreasonable demand.

4.3 Manpower transfer

The Manpower Transfer Act (*Arbeitskräfteüberlassungsgesetz – AÜG*) of 1988 regulates the disposal of manpower and their labour to third parties and serves to protect the transferred workers.

Under the terms of this law, agreements which are unfavourable to the workers are prohibited (for example, the right to remuneration may not be restricted to the duration of employment in the user company). The user company has a duty to ensure the welfare of the transferred workers and, deriving from this duty, is obliged to guarantee that they and the regular staff are treated on an equal basis.

Remuneration must be at least equal to the collectively agreed conditions for the sector in which the user company operates. Likewise, working hours may not deviate to any significant degree from normal company requirements; if the transferred worker cannot be occupied for the agreed period, he/she is still entitled to the stipulated wage.

The minimum requirements for the basic contract concluded between the employment agency and the worker are laid down in law (rate of remuneration, dates of payment, leave due, amount and type of labour output required, place of work, periods of notice, etc.); the basic content of the agreement must be given in written form to the worker (notice of rights and duties).

In order to avoid developments which have a negative labour market impact, e.g. competitive distortion due to the use of hired-out workers in place of regular staff, the Federal Minister of Labour and Social Affairs may, in agreement with the Federal Minister of Economic Affairs, restrict transfer of manpower (in the event of the share of transferred labour exceeding 10% of total dependent employees, workers or salaried employees in one industrial sector).

Workers may not be hired out to companies on strike; manpower transfer across international borders is prohibited on principle and only permitted in exceptional cases.

Engagement in commercial manpower transfer requires an official licence and is bound to provision of proof of qualification (applicants must sit an examination testing their knowledge of

relevant legislation). The Chief Secretary of the respective *Land* is authorised to issue licences; the legal representatives of the employers and workers and the competent Federal Office for Social Affairs and the Disabled (since 1.1.1995, previously the Employment Service) are also involved in the procedure.

The Federal Office for Social Affairs and the Disabled is also charged with monitoring both the employment agencies and the user companies.

Penalties are enforced on violation of the statutory requirements (notification of the district administration, withdrawal of the licence to practice by the Chief Secretary).

Quantitatively speaking, manpower transfer is not significant in Austria; the 1994 annual target survey revealed that around 10,000 workers were hired out that year, i.e. 0.5% of all dependent employees.

5. Passive Labour Market Policy

The unemployed receive unemployment benefit and subsequently emergency assistance as wage compensation for the duration of their unemployment; elderly unemployed are provided with special aid and a pension advance to facilitate their transition into retirement; the Employment Service grants the following family benefits: parental allowance, part-time allowance for mothers in dependent employment, special emergency assistance, reintegration aid after parental leave and training-unemployment benefit.

To qualify for all benefits applicants must be unemployed, able and willing to work and have previously been in dependent contributory employment for a specified minimum duration; there are specific qualifying conditions for the individual benefits. Applicants who fulfil these requirements are legally entitled to benefits.

Beneficiaries enjoy health insurance, pension insurance and in some cases accident insurance; their dependants are also covered by health insurance. The duration of benefit is credited as a substitute qualifying period for old-age pensions. Beneficiaries are insured against accidents while participating in labour market policy schemes (employment foundations, training-unemployment benefit).

The rate of benefit largely depends on the recipient's previous income. In accordance with the principle of equivalence, beneficiaries who – on the basis of their previous earned income – are only entitled to a low rate of benefit (e.g. part-time workers) are not protected against falling below the poverty level and requiring welfare support from the *Länder* and municipalities (social assistance). Moreover, the income of the recipient's partner (common-law partners and spouses have equal status under the terms of the *ALVG*) is taken into account in considering claims for family supplements to unemployment benefit and for emergency assistance. The parental allowance alone is subject to a minimum rate.

The benefits departments and the departments of active labour market policy in the regional offices of the Employment Service (respectively responsible e.g. for determining the duration of previous employment and monitoring willingness to work) determine and control eligibility for benefits.

A 1992 organisational analysis showed that 29% of the time worked in the Employment Service is spent on passive labour market policy functions, whereas only 18% is invested in active labour market policy schemes.

In order to reduce the Employment Service's workload, which stems from functions related to passive labour market policy, a transfer of services to other bodies is currently in preparation (benefits to facilitate transition into retirement, primary family benefits), so that in 1997 at the latest the Employment Service will only be concerned with paying benefits due in the event of unemployment.

5.1 Benefits in the event of unemployment

Unemployment benefit (*Arbeitslosengeld*)

The qualifying conditions for receipt of unemployment benefit are:

- Unemployment; this applies where the claimant's income falls below the non-significant income level (e.g. in 1995 less than ÖS 3,452 monthly for dependent employment); persons who fulfil the conditions for entitlement to benefits from old-age pension insurance or are already in receipt of such benefits are not considered unemployed.

- Willingness to work is defined as the readiness to take up suitable employment, to participate in a labour market policy scheme (e.g. training) or to seek work independently.

Employment is considered suitable if it is fairly paid (observance of collectively agreed or legal stipulations), does not exceed the physical abilities of the unemployed person and does not entail a danger to his/her health or moral standards. Placement in a job which does not correspond to the beneficiary's preceding employment is permissible, provided that it does not significantly impede a return to his/her previous occupation.

Should the beneficiary refuse a job or obstruct his/her placement or the success of a training scheme, his/her unemployment benefit is suspended; this has the additional consequence of a reduction in the duration of benefit (for at least four weeks, and for six or eight weeks for repeated offences).

- Ability to work.

- Minimum period of employment with compulsory contributions to unemployment insurance: 52 weeks' employment within the 104 weeks prior to assertion of the first claim; the required minimum duration of employment is reduced to 26 weeks within one year in the event of repeated claims and for young people (aged under 25 years).

In calculating the duration of previous employment, certain periods count for 75% (e.g. substitute military service, military service, employment abroad – provided certain treaties apply, etc.); the framework period may be extended in certain circumstances.

The rate of unemployment benefit is calculated on the basis of the previous earned income (basic rate) and the family allowances granted to persons who are supported by the unemployed beneficiary:

The basic rate is derived from the gross wage earned during the preceding six months (including pro rata special payments) and is usually equal to 57% of the previous net income.

Unemployment benefit for older unemployed persons (men aged over 50, women aged over 45) is calculated on the basis of the most favourable classification and not on the basis of previous earnings, the purpose being to enable such persons to enter employment which pays less than their previous wage without suffering disadvantages if they draw benefits at a later date.

There is an upper limit on the benefit rate which is linked to the maximum basis of assessment for contributions. The basic monthly rate amounts to ÖS 12,534 given a previous gross monthly wage of upwards of ÖS 33,600 (including special payments) (1995; calculated on the basis of a daily rate of ÖS 417.80 for 30 days).

A monthly family supplement of ÖS 609 (30 days) is granted both for children and partners to first-time claimants, and ÖS 669 to persons already in receipt of unemployment benefit, provided that the partner's net income does not exceed ÖS 14,000 monthly. Any surplus income is deducted from the basis of assessment for the family supplement.

Unemployment benefit has a minimum duration of 20 weeks; the duration is

- 30 weeks in the event of three years' employment within the preceding 260 weeks;
- 39 weeks in the event of six years' employment within the preceding 520 weeks, if the unemployed person is at least 40 years of age;
- 52 weeks in the event of nine years' employment within 15 years, if the unemployed person is at least 50 years of age.

Under certain circumstances the duration of benefit may be extended by a maximum of four years for members of employment foundations.

Unemployment benefit is payable from the date of application; persons who voluntarily quit their employment, who are dismissed through their own fault or who are entitled to dismissal compensation, compensation for leave due or severance pay usually receive their first payment four weeks after the date of application (no reduction of duration).

Emergency assistance

Emergency assistance, which is payable on expiry of entitlement to unemployment benefit, combines the principles of social insurance and welfare: firstly, the rate of emergency assistance is calculated on the basis of the unemployment benefit previously received and is equal to no more than 92 or 95% of the basic rate (95% for a basic rate of less than ÖS 7,710); secondly, applicants must be in serious need of support, after taking the income of the partner and exemption limits into account (exemption limit for partners in 1995: ÖS 5,495; one child: ÖS 2,765; basis of assessment: 30 days). The basic rate of emergency assistance is reduced in proportion to the amount of income exceeding the exemption allowance.

As opposed to the recipients of unemployment benefit, claimants must be either Austrian nationals or persons with equal status (e.g. refugees under the terms of the Geneva Convention, foreign workers in possession of a dispensation certificate).

Unlike the regulations pertaining to unemployment benefit, suitable employment for those in receipt of emergency assistance also includes employment which will undermine the beneficiary's

chances of returning to his/her previous occupation, provided that he/she has no hope of finding work in his/her original occupation in the foreseeable future.

Emergency assistance is payable for one year and may be extended indefinitely by application, provided that the qualifying conditions are fulfilled; foreign workers in possession of a dispensation certificate may draw this benefit for a maximum duration of 52 weeks.

Emergency assistance for the elderly unemployed

The access of older unemployed persons to emergency assistance is facilitated by more favourable regulations concerning exemption limits. Under the condition that there is no possibility of placing a claimant and the regional advisory council has been consulted

- the exemption limit is raised by 100% for persons whose entitlement to unemployment benefit for 52 weeks has expired after their 50th birthday (the exemption limit for partners is thus ÖS 10,990, and for each dependent ÖS 5,536);
- the exemption limit is trebled for persons who become unemployed after their 55th birthday if their entitlement to unemployment benefit for 52 weeks has expired and they have been in contributory employment for at least 20 years (partners: ÖS 16,485; children: ÖS 8,304).

5.2 Transfer benefits to facilitate transition into retirement

Special support

Special transfer benefits were established as early as the 1960s within the framework of the Special Support Act in order to enhance the material security of persons employed in economic sectors which were particularly affected by closures or cutbacks due to changes on international markets or European integration and who were impossible to place in suitable employment. Further aims were to relieve the burden on the labour market and to improve the employment prospects of younger workers.

At present, this type of regulation applies only to former employees of mining enterprises; these are entitled to a benefit equal to their future disability or miners' pension, which they may draw fourteen times annually after reaching age 52, provided that

- they were employed for at least 10 years in mining enterprises which comprised one production unit at their respective location and
- they contributed to pension insurance for 180 months.

Income from other sources is calculable.

Universal special support was introduced in 1979 as a result of the overall increase in unemployment of older workers and the disimprovement of their prospects of reemployment. In addition to bettering their material welfare, receipt of universal special support also entitles older workers to claim an early retirement pension on grounds of unemployment.

Universal special support is available to persons who

- are aged over 59 (men) or 54 (women);
- have been in contributory employment for at least 180 months during the preceding 25 years;
- have paid pension insurance contributions for 180 months;
- fulfil the conditions for receipt of unemployment benefit and cannot be placed, even with the help of subsidies.

Universal special support is equal to unemployment benefit plus a 25% premium and a family allowance where applicable; however, it may not exceed the disability pension which would otherwise be due. Unlike special support for miners, income from other sources is not calculable.

Pension advances

Persons who apply for a pension (old-age pension, (occupational) disability pension, etc.) while in receipt of unemployment benefit, emergency assistance or special support are granted an advance on their pension in order to provide them with financial security while their claim is being considered by the pension insurance authority.

The advance is equal to the amount of unemployment benefit (or emergency assistance) due, however, it may not exceed the average old-age or disability pension (1995: ÖS 10,488 or ÖS 8,187; basis of assessment: 30 days). If the pension claim is denied, the pension advance is classified as unemployment benefit or emergency assistance.

5.3 Family benefits

Parental allowance

Parental allowance is payable as an income compensation for the duration of the period in which a parent cares for his/her young child if this entails interrupting his/her employment or a reduction in his/her normal working hours.

As for unemployment benefit, applicants must have been in contributory employment for at least one year; shorter periods of employment suffice after the first claim (26 weeks) and for persons aged under 25 (20 weeks).

Fathers who reside in the same domicile as their child are only eligible for parental allowance if they fulfil the qualifying conditions and the mother of the child forfeits her entitlement.

Parental leave may also be shared between parents; in this case each parent may avail of leave once for a minimum duration of 3 months.

The monthly parental allowance is equal to at least ÖS 5,439 (basis of assessment: 30 days), regardless of the previous gross wage earned. Single parents and parents whose partners have a low income are entitled to a higher parental allowance of maximum ÖS 8,049 until the end of 1995; the total family income is calculable. From 1996 onwards this higher parental allowance will be re-

placed by a subsidy amounting to no more than ÖS 2,500, to be added to the minimum rate of parental allowance. However, the subsidy must be refunded by the parent who has not drawn parental leave if his/her income exceeds a specified limit.

Persons who illicitly draw increased parental allowance on the basis of non-disclosure of the family situation (e.g. cohabitation) must refund twice the amount of the benefit.

Instead of taking parental leave and thereby forfeiting income from employment, parents may opt for continued employment on a part-time basis, drawing a reduced parental allowance at the same time. Reduced parental allowance amounts to between 40 and 50% of the rate due when working hours are reduced to at least 60% of statutory normal weekly working time. Parents are not legally entitled to part-time employment – unlike parental leave, it is subject to the agreement of the employer.

Parental allowance is payable until the child's second birthday when employment is interrupted and until the child's fourth birthday when the parent works part-time. Combinations of total interruption and part-time employment are also possible.

Part-time allowance for mothers in dependent employment

Women who do not meet the qualifying conditions for receipt of parental allowance because their working hours are too short are entitled – after receipt of maternity allowance from the health insurance system for eight weeks prior to and eight weeks subsequent to the birth of their child – to a part-time allowance equalling 50% of parental allowance until the child's second birthday. Women in receipt of part-time allowance may continue working.

Benefits subsequent to parental allowance

The following benefits were introduced with a view to supporting persons in receipt of parental allowance who are experiencing difficulties in reintegrating into working life on expiry of their parental leave:

Enterprises which employ parents returning to work after parental leave for at least one year after the compulsory four-week retention period receive a reintegration allowance.

Under certain circumstances, persons who have received parental allowance and are dismissed by their employer after the retention period are entitled to training-unemployment benefit for a maximum duration of 26 weeks.

In lieu of this benefit, parents may also draw special emergency assistance if they find it impossible to take up new employment or continue their previous employment due to the absence of a care facility for their young child. The maximum duration of special emergency assistance is until the child's third birthday; as for emergency assistance, the partner's income is calculable. The beneficiary's willingness to work is not monitored during receipt of special emergency assistance.

6. Matching Labour Market Supply and Demand

6.1 Principles

The main objective of the Employment Service Act is to pursue a balance of labour supply and demand which is as complete, as economically practicable and as sustainable as possible and thus to ensure as far as possible the supply of labour to the economy and the employment of the entire labour force.

Placement of the unemployed is the priority goal; the services available also aim to overcome obstacles to placement, to maintain jobs and to safeguard the livelihood of the unemployed (§ 29 *AMSG*).

The services provided under active labour market policy are open on a voluntary basis to all persons and enterprises seeking advice; enterprises are thus not obliged to notify the Employment Service of their labour needs.

Nobody has a legal entitlement to these services. Consequently, it is not possible to assert a legal claim to placement in a particular job or training place, placement of a particular person in a particular job, or support under the *AMSG*.

The services are provided free of charge. The Employment Service may only demand payment for special services to enterprises (e.g. testing and pre-selection of job applicants, special advertising measures or staff counselling schemes).

The employees of the Employment Service are bound to confidentiality, protection of privacy and impartiality. For example, manpower may not be placed in an enterprise affected by a strike or a lock-out.

Clients are assigned to the individual counsellors in the regional offices according to formal criteria (date of birth, initial of surname) and not by occupation. Counselling and assistance are usually provided through personal interview. Group consultation is also being promoted for certain target groups.

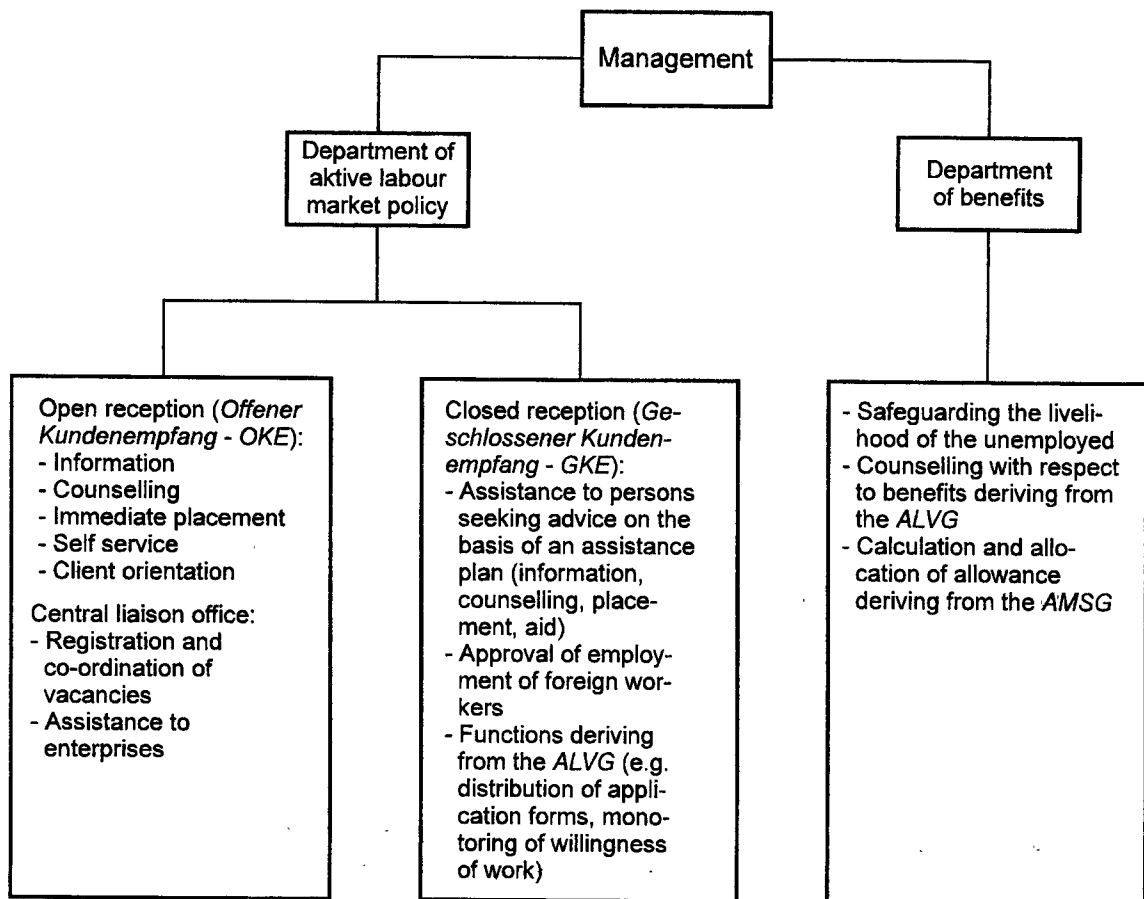
6.2 Procedure in the regional offices of the Employment Service

Labour market policy is implemented by the regional offices, which usually comprise two departments:

- The employees of the departments of active labour market policy are responsible for the provision of services (information, counselling, placement) and the allocation of financial aid; these tasks also entail some passive labour market policy functions (e.g. distribution of application forms for benefits, monitoring willingness to work). The departments are also responsible for the admission of foreign workers to the labour market.
- The employees of the departments for affairs related to benefits are concerned with the functions of passive labour market policy (counselling on matters relating to benefits, payment

of wage-compensation benefits). They are also charged with administering transfer payments relating to parenthood, bad-weather compensation and benefits which facilitate the transition into retirement until such time as these functions are transferred to other public bodies.

Structure of the regional offices



Department of active labour market policy's two-tier structure

Depending on their needs and wishes, workers and enterprises are received in the open or closed reception. The open reception provides first-time and impromptu visitors with the following immediate services: initial information, ascertainment of the client's needs, direction to the appropriate offices and assistance to visitors availing of self-service facilities. Intensive and longer-term assistance is provided in closed reception.

The central liaison office provides services to enterprises, such as registration and processing of placement assignments and counselling, and is also responsible for acquiring training places and

jobs. The employees in closed reception are charged with endeavouring to acquire jobs or training places for those workers registered for placement.

Integration as a principle of organisation

The principle of integrating the entire range of services when assisting clients ensures that all are served uniformly and efficiently: the different phases of the assistance plan (problem analysis, intensive individual assistance, realisation of each stage of the assistance plan, monitoring of results, etc.) proceed in smooth succession, a beneficial relationship of mutual trust is built up between counsellor and client and unnecessary overlapping is avoided.

Integration is pursued at three levels:

- Integrated assistance to clients: each client remains the responsibility of one counsellor for the duration of the counselling process.
- Integrated Employment Service functions: the counsellors take charge of all active labour market policy functions and measures (information, counselling, placement and financial aid) for the clients assigned to them.

Depending on the circumstances prevailing in the respective region, employees are specially trained and deployed to care for certain groups of persons for whom specific knowledge is required, e.g. persons undergoing rehabilitation and young people.

- Integrated labour market: the electronic data-processing system provides clients with information concerning the entire labour market and all registered vacancies and labour market policy schemes planned throughout Austria; this enables cross-regional and cross-occupational placement.

The staff of the regional offices are supported by psychologists who are employed by the *Land* offices and larger regional offices.

Assistance plans

On the basis of the results achieved in the first counselling session, a tailor-made assistance plan – under consideration of the prevailing labour market situation – is drawn up by the counsellor and client to provide a basis for the goal of the consultation and the steps required to this end. This agreement represents a clearly defined schedule for both counsellor and client.

6.3 Technical resources

The Employment Service has a national online data-processing network at its disposal which provides the employees with up-to-date and immediate access to the entire labour market from both a geographical and occupational perspective.

Data on jobseekers, enterprises, registered vacancies and labour market policy schemes (courses, external counselling centres, etc.) are recorded. The data-processing system is used to match clients to vacancies or labour market policy schemes.

A computer-aided match – using various search mechanisms (e.g. keywords) – of registered job-seekers to vacancies entered into the system supports endeavours to fill available jobs as rapidly as possible.

Workers who are qualified for a particular vacancy are sent so-called introduction cards which contain information about the employer and the job offer.

Placement activities are recorded with the help of the data-processing system so that both the type and number of placement attempts and successful placements can be constantly monitored.

If jobseekers undertake placement efforts themselves, the counselling is organised around their endeavours. Their efforts are supported by the counsellors, who, for example, contact the enterprise in question and may offer financial aid.

Electronic data-processing also serves to rationalise work processes, is used to administer financial benefits, in statistical surveys (labour market monitoring and research) and is an aid to co-operation with other public bodies (e.g. with the social security authorities: queries regarding insurance records).

Communication with enterprises is facilitated by the Employment Service's own data network (e.g. placement and licences to employ foreign labour).

Persons seeking advice and jobseekers are supported in independent activities by so-called Samsomats, from which they can independently acquire up-to-date data concerning registered vacancies and training places, information about (apprenticeship) occupations, the activities of the Employment Service, the requirements for receipt of benefits and the employment of foreign workers.

6.4 Extrinsic placement

The labour market authority's monopoly on placement (exceptions were only possible under extremely specific conditions, e.g. placement free of charge by charitable institutions or placement of artists against a fee) was first restricted in 1992 following the approval of private placement of executives against a fee. Commercial employment agencies could only be operated on the condition that they were associated with a management consultancy and management organisation business and were approved by the competent *Land* employment office, which ascertained whether the required conditions were met.

However, due to the restriction of placement activities to the highly qualified, little use was made of this development (at the beginning of 1995 around 15 private agencies were in operation).

When the *AMSG* came into effect in July 1994 commercial, private job placement was approved for all workers. The same conditions apply to private placement agencies as to the Employment Service (e.g. consent of the worker, impartiality, suitability of employment, prohibition of placement in an enterprise affected by a strike or lock-out).

Operation of a private placement agency requires proof of a special business licence to place labour; the licence is issued by the *Land* Chief Secretary.

Persons wishing to engage in private placement must fulfil the following conditions:

- natural persons must be Austrian nationals and reside in Austria;
- juristic persons must be located in Austria and the managing director an Austrian national residing in Austria.

The condition of Austrian citizenship does not apply to relatives from EU and EEA countries.

In the absence of an ordinance from the Federal Minister of Economic Affairs in agreement with the Federal Minister of Labour and Social Affairs with respect to assessment of capability, it is sufficient if the person registering the business proves his/her ability by submitting unquestionable documents which suggest that the business will be operated with perfect expertise.

Business operations may not commence until the Federal Office for Social Affairs and the Disabled has been notified; this office has been charged since 1.1.1995 (instead of the Employment Service) with ascertaining that the required conditions have been met (possession of the appropriate business licence, independent business premises, qualified personnel, declaration of business location).

Placement agencies are obliged to provide records of their placement activities to the Federal Office for Social Affairs and the Disabled on a quarterly basis.

The Federal Office for Social Affairs and the Disabled exercises control and supervisory functions and can prohibit placement activities if the agency violates the legal obligations

Furthermore, damage claims can be brought against the agency in cases of false or inaccurate data about jobseekers or illegal disclosure of personal data.

Enterprises must pay a fee for placement, whereas the service must be provided absolutely free of charge to jobseekers; concurrent activities in the fields of manpower transfer and job placement are prohibited by law.

At the beginning of 1995 there were five commercial placement agencies in operation.

CHAPTER III MEASURES

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1. General Measures to Stimulate Employment

The most important objectives of labour market and employment policy in Austria are to reduce unemployment and to achieve a high level of employment. The fundamental preconditions for the accomplishment of these goals are long-term and stable growth with economic use of resources, a competitive and open economy, a stable monetary framework, which is committed to long-term goals, and subsidiary state intervention wherever private initiative fails.

Since the opening of the East and Austria's complete institutional integration into the EU, actual activity on the Austrian labour market, which was considerable to begin with, has recently increased. Thus, there are greater demands on social and labour market policy measures. In addition, the increasingly perceptible evidence that this situation will persist represents a further challenge to labour market policy in Austria.

Even if active labour market policy measures fail to provide a fundamental solution to the problem of under-employment – the limited scope of a small open economy such as Austria's means this is a challenge for macro-economic employment policy – then such measures still fulfil an essential supportive function in the increasingly rapid process of structural change, especially by matching supply of and demand for skills and generally pursuing a more socially acceptable transformation. In this respect, the broad range and wide-reaching deployment of instruments is an important feature of Austrian labour market policy; thus, the specific problems of diverse groups who are affected by unemployment can be addressed.

Employment policy is especially characterised by the integration of economic policy areas within the framework of a social-partner model for the resolution of conflicts. Hence, the actors strive to co-ordinate budgetary, monetary, currency, wages, structural and industrial policy in order to best achieve the goals of growth, price stability, budget consolidation and full employment. One of the consequences is that cyclical fluctuations are less severe in Austria than in comparable countries; this also has a positive impact on the labour market.

Guidelines of the Employment Service Act

The Employment Service is charged, within the framework of the Federal Government's policy of full employment, with pursuing a balance of labour supply and demand which is as complete, as economically practicable and as sustainable as possible, and thus ensuring as far as possible the supply of labour to the economy and the employment of the entire labour force (§ 29 (1) *AMSG*).

In pursuance of these goals, the Employment Service must fulfil functions (§ 29 (1) *AMSG*) which serve to:

1. efficiently place suitable jobseekers in jobs which best correspond to the worker's wishes with respect to employment;
2. help jobseekers overcome the effects of circumstances which present an obstacle to direct placement;
3. increase the transparency of the labour market;
4. reduce quantitative and qualitative imbalances between labour supply and demand;
5. maintain jobs where practicable;
6. safeguard the livelihood of the unemployed.

The Employment Service's range of services thus incorporates (§ 32 (2) *AMSG*):

- provision of information concerning the labour market and working life;
- vocational guidance;
- support to jobseekers in seeking and choosing a job;
- support which targets or maintains ease of placement for workers, e.g. through qualification schemes;
- support to enterprises in seeking and choosing suitable workers and in the elaboration of internal labour plans;
- support to enterprises and workers in creating and maintaining jobs.

The services are provided impartially and free of charge and are available on a voluntary basis. Neither workers nor enterprises are legally entitled to services or financial benefits from active labour market policy. The selection, range and combination of services are determined by the needs of each individual case.

Competent bodies may be retained under contractual agreements in order to supply services which cannot be provided by the Employment Service or whose provision by the latter would be impracticable or uneconomic.

Financial benefits from active labour market policy

The Employment Service grants financial benefits to persons and to bodies which organise labour market policy measures consisting of counselling, qualification or employment (§ 34 (2) *AMSG*) in order to promote

- measures against cost-related obstacles to job take-up;
- preparation for job take-up, training or further training;
- (re)integration into the labour market;
- maintenance of existing employment.

The total funds available for aid are divided between the *Land* offices of the Employment Service in proportion to their share of total unemployment. Aid linked to enterprises for job creation or the maintenance of endangered jobs is administered by the *BMAS*.

Subsidiary aid is allocated when the desired labour market policy goal cannot be achieved through the services of the Employment Service alone, regardless of whether the proposed beneficiary fulfils the conditions for receipt of wage-compensation benefits from unemployment insurance.

Hence, the object of financial aid or labour market policy measures is to contribute to removing individual placement problems. The goals set out in the assistance plan form the basis for the allocation of financial aid.

The Federal Minister of Labour and Social Affairs (in agreement with the Federal Minister of Finance) is the deciding body concerning the promotion of individual labour market policy measures which involve aid in excess of ÖS 50 million; all other allocation of financial aid is approved by the Employment Service.

As a rule, financial aid takes the form of subsidies of up to 100% for ensuing expenditure.

Aid granted to individuals takes the person's personal and social circumstances into consideration; institutions which carry out labour market policy measures receive reimbursement for their personnel and material costs. The amount of aid granted to enterprises, e.g. for in-plant training measures, depends on the advantage which ensues for the enterprise in question.

Special Federal Government programme (June 1993 – mid-1995)

In 1993 the Federal Government charged the labour market authority of that time with carrying out a "Special Programme to Stabilise Economic Growth and Employment" (the so-called "Structural Billion").

A total of ÖS 1 billion was made available for measures in the following five areas:

- training offensive: to expand and supplement the existing range of training for the employed and unemployed;
- up-to-date training: to expand training capacities in occupational areas with good prospects;
- employment foundations;
- child-care: establishment of additional care facilities by local authorities, training institutions and private bodies;
- aid to enterprises: to prevent a labour market impact ensuing from economic difficulties in enterprises.

Effects

| Persons aided through: | 1993 | 1994 |
|--|-------|--------|
| Aid towards individual training expenses (participation and expenses allowances) | 2,522 | 3,590 |
| Subsistence allowances | 2,240 | 2,979 |
| Promotion of in-plant training | 1,743 | 4,501 |
| Promotion of training in institutions | 7,526 | 10,581 |
| Promotion of employment foundations and similar measures | 427 | 1,016 |

2. Employment Maintenance

- A-ii.1 Short-time working allowance (*Kurzarbeitsbeihilfe*)
- A-ii.2 Bad-weather compensation and additional winter expenses allowance (*Schlechtwetterentschädigung und Wintermehrkostenbeihilfe*)
- A-ii.3 Reintegration aid after parental leave (*Wiedereinstellungsbeihilfe nach dem Karenzurlaub*)

Short-time working allowance (*Kurzarbeitsbeihilfe*)

Aim

To maintain jobs which are jeopardised by short-term difficulties in enterprises (e.g. unexpected lack of supplies or orders, natural disasters).

Legal Basis

- Employment Service Act (1994) in conjunction with the Labour Market Promotion Act (1968).

Contents

Short-time working allowances may be granted to workers in order to partially compensate for losses in income which are a consequence of short-term difficulties.

The following are the conditions for eligibility to short-time working allowance:

- the introduction of short-time working is subject to consensus between the social partners or collective bargaining parties, the works council and the management of the enterprise;
- the Employment Service must be informed within the required period of notice.

Financial Resources

Workers are paid at least 1/8 of the daily rate of unemployment benefit or the flat rate fixed by the *BMAS* for every lost working hour.

Short-time working allowance is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices in co-operation with the competent *Land* offices of the Employment Service.

Duration

No less than 20% of normal weekly working hours are worked within a four-week period.

In order to maintain the jobs of workers aged over 50, short-time working allowance may be granted for working-time reduction to 15% of normal working hours for up to one year.

Effects

| Year | Short-time working allowance* |
|------|-------------------------------|
| 1980 | 2,545 |
| 1981 | 13,401 |
| 1982 | 18,140 |
| 1983 | 27,433 |
| 1984 | 9,041 |
| 1985 | 352 |
| 1986 | 637 |
| 1987 | 1,359 |
| 1988 | 274 |
| 1989 | 33 |
| 1990 | 2,090 |
| 1991 | 1,198 |
| 1992 | 1,158 |
| 1993 | 2,272 |
| 1994 | 599 |

Note: * Up to 1984: beneficiaries; from 1985: volume of time lost calculated by workers.

A-ii.2

Bad-weather compensation and additional winter expenses allowance (*Schlechtwetterentschädigung und Wintermehrkostenbeihilfe*)

Aim

- To prevent fluctuations in employment in the building trade due to working hours lost on grounds of bad weather;
- to maintain employment in certain sectors during the winter period.

Legal Basis

- Law on bad-weather compensation in the building trade (1957);
- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

Bad-weather compensation is granted to building firms in order to make up for working hours lost due to bad weather conditions, provided that the firms have reimbursed the lost wages of their workers.

Additional winter expenses allowance (so-called *PAF*), which was paid to building firms and enterprises engaged in agriculture and forestry in order to compensate for additional expenses arising during the winter period, was suspended in 1992; currently, only the workers in these sectors receive an allowance for winter work clothes, travel expenses and/or maintenance of two households.

Financial Resources

Bad-weather compensation: the workers concerned receive wage compensation amounting to 60% of the wage due under normal circumstances. A flat rate of 30% towards social security contributions is included.

In 1994 the contribution from bad-weather compensation amounted to 1.4% of earned income and was divided equally between employers and workers in the building sector; from 1995 onwards unforeseeable expenditure will be covered by the State.

Bad-weather compensation (ÖS million – round figures):

| Year | Income | Expenditure |
|------|--------|-------------|
| 1992 | 434 | 467 |
| 1993 | 450 | 591 |
| 1994 | 471 | 571 |

Allowances for winter work clothes, travel expenses and maintenance of two households amount to up to absolutely necessary expenditure and are financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Bad-weather compensation is refunded by the regional offices of the Employment Service to employers who apply for this benefit.

Bad-weather compensation will be administered by the builders' holiday and severance payments fund until 1997.

The regional offices of the Employment Service are responsible for approving applications for allowances for winter work clothes, travel expenses and maintenance of two households.

Duration

There is a limit on the number of winter or summer working hours for which bad-weather compensation can be claimed (winter period from 1 November to 30 April: maximum 192 lost working hours; otherwise: maximum 96 lost hours; up to 144 working hours for workplaces at high altitudes). It is possible to transfer unclaimed lost hours from one season to the other.

Allowances for winter work clothes, travel expenses and maintenance of two households are granted once (winter work clothes) or for a specified duration.

Effects

| Year | Bad-weather compensation: lost hours approved | Additional winter expenses allowance granted to employers: recorded cases | Additional winter expenses allowances granted to workers: persons aided |
|------|---|---|---|
| 1980 | | 16,619 | 5,533 |
| 1981 | | 20,871 | 3,386 |
| 1982 | 5.9 million | 19,631 | 4,282 |
| 1983 | 7.1 million | 22,831 | 2,901 |
| 1984 | 6.3 million | 21,312 | 3,368 |
| 1985 | | 19,964 | 2,581 |
| 1986 | | 5,413 | 2,850 |
| 1987 | | 4,417 | 2,039 |
| 1988 | | 5,396 | 1,303 |
| 1989 | | 6,634 | 1,528 |
| 1990 | | 6,332 | 1,470 |
| 1991 | | 3,798 | 1,287 |
| 1992 | | — | 861 |
| 1993 | | — | 893 |
| 1994 | | — | 939 |

Note: The additional winter expenses allowance for employers was suspended in 1992.

A-ii.3

Reintegration aid after parental leave (*Wiedereinstellungsbeihilfe nach dem Karenzurlaub*)

Aim

To maintain the employment of workers on parental leave who have interrupted their employment due to the birth and care of their child and now wish to return to their jobs.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Unemployment Insurance Act (1977);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

Workers in receipt of parental allowance who return to their jobs are often confronted with the problem of dismissal and thus unemployment on expiry of the legally stipulated retention period of four weeks. Thus, in conjunction with the introduction of a second parental leave year, measures were adopted towards improving the reemployment prospects of mothers and fathers on parental leave.

Financial Resources

1. Enterprises with up to 50 employees receive a subsidy towards ensuing personnel costs; the reintegration subsidy amounts to the following share of the gross wage for the first three months:
 - 66% for enterprises with up to 10 employees;
 - 40% for enterprises with between 11 and 50 employees.

Enterprises are legally entitled to this subsidy.

2. Enterprises which employ more than 50 workers may receive training, retraining or further training allowances, or subsidies for training schemes; if the training scheme is approved by the Employment Service (no legal entitlement), a subsidy amounting to 30% of the gross wage due may be granted for a period of three months.

Reintegration aid is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices of the Employment Service.

Reintegration aid to enterprises with up to 50 employees will be administered from 1997 onwards (at the latest) by the health insurance authorities.

Duration

Reintegration aid is payable for three months, provided that employment is guaranteed for at least one year.

Effects

Persons aided in:

| Year | Enterprises with up to 50 employees | Enterprises with more than 50 employees |
|------|-------------------------------------|---|
| 1992 | 207 | 7 |
| 1993 | 1,339 | 41 |
| 1994 | 1,333 | 25 |

Note: Reintegration aid after parental leave was introduced in July 1992.

3. Aid to the Unemployed

- A-iii.1 Unemployment benefit, emergency assistance (*Arbeitslosengeld, Notstandshilfe*)
- A-iii.2 Benefits to facilitate transition into retirement (*Leistungen zur Erleichterung des Übertritts in die Pension*)
- A-iii.3 Promotion of jobsearch and entry into employment (*Förderung der Arbeitssuche und der Arbeitsaufnahme*)
- A-iii.4 Child-care allowance (*Kinderbetreuungsbeihilfe*)

Unemployment benefit, emergency assistance (*Arbeitslosengeld, Notstandshilfe*)*Aim*

To secure the livelihood of unemployed persons for the duration of unemployment.

Legal Basis

Unemployment Insurance Act (1977).

Contents

The persons concerned are legally entitled to the following benefits, provided that they fulfil the relevant qualifying conditions:

- Unemployment benefit: applicants must be unemployed (income from dependent employment under the non-significant income level of ÖS 3,452 per month is permissible), willing and able to work, and have been in contributory employment for a minimum duration (first-time claimants: 52 weeks within the preceding 104 weeks; repeated claims: 26 weeks within the preceding 52 weeks).
- Emergency assistance: applicants must have exhausted their entitlement to unemployment benefit and be in serious need of support; contrary to the regulations concerning unemployment benefit, the group of persons entitled to emergency assistance is restricted.

Special regulations facilitate the access of young people and older workers to the benefits. Cf. Chapter II for details.

Financial Resources

Unemployment benefit comprises a basic rate and family supplements:

The basic rate is derived from the income earned during the preceding six months (usually approx. 57% of the daily net income; there is no minimum rate).

Family supplements (ÖS 609 per month/30 days) are payable for young children and partners if the monthly net income of the beneficiary's partner is less than ÖS 14,000.

Emergency assistance may not exceed 92 or 95% of the unemployment benefit previously received.

Older workers are entitled to more favourable classification in the case of both benefits.

These benefits are financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices of the Employment Service.

Duration

The duration of unemployment benefit is graded, depending on the age of the recipient and the duration of the preceding employment.

Emergency assistance, as a follow-up benefit to unemployment benefit, is payable for an unlimited period, provided that the beneficiary is in serious need and meets the other requirements for eligibility.

Effects

Beneficiaries (annual averages):

| Year | Total number of beneficiaries | of which: Unemployment benefit | of which: Emergency assistance |
|------|-------------------------------|-----------------------------------|-----------------------------------|
| 1982 | 78,714 | 66,865 | 11,849 |
| 1983 | 96,972 | 75,347 | 21,625 |
| 1984 | 98,340 | 71,308 | 27,032 |
| 1985 | 100,887 | 72,487 | 28,400 |
| 1986 | 106,860 | 75,691 | 31,169 |
| 1987 | 113,766 | 78,109 | 35,657 |
| 1988 | 134,831 | 89,084 | 45,747 |
| 1989 | 128,687 | 86,137 | 42,550 |
| 1990 | 142,030 | 97,912 | 44,118 |
| 1991 | 164,466 | 112,207 | 52,259 |
| 1992 | 173,410 | 120,603 | 52,807 |
| 1993 | 201,176 | 139,674 | 61,502 |
| 1994 | 194,547 | 127,639 | 66,908 |

Note: New method of calculation from 1987 onwards.

Benefits to facilitate transition into retirement
(Leistungen zur Erleichterung des Übertritts in die Pension)

Aim

To enable premature transition into retirement (special support).

Legal Basis

Special Support Act (1973).

Contents

Persons aged over 54 (women) or 59 (men) who have contributed to unemployment and pension insurance for a certain minimum duration (180 months) and who cannot be placed – even when financial aid is offered – are entitled to universal special support. In addition, workers from specific economic sectors which are particularly affected by the structural transformation may receive a specific form of special support; this regulation currently only applies to workers in the mining sector who are aged over 52.

Cf. Chapter II for details.

Financial Resources

- Universal special support: equal to the appropriate rate of unemployment benefit plus a 25% bonus, but not exceeding the disability pension which would apply;
- special support for specific economic sectors: at most equal to the disability or miners' pension which would be due, payable 14 times annually (income from other sources is calculable).

Special support is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices of the Employment Service.

These transfer benefits will be administered by the pension insurance institutions from 1997 onwards.

Duration

Until a pension is claimed.

Effects

Beneficiaries (annual averages):

| Year | Special support |
|------|-----------------|
| 1982 | 5,495 |
| 1983 | 6,844 |
| 1984 | 10,406 |
| 1985 | 12,108 |
| 1986 | 13,317 |
| 1987 | 15,408 |
| 1988 | 16,295 |
| 1989 | 14,154 |
| 1990 | 11,904 |
| 1991 | 10,404 |
| 1992 | 9,462 |
| 1993 | 11,156 |
| 1994 | 14,045 |

Promotion of jobsearch and entry into employment (Förderung der Arbeitssuche und der Arbeitsaufnahme)

Aim

To facilitate the search for work and entry into employment by promoting regional mobility, granting application allowances, clothing and tools allowances and promoting in-plant practicums.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

Allowances to promote jobsearch and entry into employment:

Application allowance to pay for the preparation of application dossiers, for telephone calls, aptitude tests, etc.

Interview allowance for travel expenses, accommodation and food.

Travel allowance for travel between home and work, accommodation at the place of work.

Relocation allowance for moving expenses, acquisition of new accommodation and acclimatisation.

Clothing and tools allowance for work clothes and tools.

Transition allowance to bridge the waiting period before the worker's first wage.

Entry into new employment can be facilitated through on-the-job training measures (practicums).

Disabled persons may claim an allowance towards the purchase of a car adapted to their functional needs.

Financial Resources

Partial or total reimbursement of actual costs.

In-plant practicums are supported by individual subsistence allowances (cf. A-iv.2).

Aid to promote the mobility of disabled persons through the purchase of adapted cars takes the form of interest-free loans or subsidies, under consideration of the funds at the disposal of other bodies (Federal Offices for Social Affairs and the Disabled).

These measures are financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices of the Employment Service.

Duration

The duration varies depending on whether the allowance is a once-off benefit (e.g. transition allowance) or payable for a certain length of time (e.g. separation allowance) – usually for not more than one year, although an extension is possible under special circumstances.

Effects

| Year | Travel allowance ¹ | Application allowance ¹ | Interview allowance | Relocation allowance | Clothing and tools allowance | Transition allowance | Cars for disabled persons |
|------|-------------------------------|------------------------------------|---------------------|----------------------|------------------------------|----------------------|---------------------------|
| 1990 | 976 | 32,873 | — | 3,035 | 834 | 2,542 | 286 |
| 1991 | 933 | 32,853 | — | 2,512 | 689 | 1,908 | 331 |
| 1992 | 1,114 | 7,938 | — | 1,175 | 724 | 1,583 | 274 |
| 1993 | 2,015 | 395 | 8,721 | 25 | 709 | 1,179 | 228 |
| 1994 | 2,303 | 375 | 11,196 | 34 | 744 | 1,327 | 222 |

Notes:

¹ 1990-1992: The application allowance includes interview allowances and local travel expenses (non-divisible).

In-plant practicums are not listed separately, but included in the statistics for subsistence allowances (cf. A-iv.2).

Child-care allowance (*Kinderbetreuungsbeihilfe*)*Aim*

To integrate persons with custodial obligations into the labour market.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

The allowance is paid to persons who are prevented by their custodial duties from entering or resuming employment, or participating in a training or further training scheme. This allowance especially targets improved employment prospects for women.

Allowances are payable for up to three years for the care of children under the age of 15 in play-groups, crèches, kindergartens, private children's groups, day-homes and by child-minders.

Financial Resources

The allowance is graded according to the income of the beneficiary (single persons: up to ÖS 20,400; families: up to ÖS 30,600); child-care costs of up to ÖS 3,500 or ÖS 5,000 per month for child-minders employed by parents are reimbursed.

Child-care allowance is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices of the Employment Service.

Duration

Child-care allowance is payable in principle for a maximum duration of three years.

Effects

Claims approved:

| Year | Child-care allowance |
|------|----------------------|
| 1980 | 374 |
| 1981 | 337 |
| 1982 | 377 |
| 1983 | 568 |
| 1984 | 382 |
| 1985 | 616 |
| 1986 | 725 |
| 1987 | 677 |
| 1988 | 689 |
| 1989 | 2,385 |
| 1990 | 4,139 |
| 1991 | 5,582 |
| 1992 | 5,752 |
| 1993 | 6,799 |
| 1994 | 7,544 |

Notes: New regulations in application since 1989; the duration of benefit was reduced from 12 months to six months in April 1994.

4. Training, Further Training, Retraining and Occupational Mobility

- A-iv.1 Goals and priorities of vocational training and further training (*Ziele und Schwerpunkte der beruflichen Aus- und Weiterbildung*)
- A-iv.2 Aid to individuals (*Förderung von Personen*)
- A-iv.3 Aid to institutions (*Förderung von Einrichtungen*)
- A-iv.4 Aid to enterprises (*Förderung von Unternehmen*)
- A-iv.5 Promotion of apprenticeship training and vocational preparation (*Förderung der Lehrausbildung und der Berufsförderung*)

Goals and priorities of vocational training and further training (Ziele und Schwerpunkte der beruflichen Aus- und Weiterbildung)

Actors in the field of vocational training

Adult vocational training and further training are not governed by any regulations under Austrian constitutional law which would establish them as a third pillar of education alongside schools and universities/higher-education institutes. The field is dominated by three large adult education bodies which are operated by the social partners – Industrial Institutes (*Wirtschaftsförderungsinstitute – WIFI*), Vocational Institutes (*Berufsförderungsinstitute – BFI*) and Rural Further Training Institutes (*Ländliche Fortbildungsinstitute – LFI*). However, the continuing need for further training as a basis for the maintenance and development of Austria's competitiveness on international markets has led to changes in the further training situation in recent years. An increasing number of private suppliers are expanding the ever better functioning further training market and are a source of competitive pressure for the public and social-partner bodies to improve the quality of their services. The following further vocational training sectors can be distinguished in Austria:

- schools for the employed which are governed by the Schools Organisation Act;
- qualification schemes commissioned by the Employment Service;
- educational services provided by the Austrian Conference on Adult Education (*Konferenz der Erwachsenenbildung Österreichs – KEBÖ*) (including educational institutions operated by the social partners);
- private suppliers;
- in-plant further training.

The programmes available in the schools for the employed are governed by federal laws and ordinances and are standardised and controlled by the State. They serve to provide an opportunity for people to repeat final state examinations via second-chance education; the schools are authorised to award all final reports and certificates and the programmes are linked to certain vocational qualifications, such as the substitute final apprenticeship examination. Schools for the employed are usually run by the State or the *Länder*.

The ten largest adult education bodies in Austria are affiliated in the *KEBÖ*, constituting an independent forum for conference and co-operation. Each body operates independently, the most important being the social partners' adult education institutions, the *WIFIs* under the chambers of commerce, the *BFIs* under the workers' chambers and the Austrian Trade Union Federation, and the *LFIs* under the agricultural chambers. The educational courses provided are agreed on by the social partners in accordance with the needs of the members they represent.

Private suppliers are represented in all areas of further training, however they are particularly manifest in the fields of data-processing, information, communication and organisation.

The great advantage of in-plant further training is that specialised and immediately applicable training courses are provided. The training received can be practised in daily working life in the company and also usually entails the possibility of promotion. More than four out of five enterprises and practically all enterprises with over 100 employees combine in-plant and external further training.

The Austrian Employment Service does not operate any training establishments itself; within the framework of promoting training for the labour market under the terms of the Employment Service Act, it engages the services of existing further training bodies. The participation of individuals in

further vocational training schemes provided by adult education institutions may be financially supported following investigation by the regional offices of the Employment Service of the usefulness of the training from a labour market policy point of view. The Employment Service devises vocational training and further training schemes for certain disadvantaged groups in order to supplement the range of further training available on the education market and commissions adult education bodies to operate these schemes. The most important co-operating partners are the *BFI*, the *WIFI* and the *LFI*, all of which also operate training centres which are co-financed from labour market policy funds. In 1994 the Employment Service had ÖS 1.85 million at its disposal for the promotion of training for the labour market (1994 federal preliminary budget).

Employment Service qualification schemes

It is often the case that placement efforts fail because the worker concerned has no vocational qualification. Hence, vocational preparation schemes and vocational training, retraining and further training are among the most important active labour market policy instruments to support placement activities.

The participants in such schemes are mainly unemployed persons with no vocational qualification or one that is outdated, disabled persons, persons returning to work, girls with untypical career choices and young people experiencing difficulty in finding their first job. Financial support is also provided for training for employed workers with a view to maintaining existing employment.

The Employment Service selects the participants. Allowances are granted regardless of whether participants are entitled to receive benefits from unemployment insurance.

Participants receive a subsistence allowance for the duration of the qualification scheme and any expenditure is reimbursed (cf. A-iv.2).

Under specific circumstances working students may receive benefits from unemployment insurance while pursuing their studies (e.g. members of employment foundations, cf. A-viii.3); allowances are only granted in exceptional cases to persons undergoing training in schools.

Priorities

Apprenticeship training:

- Promotion of apprenticeship training within the framework of the dual training system (employment and practical training in a training company, theoretical training in a vocational school) for young people with labour market difficulties, girls in male-dominated occupations and unemployed persons with no vocational qualification or one that is outdated.
- Promotion of intensive training for specialised workers: adults are prepared – usually in one-year courses – for the final apprenticeship examination in one of over 20 occupations, e.g. in the fields of wood-working, metal-working, electrical work, tourism or clerical work. These courses are carried out in appropriately equipped training centres run by the social partners.

The courses particularly serve to retrain persons who are unable to find employment due to technical and structural changes in their profession, or because they are disabled following an accident and are thus unable to pursue their occupation.

- Promotion of apprenticeship training for women in craft/technical occupations with the aim of counteracting segmentation in the labour market and improving the employment prospects of women; models were tested in co-operation with enterprises and consisted of practical training

in the company and theoretical instruction in courses designed to meet the needs of specific target groups.

Other training:

In addition to apprenticeship training, the Employment Service also promotes a range of other vocational training courses, for example in the technical, social, ecological and tourism sectors (organisational programmer, industrial information processor, DTP layout/graphic artist, CAD constructor, project organiser, social or career guidance counsellor, ecological economist or ecological counsellor, tourism assistant, child-minder, hospital/home assistant, etc.).

Further training and further qualification:

The courses available include: computer operation in technical (CAD/CAM) or business occupations – practical business knowledge can be acquired and applied in so-called practice firms; other examples are instruction in foreign languages, communication techniques and the acquisition of specialised skills, e.g. dietetic cooking.

Special training courses seek to meet the needs of specific target groups:

- Schemes targeting the vocational rehabilitation of disabled persons; these incorporate vocational guidance and vocational training and are carried out by Vocational Training and Rehabilitation Centres (*Berufliche Bildungs- und Rehabilitationszentren – BBRZ*) and vocational guidance and employment-training centres;
- Young people, persons who change their occupation and disabled persons are explicitly prepared for the training course they have chosen (vocational preparation) with a view to increasing their chances of successfully completing training.
- "Social" courses are provided for persons whose reintegration into the labour market not only depends on the acquisition of a qualification but also on personal development and increased motivation. These courses give special attention to the personal and social circumstances of the participants; the primary target group is long-term unemployed facing considerable obstacles to placement.

In addition to developing the content of the programme of training courses, the Employment Service also endeavours to achieve improvements in methodology and organisation:

The purpose of "module systems" is to enable workers to devise individual qualification plans and to grant them flexible access to training schemes through a reduction in the waiting period before course commencement and in course duration.

Special attention is also given to integrating course units which have the object of preparing participants for jobsearch and strengthening their personal initiative.

Vocational training in the dual system

Some 45% of all young people who have completed Austria's nine compulsory school years enter the dual system.

There are currently 240 different apprenticeship trades in Austria. The duration of training varies – depending on the trade – between two and four years; most apprenticeships last three years.

The essence of the dual system is that two different but complementary types of training are provided in two different locations.

In-plant apprenticeship training is a training relationship established on the basis of an employment contract which in turn is governed by the regulations pertaining to the apprenticeship in question and/or the description of the trade. The training company finances in-plant training.

At the same time, general knowledge, theoretical vocational instruction and tuition which supplements the practical side of the apprenticeship are provided in the vocational school. Apprentices attend the vocational school once or twice a week or in blocks of eight or ten weeks, depending on the region and occupational group. Instruction is regulated by tuition schedules and is financed by the State.

Through the combination of "learning on the job" and comprehensive training in vocational schools, the dual system offers pedagogical opportunities which cannot be provided in the same form by purely theoretical training. In addition, the integration of the apprentices in the training companies facilitates their later transition into working life.

Aid to individuals (*Förderung von Personen*)

Aim

- To secure the livelihood of persons participating in vocational training schemes or in-plant practicums;
- to safeguard endangered jobs.

Legal Basis

- § 32 in conjunction with § 34 and §§ 35-38 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs;
- § 18 (8) Unemployment Insurance Act (1977).

Contents

The following allowances are available for persons participating in training or further training schemes, vocational guidance courses, active groups and employment-training schemes (practicums):

- Subsistence allowance (*Beihilfe zur Deckung des Lebensunterhalts – DLU*) to secure the livelihood of participants for the duration of the scheme. The benefit also entails health, accident, pension and unemployment insurance. Recipients may thus acquire entitlement to unemployment benefit if the scheme is of sufficient duration.
- Participation and expenses allowance to cover expenditure arising from participation in a scheme (e.g. course materials or fees for courses which are not commissioned by the Employment Service).
Young participants in training schemes receive a subsistence allowance in lieu of a participation and expenses allowance and are thus covered for accident and health insurance.
- Travel, accommodation and food allowances are granted to persons participating in schemes taking place at some distance from their place of residence.
- Training-unemployment benefit is granted to persons who are dismissed by their employer on expiry of the four-week statutory retention period after parental leave, provided that they register as unemployed within one week, cannot be placed and agree to participate in a labour market training scheme; training-unemployment benefit is also payable when the Employment Service is unable to offer a suitable training course to those concerned.
- A once-off or regular training allowance is granted to apprentices (youth and disabled persons) for additional accommodation costs at the place of training or for daily travel and for necessary acquisitions in order that those concerned can successfully complete their apprenticeship despite extra expenses.

Financial Resources

- Subsistence allowance: participants in daytime and full-time training courses of at least 25 hours per week receive a subsistence allowance equal to the unemployment benefit which would otherwise be due, but not less than ÖS 6,636 per month (1995).
Participants in part-time courses of at least 16 hours per week receive a subsistence allowance amounting to ÖS 4,080 per month.
A premium of ÖS 2,040 is payable for rehabilitation and training schemes which have a duration in excess of six months.

- Participation and expenses allowance: may not exceed the costs which arise from participation in a training scheme; young participants receive a monthly allowance of ÖS 2,040.
- Travel allowance: may not exceed arising travel expenses; accommodation and food allowance: maximum ÖS 630 per diem.
- Training-unemployment benefit: equal to unemployment benefit due.
- Training allowance: the once-off allowance amounts to approx. ÖS 1,000 per year of apprenticeship or up to ÖS 1,500 in certain cases; the regular allowance amounts to between ÖS 500 and ÖS 800; persons with no claim to subsistence allowance: up to ÖS 1,500 per month.

Aid to individuals is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices of the Employment Service.

Duration

Depends on the duration of the scheme; training-unemployment benefit: max. 26 weeks.

Effects

Beneficiaries:

| Year | Subsistence allowance (DLU) | Participation and expenses allowance | Training allowance | Training-unemployment benefit (annual averages) |
|------|-----------------------------|--------------------------------------|--------------------|---|
| 1980 | 6,682 | 11,979 | 14,733 | |
| 1981 | 6,180 | 11,691 | 10,445 | |
| 1982 | 9,479 | 16,325 | 9,586 | |
| 1983 | 25,414 | 24,940 | 9,650 | |
| 1984 | 20,492 | 29,080 | 9,179 | |
| 1985 | 27,364 | 36,029 | 9,159 | |
| 1986 | 34,794 | 46,632 | 9,564 | |
| 1987 | 27,346 | 37,719 | 4,799 | |
| 1988 | 21,149 | 30,305 | 3,725 | |
| 1989 | 27,686 | 41,339 | 3,817 | |
| 1990 | 29,975 | 46,630 | 3,304 | |
| 1991 | 26,342 | 42,900 | 1,389 | |
| 1992 | 22,214 | 34,980 | 245 | |
| 1993 | 31,496 | 45,363 | 222 | 75 |
| 1994 | 39,097 | 60,122 | 73 | 114 |

Notes: *DLU*: including beneficiaries on training schemes, vocational guidance courses, action groups, etc.

Training-unemployment benefit was introduced in 1993.

Travel, accommodation and food allowance: cf. statistics under A-iii.3.

Aid to institutions (*Förderung von Einrichtungen*)

Aim

To ensure the provision of training and further training to the unemployed.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

The further training establishments operated by the social partners are among the institutions which are most frequently commissioned by the Employment Service to carry out labour market training schemes; these bodies have their own training centres where the range of courses includes intensive training for skilled workers in crafts and technical occupations. They also operate their own training centres for the vocational rehabilitation of disabled persons (vocational training and rehabilitation centres).

The Employment Service also commissions numerous other educational institutions to carry out vocational training, retraining and further training schemes.

Financial Resources

The institutions receive subsidies which reimburse up to 100% of expenditure linked to training courses (training personnel, material costs).

The Employment Service also co-finances building and installation costs for the social partners' training centres.

Aid to institutions is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices in co-operation with the competent *Land* office of the Employment Service.

Duration

Depends on the respective training or further training scheme; intensive training for skilled workers, for example, has a duration of approximately one year.

Effects

| Year | Beneficiaries of training in institutions |
|------|---|
| 1980 | 22,773 |
| 1981 | 19,758 |
| 1982 | 24,076 |
| 1983 | 30,041 |
| 1984 | 30,922 |
| 1985 | 30,665 |
| 1986 | 37,150 |
| 1987 | 32,335 |
| 1988 | 24,739 |
| 1989 | 30,842 |
| 1990 | 40,335 |
| 1991 | 37,325 |
| 1992 | 27,918 |
| 1993 | 42,673 |
| 1994 | 46,505 |

Aid to enterprises (*Förderung von Unternehmen*)

Aim

- To create training and further training opportunities for the unemployed;
- to safeguard endangered jobs.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

In addition to educational institutions, enterprises may also be commissioned to carry out vocational training and further training schemes. It is important in this regard that the qualifications acquired may not only be put to use in the training company.

In-plant training schemes are also financed by the Employment Service in order, for example, to contribute to safeguarding existing employment within the framework of the early warning system.

Financial Resources

The amount of aid provided depends on the degree of interest the company has in the trained employees, but is usually a subsidy equal to 50% of total costs. If a scheme is carried out purely in the interests of the Employment Service, up to 100% of arising costs may be reimbursed.

A subsidy may be paid towards the wage or salary costs of workers participating in training schemes designed to secure their jobs.

Aid to enterprises is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional and *Land* offices of the Employment Service.

Duration

Depends on the qualification pursued.

Effects

| Year | Beneficiaries of training in enterprises |
|------|--|
| 1980 | 8,178 |
| 1981 | 10,047 |
| 1982 | 11,138 |
| 1983 | 11,759 |
| 1984 | 11,919 |
| 1985 | 8,058 |
| 1986 | 8,549 |
| 1987 | 7,811 |
| 1988 | 4,114 |
| 1989 | 6,753 |
| 1990 | 6,541 |
| 1991 | 5,189 |
| 1992 | 3,967 |
| 1993 | 7,156 |
| 1994 | 9,957 |

Promotion of apprenticeship training and vocational preparation (Förderung der Lehrausbildung und der Berufsvorbereitung)

Aim

- To provide vocational training for particular categories;
- to ensure high-quality apprenticeship training.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

Enterprises and institutions receive grants if, within the framework of apprenticeship training, they employ and train:

- young people who are disadvantaged on the labour market (young people with a physical, psychological or mental disability, young people with social problems, graduates of special schools, second-generation foreigners, young people who have failed to complete an apprenticeship, etc.);
- girls in occupations where women are under-represented (less than 45%);
- unemployed adults with no vocational qualification or one that is outdated.

A trainee place that constitutes new employment can also be subsidised, provided that the company is located in a problem region.

In order to improve the quality of apprenticeship training and to promote the dissemination of skills and knowledge in a range of specialised fields, the Employment Service provides financial aid to institutions and companies which supply those elements of training which the training company itself is unable to provide because, for example, the necessary equipment or specialised personnel are not available (so-called inter-plant additional training).

Companies and institutions which carry out general or specific vocational preparation schemes also receive financial aid (e.g. in order to provide young people with an insight into the demands of the occupation they wish to pursue or to prepare them for a specific vocation).

Financial Resources

Aid towards apprenticeship training consists of a partial reimbursement of the trainees' remuneration (maximum ÖS 2,000; with hostel accommodation: maximum ÖS 3,000).

Where girls are trained in male-dominated occupations, expenditure on necessary adaptations (toilets, changing rooms) is also subsidised.

The Employment Service refunds the higher personnel costs which ensue from the employment and training of adults as compared to young people in apprenticeship trades (the difference between trainee remuneration and the collectively agreed unskilled worker's wage).

Subsidies for vocational preparation schemes amount to up to 100% of arising personnel and material costs.

Inter-plant additional training: approx. 50% of arising costs (maximum ÖS 8,000 per month) are reimbursed.

The aid is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices of the Employment Service.

Duration

Grants are either payable for the duration of the respective scheme (duration of apprenticeship training or vocational preparation) or are once-off benefits (equipment costs for training of girls).

The aid for inter-plant additional training is payable for a maximum duration of three months per trainee and training year.

Effects

| Year | Apprenticeship training – trainees funded | Vocational preparation – young people funded |
|------|--|---|
| 1980 | 3,875 | 1,134 |
| 1981 | 5,161 | 1,293 |
| 1982 | 5,666 | 964 |
| 1983 | 11,018 | 1,863 |
| 1984 | 13,545 | 2,515 |
| 1985 | 17,891 | 3,507 |
| 1986 | 16,891 | 3,381 |
| 1987 | 8,769 | 2,987 |
| 1988 | 4,844 | 1,535 |
| 1989 | 2,851 | 1,619 |
| 1990 | 2,644 | 925 |
| 1991 | 1,949 | 1,439 |
| 1992 | 2,094 | 1,130 |
| 1993 | 1,941 | 1,461 |
| 1994 | 1,996 | 1,953 |

Notes: Inter-plant additional training was first introduced in 1992; the trainees funded under this scheme are included in column 1 (promotion of apprenticeship training) (1992: 76 trainees funded; 1993: 185; 1994: 211).

5. Job Creation

- A-v.1 Action 8000 (*Aktion 8000*)
- A-v.2 Socio-economic employment companies (*Sozial-ökonomische Beschäftigungsbetriebe*)
- A-v.3 Promotion of investment and restructuring (*Förderung von Investitions- und Umstrukturierungsmaßnahmen*)
- A-v.4 Co-operative business start-ups and staff takeovers (*Kooperative Unternehmensgründungen und Belegschaftsübernahmen*)
- A-v.5 Reintegration aid to enterprises for problem groups (*Betriebliche Eingliederungsbeihilfe für arbeitsmarktpolitische Problemgruppen*)
- A-v.6 Shortfall allowance (*Minderertragsbeihilfe*)

Action 8000 (*Aktion 8000*)

Aim

To facilitate transition into regular employment through fixed-term aid towards the employment of the long-term unemployed and other difficult-to-place persons by non-profit-making organisations.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

The following are the target groups for the promotion of fixed-term employment in areas which are of importance to society (e.g. social services, environmental protection and restoration, recycling and waste disposal, renewal of towns and villages, culture, soft tourism):

- long-term unemployed persons who have been unemployed for over 12 months (young people aged under 25 and adults aged over 45: 6 months);
- persons in need of socio-psychological and/or employment-related care.

Participants in these schemes are employed by organisations and local authorities.

Action 8000 can fulfil two labour market policy functions:

- initial function: participants are retained by their employer under a normal employment contract on expiry of the fixed-term agreement;
- transition function: the scheme facilitates the transition of beneficiaries into regular employment.

In order to improve the reintegration prospects of the difficult to place in the primary labour market, projects which combine employment and training and further training as supplementary elements are promoted.

Special regulations apply under Action 8000 concerning financial support for jobs in:

- private child-care or child-minder projects which support working women or parents by offering longer opening hours;
- waste and environmental counselling.

Financial Resources

The subsidy amounts to 50% of personnel costs for public non-profit-making organisations and 66.7% for their private counterparts, but may not exceed ÖS 25,000 per month (gross wage plus lump sum for ancillary wage costs). Employers whose revenue is negligible or non-existent obtain the remaining personnel costs through the financial co-participation of municipalities, *Länder* or other public bodies.

Subsidies are also provided towards the personnel costs of so-called "key employees" and – depending on the labour market impact of the scheme – towards material costs in projects which provide transition jobs with accompanying socio-pedagogical supervision and specialised vocational tuition.

Subsidies amounting to 50% are provided towards personnel costs for the first three years for new and permanent jobs in private child-care establishments and in environmental and waste-counselling projects.

The schemes are financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices in co-operation with the competent *Land* office of the Employment Service.

Duration

As a rule, three years; up to two years for persons aged over 45; a six-month extension may be granted in certain cases.

Up to 50% of wage and ancillary wage costs may be provided for up to three years for private child-care establishments and environmental and waste-counselling projects.

Effects

Persons who have benefited from fixed-term employment have good prospects of reintegration. Every second beneficiary finds a permanent job after participation in Action 8000.

| Year | Beneficiaries |
|---------|---------------|
| 1984/85 | 2,955 |
| 1986 | 4,425 |
| 1987 | 3,062 |
| 1988 | 2,725 |
| 1989 | 3,880 |
| 1990 | 4,587 |
| 1991 | 5,204 |
| 1992 | 3,793 |
| 1993 | 4,446 |
| 1994 | 4,674 |

Socio-economic employment companies (*Sozial-ökonomische Beschäftigungsbetriebe*)

Aim

To generate the necessary conditions for the permanent employment of persons facing specific obstacles to placement by promoting fixed-term employment in conjunction with special assistance services.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

The distinguishing features of these projects are:

- they provide fixed-term employment for persons who are disadvantaged on the labour market and in need of special assistance;
- at the same time they are profit-making enterprises.

Former drug addicts, persons recently released from prison, homeless people, etc. are provided with both employment-related and socio-psychological assistance, the purpose being to bring stability to their lives and personalities and thus to enable them to enter regular employment. They are offered transitional jobs in carpentry shops and restaurants, or carry out restoration and cleaning-up work, etc.

The Employment Service is currently investigating the extent to which the reintegration of the long-term unemployed and persons in receipt of social welfare can be advanced by so-called employment companies; these are to be established with the financial help of the *Länder* and municipalities, who would then not only pay social welfare (care benefits) to those concerned, but also co-finance reintegration aid.

Financial Resources

The Employment Service grants subsidies to cover the losses which ensue from the lower productive capacity of the workers, or from higher project costs arising from the special care services provided.

The scheme is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution). The *Länder* and municipalities also co-finance these projects.

Institutional Support

Land offices in co-operation with the regional offices of the Employment Service.

Duration

The projects are financed for one year; beneficiaries are usually employed for one year; an extension of six months may be possible in some cases.

Effects

| Year | Persons employed in transitional jobs |
|------|---------------------------------------|
| 1991 | 956 |
| 1992 | 1,138 |
| 1993 | 1,234 |

Note: Figures for 1994 not yet available.

Promotion of investment and restructuring (*Förderung von Investitions- und Umstrukturierungsmaßnahmen*)

Aim

- To create jobs through promotion of investment proposals;
- to prevent unemployment through the promotion of proposals for restructuring.

Legal Basis

- §§ 27a, 34, 35a, 39 and 51a Labour Market Promotion Act (1968, as amended in 1994);
- § 32 in conjunction with § 34 Employment Service Act (1994).

Contents

Provision of aid linked to enterprises for

1. Enterprises which manufacture physical goods, namely
 - small- and medium-sized firms;
 - firms located in problem regions.

Enterprises which manufacture armaments are excluded from receipt of aid.

2. Under the terms of § 51a *AMFG*, enterprises which have considerable importance for the labour market or for a particular region may receive aid in pursuit of large-scale economic and employment policy goals.

Financial Resources

The aid provided may take the form of interest-bearing or interest-free loans, subsidies or assumption of liabilities. The amount of aid depends among other things on the labour market significance of maintaining or creating employment and the specific requirements of the project in question. In assessing applications for aid, overall and internal economic aspects are taken into consideration. Aid from other bodies is calculable.

The scheme is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Special federal funds are available for aid under § 51a *AMFG*.

Institutional Support

Federal Ministry of Labour and Social Affairs in agreement with the Federal Ministry of Finance and the Federal Ministry of Economic Affairs; the *Land* offices of the Employment Service participate in the assessment procedure.

Duration

The maximum term for loans is 20 years.
Subsidies are once-off benefits.

Effects

| Year | Jobs maintained and jobs created |
|------|----------------------------------|
| 1990 | 4,159 |
| 1991 | 7,587 |
| 1992 | 2,778 |
| 1993 | 4,280 |
| 1994 | 971 |

Note: New regulations introduced in 1994.

Co-operative business start-ups and staff takeovers
(Kooperative Unternehmensgründungen und Belegschaftsübernahmen)

Aim

To create jobs for the unemployed or workers threatened by unemployment by providing support to new businesses with co-operative decision-making structures and for staff takeovers.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

Co-operative enterprises which are established as limited liability companies, co-operative societies or organisations and which intend to create jobs for the unemployed or workers threatened by unemployment may receive financial aid in the initial phase. The economic viability of the venture is assessed on the basis of the business concept and the fulfilment of the legal requirements (trade legislation, labour law, etc.).

Staff takeovers may also be supported financially, e.g. in cases of closure or bankruptcy.

Financial Resources

Subsidies and loans are financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Employment Service.

Duration

Once-off start-up aid.

Effects

A total of 11 enterprises (116 new jobs) were supported in 1993/94.

A-v.5

Reintegration aid to enterprises for problem groups (*Betriebliche Eingliederungsbeihilfe für arbeitsmarktpolitische Problemgruppen*)

Aim

To reintegrate persons who are considerably disadvantaged on the labour market.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

This aid is granted with a view to counteracting the reluctance of enterprises to recruit certain groups of persons, e.g. the long-term unemployed, the disabled, older unemployed (aged over 45) and women (following a long career break or on grounds of discrimination based on gender, for example in the case of training in a male-dominated occupation).

The conditions for receipt of support are that the beneficiary may not have been employed during the preceding two years in the firm applying for aid and is taken on on a permanent employment contract and that the enterprise observes wage and labour law regulations.

Financial Resources

Reintegration aid to enterprises takes the form of a subsidy towards personnel costs.

The amount and duration of the benefit is fixed by the *Land* offices of the Employment Service within the framework of the guidelines prescribed at federal level: the subsidy amounts to up to 50% of personnel costs, calculated as the sum of the gross monthly wage (up to ÖS 36,000) plus a lump sum for ancillary wage costs.

The scheme is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices of the Employment Service.

Duration

Aid is provided for a maximum duration of two years.

Where a subsidy amounting to total wage or salary costs is approved for the first three months of employment, the maximum duration of the benefit is reduced accordingly.

Effects

| Year | Beneficiaries |
|------|---------------|
| 1993 | 396 |
| 1994 | 1,843 |

Note: This benefit was introduced in 1993.

A-v.6

Shortfall allowance (*Minderertragsbeihilfe*)

Aim

To protect the employment of persons with limited productive capacities.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Disabled Persons Recruitment Act (1987);
- Guidelines of the Federal Ministry of Labour and Social Affairs;
- Federal Government Plan for the Disabled.

Contents

Shortfall benefits may be granted to enterprises for workers who are not capable of yielding full productivity in order to protect jobs which are endangered by permanent productivity shortfalls.

Financial Resources

The aid usually amounts to 50% of the costs which correspond to the low rate of productivity.

Shortfall benefits are financed from labour market policy funds; the low productive capacity of disabled persons already being supported under the Disabled Persons Recruitment Act is co-financed by other bodies.

Institutional Support

Regional offices of the Employment Service.

Duration

Fixed in collaboration with the *Land* Government of the respective *Land*.

Effects

| Year | Jobs saved and jobs created |
|------|-----------------------------|
| 1987 | 2,560 |
| 1988 | 2,566 |
| 1989 | 3,067 |
| 1990 | 2,863 |
| 1991 | 2,919 |
| 1992 | 3,089 |
| 1993 | 3,162 |
| 1994 | 3,209 |

6. Special Categories of Workers

- A-vi.1 Women with particular employment difficulties (*Frauen mit besonderen Beschäftigungsproblemen*)
- A-vi.2 Older workers (*Ältere Arbeitnehmer*)
- A-vi.3 Long-term unemployed (*Langzeitarbeitslose*)
- A-vi.4 Physically disabled, mentally ill and mentally disabled workers (*Physisch, psychisch und geistig behinderte Arbeitnehmer*)

A-vi.1

Women with particular employment difficulties (*Frauen mit besonderen Beschäftigungsproblemen*)

Aim

To establish a comprehensive, co-ordinated range of schemes targeting improved labour market prospects for women.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

Women have been consistently more severely affected by unemployment than men; the specific problems facing women on the labour market stem from:

- insufficient child-care facilities (throughout Austria there are approx. 200,000 too few child-care places, especially for children aged under three and schoolchildren requiring care in the afternoons);
- difficulties returning to work after parental leave;
- the prejudice of companies regarding the employment of women;
- the persisting pronounced segmentation of the labour market;
- (older) women's lower level of vocational qualification, etc.

The following are the most important measures contained in the programme for women:

- improved information and counselling for women by means of special information sessions provided by the Employment Service as well as the establishment of labour market consultation bodies for women (cf. A-viii.2) and vocational guidance courses (A-vii.4);
- extension of the range of special qualification measures and activities which are tailored to the needs of the target group in order to increase the proportion of female participants in training courses, apprenticeship training for adults and training for employed workers, etc.;
- reintegration benefits for women returning to work after parental leave (O-iii.3, A-iv.2);
- support for women with custodial duties through child-care allowance (A-iii.4) and the promotion of new child-care facilities within the framework of Action 8000;
- acquisition of training places and jobs for women;
- promotion of the employment of women in the non-profit-making sector and in enterprises, in order, for example, to foster the recruitment of skilled technical workers in male-dominated occupations;
- further development of employment foundations and similar measures (cf. A-viii.3).

Financial Resources

The individual measures are financed from labour market policy funds in accordance with the applicable conditions (employer and employee contributions to unemployment insurance, federal contribution); other bodies co-finance job creation measures and external labour market counselling offices.

Institutional Support

Offices of the Employment Service. These employ female consultants for women's issues whose functions include initiating and co-ordinating the individual measures and advancing the labour market programme for women. The organisation as a whole is responsible for implementing labour market measures for women.

Duration

Labour market programmes for women have been in existence as an aspect of the Employment Service's annual employment programmes since 1985.

Duration unlimited.

Effects

Cf. the sections detailing the measures referred to above.

Older workers (*Ältere Arbeitnehmer*)

Aim

- To protect existing jobs through preventive measures;
- to support unemployed persons whose age proves to be an obstacle to placement;
- to ensure the financial security of older unemployed persons.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

Since the age at which labour market discrimination becomes evident varies according to region, qualification and occupation, the target groups for measures are defined according to the specific features of the labour market concerned; persons aged over 45 are entitled to financial benefits.

The Employment Service's primary goal is to protect the employment of older workers through preventive measures and thus to prevent their dismissal.

Hence, within the framework of the early warning system, enterprises are obliged to report proposed dismissals of more than five older workers to the Employment Service in good time; in the ensuing negotiations, the Employment Service attempts to avert the proposed dismissals, e.g. by providing aid for in-plant training (cf. A-iv.4) or short-time working (A-ii.1).

If the dismissals still cannot be avoided, the workers concerned are to be provided with reintegration aid (e.g. employment foundations, cf. A-viii.3).

The total range of labour market measures may be deployed to support older workers. In addition to training for the labour market and rapid incorporation in preparatory or supportive measures for placement, employment in the non-profit sector and in the primary labour market is fostered; to this end, reintegration aid to enterprises (A-v.5) was redesigned and the duration of benefit under Action 8000 was increased to two years (cf. A-v.1).

Furthermore, a new regulation was introduced which allows older workers who leave an employment foundation to rejoin immediately.

Special regulations concerning unemployment benefit, emergency assistance and transfer benefits to facilitate transition into retirement serve to safeguard the financial security of older workers (cf. Chapter II.5 for details).

Financial Resources

The individual measures are financed from labour market policy funds in accordance with the applicable conditions (employer and employee contributions to unemployment insurance, federal contribution). Other bodies co-finance job creation measures and external labour market counselling centres.

Institutional Support

Offices of the Employment Service.

Duration

Unlimited.

Effects

Cf. the sections detailing the measures referred to above.

Long-term unemployed (*Langzeitarbeitslose*)

Aim

To improve the reintegration prospects of the long-term unemployed.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

Long-term unemployment is defined as unemployment for one year, or for six months for young people and older workers (aged over 45).

The Employment Service is supported by external consultation bodies (A-viii.2) and vocational preparation and active jobsearch measures (A-vii.4) in caring for the long-term unemployed.

The Employment Service provides financial benefits, in particular for training and further training, job creation measures and employment in enterprises in seeking to improve the reintegration prospects of the long-term unemployed.

Action 8000, which fosters employment in the non-profit-making sector, has proven its worth as one of the most important instruments.

Financial Resources

The individual measures are financed from labour market policy funds in accordance with the applicable conditions (employer and employee contributions to unemployment insurance, federal contribution). Other bodies co-finance job creation measures and external labour market counselling centres.

Institutional Support

Offices of the Employment Service.

Duration

Unlimited.

Effects

Cf. the sections detailing the measures referred to above.

Physically disabled, mentally ill and mentally disabled workers (*Physisch, psychisch und geistig behinderte Arbeitnehmer*)

Aim

- To provide disabled workers with the means to secure their own livelihood by integrating them into regular employment;
- to provide employment in sheltered workshops, in the event that there is no possibility of integration.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs;
- Disabled Workers Recruitment Act (1987);
- Federal Government Plan for the Disabled.

Contents

The primary goal in supporting disabled workers is to enable their integration into regular employment in order that they can secure their own livelihood. To this end, regional mobility (purchase of a car) and workplaces which are tailored to the functional needs of disabled workers (cf. A-iii.3) are supported; lower productive capacity is compensated for where required (shortfall allowance, A-v.6).

In order to promote and maintain employment in enterprises, on-the-job care, e.g. of mentally ill workers by so-called work assistants, is also supported.

However, disabled persons have very limited chances of finding employment on the primary labour market because enterprises have the option of paying compensatory taxes which exempt them from their obligation under the Disabled Persons Recruitment Act to employ disabled workers.

Qualification is the most important instrument for reintegration; thus, the vocational training and rehabilitation centres (*BBRZ*) and the employment-training centres are constantly expanding their range of opportunities for career guidance and training.

Sheltered workshops prepare disabled workers for the primary labour market and permanently employ those who have no prospect of integration.

Financial Resources

Measures for disabled workers are co-financed from labour market policy funds and funds from Division IV of the Federal Ministry of Labour and Social Affairs or from the Federal Offices for Social Affairs and the Disabled.

Institutional Support

Offices of the Employment Service in co-operation with the Federal Offices for Social Affairs and the Disabled.

Duration

Unlimited.

Effects

Cf. the sections detailing the measures referred to above. Approx. 90% of participants in the *BBRZ* Linz can be placed in regular employment subsequent to training.

7. Placement

- A-vii.1 Counselling and support (*Beratung und Betreuung von Ratsuchenden*)
- A-vii.2 Services to enterprises (*Betreuung von Unternehmen*)
- A-vii.3 Matching jobseekers and vacancies (*Vermittlung von Arbeitsuchenden und offenen Stellen*)
- A-vii.4 Supplementary support and placement measures (*Ergänzende Maßnahmen der Betreuung und Vermittlung*)
- A-vii.5 Vocational guidance for young people (*Berufsberatung von Jugendlichen*)

Counselling and support (*Beratung und Betreuung von Ratsuchenden*)

Aim

- To increase the transparency of the labour market;
- to provide support in career choice, new vocational orientation and jobsearch.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

- Information concerning the labour market and working life: e.g. the prevailing situation on the labour market; occupations and their demands, required training and available support; regular publication of labour market statistics and research findings; compilation of documentation about occupations, etc.;
- counselling and assistance in choosing a career: assistance in clarifying and realising career goals, in determining personal aptitude and in reaching decisions concerning training and further training, etc.;
- assistance in the search for and choice of employment: information about vacancies, counselling with respect to specific job offers.

Financial Resources

The services are provided free of charge and are financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Persons seeking advice in the regional offices of the Employment Service are catered for either in the open or closed reception, depending on their needs. The open reception (*OKE*) deals with first-time and impromptu visitors seeking information, immediate placement and clarification of counselling needs. The employees in closed reception (*GKE*) provide intensive and long-term assistance.

Cf. Chapter II.6 for details.

Duration

The duration of counselling depends on the goals set out in the assistance plan and the individual needs of the client.

Effects

| Year | Attendance of registered unemployed persons (annual averages) |
|------|---|
| 1989 | 496,401 |
| 1990 | 536,658 |
| 1991 | 548,780 |
| 1992 | 591,724 |
| 1993 | 646,996 |
| 1994 | 635,713 |

Services to enterprises (*Betreuung von Unternehmen*)

Aim

- To assist enterprises in recruiting and planning personnel;
- to pursue the participation of the Employment Service in the recruitment activities of enterprises;
- to acquire jobs and training places, especially for those who are difficult to place;
- co-operation with enterprises.

Legal Basis

- § 32 Employment Service Act (1994);
- Directive 88 of the Federal Ministry of Labour and Social Affairs.

Contents

Enterprises are assisted and registered vacancies co-ordinated on the basis of a service plan in which aims and procedure are agreed. The following steps are carried out to this end: ascertainment of the client's wishes, agreement on a recruitment strategy (number and qualification of job-seekers to be selected for interview by the Employment Service, form and frequency of accounts of subsequent interviews, advertisement of the vacancy, e.g. in newspapers or Employment Service publications), clarification of whether the enterprise would employ a difficult-to-place worker in the event of financial support, etc.

The Employment Service endeavours to improve its collaboration with enterprises through increased interaction, enhanced communication (development of the data network, naming of contact persons in the regional offices) and more co-operation with the representative bodies for the industrial sector.

Financial Resources

The services are provided free of charge, except for special services to enterprises (testing of candidates, counselling, etc.).

Services to enterprises are financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Each regional office has a liaison office which is responsible for queries, counselling and processing of placement requests.

The Employment Service is currently establishing external offices (so-called job centres) where the primary functions will be placement, services to enterprises and the acquisition of vacancies.

Duration

Unlimited.

Effects

| Year | Vacancies registered (annual averages) |
|------|--|
| 1989 | 264,586 |
| 1990 | 266,772 |
| 1991 | 260,375 |
| 1992 | 267,437 |
| 1993 | 248,315 |
| 1994 | 255,996 |

Matching jobseekers and vacancies (*Vermittlung von Arbeitssuchenden und offenen Stellen*)

Aim

To pursue a balance of labour supply and demand which is as complete, as economically practicable and as sustainable as possible and thus to ensure as far as possible the supply of labour to the economy and the employment of the entire labour force.

Legal Basis

- § 29 in conjunction with § 32 Employment Service Act (1994);
- Directive 88 of the Federal Ministry of Labour and Social Affairs.

Contents

Placement activities should be organised around the wishes of the jobseeker. While jobseekers avail of this service on a voluntary basis, persons in receipt of benefits from unemployment insurance are allocated to vacancies in order to monitor their willingness to work. Unjustified rejection of a suitable job offer leads to suspension of the benefit for a specific duration.

Jobseekers may only be placed in fairly remunerated employment (observance of collectively agreed or legal stipulations) which does not endanger their health or violate their moral standards. Enterprises are not obliged to register vacancies with the Employment Service.

Placement activities are supported by a data-processing system; online networks in the regional offices facilitate cross-regional and cross-occupational matching of all registered jobseekers and vacancies, whereby either the jobseeker or the vacancy may be the focus of the placement efforts. Computer-aided matching is also used in placement activities.

Financial Resources

The services are provided free of charge. Special services (special advertising measures, testing of candidates, etc.) are provided to enterprises against a fee.

Placement is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices of the Employment Service; in 1994 private placement of all categories of workers was approved (cf. Chapter II.6).

Duration

Ongoing.

Supplementary support and placement measures (Ergänzende Maßnahmen der Betreuung und Vermittlung)

Aim

To extend the counselling, assistance and placement services of the Employment Service through the establishment of courses, counselling centres and self-help facilities.

Legal Basis

- § 29 in conjunction with § 32 Employment Service Act (1994);
- Directive 88 and Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

The goal of vocational guidance courses is to help the participants to clarify and make concrete plans for their further career. Course content includes reappraisal of past working experiences, resolution of individual placement difficulties and definition of concrete steps towards a new career orientation. Occupational and training goals can be tested in practicums in enterprises. The target groups for vocational guidance courses are persons returning to work, disabled persons, young people and members of employment foundations.

Active groups prepare participants for jobsearch (training in formulating applications, preparation of application dossiers, test situations, etc.) and support them during the application phase.

Measures to promote activity on the participants' own initiative and active jobsearch during training or fixed-term employment are also in development (resource pools, jobsearch clubs).

So-called *Samsomats* are computer facilities available to jobseekers so that they may independently seek suitable vacancies throughout Austria and procure information about occupations, requirements for entitlement to benefits and the services provided by the Employment Service.

Financial Resources

These measures are financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices in co-operation with the *Land* offices of the Employment Service.

Duration

Vocational guidance courses usually run for between approx. 9 and 12 weeks;
Active groups have a duration of approx. four weeks.

Effects

The number of beneficiaries is included in the statistics in Chapter III.4 (*DLU*).

Vocational guidance for young people (*Berufsberatung von Jugendlichen*)

Aim

To enable school-leavers to make a well-founded career choice.

Legal Basis

- § 32 Employment Service Act (1994);
- Directive 88 of the Federal Ministry of Labour and Social Affairs.

Contents

The precondition for a well-founded career decision is that the young people analyse their interests and aptitudes and inform themselves about the demands of various occupations, training opportunities and the employment prospects on regional labour markets; vocational guidance schemes should also incorporate counselling for the persons in their immediate environment (especially parents and schools).

The youth counsellors employed by the Employment Service conduct general information sessions in schools; young people seeking intensive individual counselling are invited to the regional offices; special information sessions are also provided for parents and teachers.

These information sessions are increasingly provided in vocational information centres (*Berufsinformationszentren – BIZ*). These centres offer assistance in ascertaining the possibilities for realising career wishes by means of a comprehensive range of information tailored to the needs of the target group (brochures, films, automated vocational information systems and aptitude questionnaires, information about EU and EEA countries, etc.), which can be used independently by visitors.

The target groups of the *BIZ* are all persons facing a career or training choice. Special sections for women offer youth counsellors and girls an opportunity to investigate the reality of working life for women.

The employees of the Employment Service are also involved in the training and further training of teachers; models have been tested in co-operation with the educational authorities with a view to providing school-goers with opportunities for continuous and longer-term analysis of careers and working life.

Financial Resources

The services are provided free of charge and are financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Since specific abilities and knowledge are required for assisting young people, these measures are carried out by specially qualified regional office employees (youth counsellors).

The vocational information centres are an integral part of the Employment Service and integrated both technically and organisationally in the regional offices.

Duration

The duration of counselling and assistance depends on the individual needs of the young people.
Ongoing.

Effects

There are currently 44 vocational information centres in Austria (1995); a further 25 are planned.

8. Other Measures

- A-viii.1 Consultation bodies for job creation measures and new initiatives
(Beratungseinrichtungen für Arbeitsbeschaffungsmaßnahmen und neue Initiativen)
- A-viii.2 External labour market consultation and support *(Externe arbeitsmarktpolitische Beratungs- und Betreuungseinrichtungen)*
- A-viii.3 Employment foundations and similar measures *(Arbeitsstiftungen und stiftungsähnliche Maßnahmen)*
- A-viii.4 Insolvency losses allowance *(Insolvenzausfallgeld)*

**Consultation bodies for job creation measures and new initiatives
(Beratungseinrichtungen für Arbeitsbeschaffungsmaßnahmen und neue Initiativen)**

Aim

To support the establishment and stabilisation of labour market policy measures through information and consultation.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

In providing initial support to new businesses and projects, information and consultation are often as important as financial aid for employment. The Employment Service therefore finances privately operated consultation bodies specialising in various fields, which fulfil an intermediary function between the Employment Service and bodies carrying out labour market counselling, training and employment schemes, especially those in the non-profit-making sector.

The Labour Market Institutes (*Institute für Arbeitsmarktbetreuung – IFA*) work in close co-operation with the *Land* offices in carrying out social and employment-related development work which pursues the integration of the difficult-to-place unemployed in the labour market; they contribute to the creation of new jobs and training places and develop activities targeting improved implementation and marketing of promotion schemes.

The range of services thus covers a broad spectrum – counselling on development and available aid (especially Action 8000), information, consultation on labour law and financial advice. Ideas for new projects can be submitted to the institutes where the available infrastructure can be used for their design.

Priority activities of the Studies and Counselling Association of Austria (*Österreichische Studien- und Beratungsgesellschaft – ÖSB*):

- counselling for persons who wish to create their own employment (start-up counselling); counselling for persons founding socio-economic employment companies, one-person firms, co-operative enterprises, spin-offs, buy-outs or new enterprises within the framework of employment foundations;
- information and counselling concerning the establishment of employment foundations and similar measures and project management of such ventures;
- research and development work concerning labour market and employment schemes and innovative measures;
- counselling, seminars and training for labour market projects and non-profit-making organisations;
- information and counselling in the fields of labour market, regional and social policy from the perspective of EU integration.

Financial Resources

IFA: Land offices of the Employment Service;
ÖSB: federal office of the Employment Service.

These measures are financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Competent Employment Service office.

Duration

Consultation bodies are granted financial aid for one year at a time. An extension of the duration of aid is currently in preparation.

Effects

IFAs are currently operating in five *Länder*,
the *ÖSB* has its own offices in six *Länder*.

A-viii.2

External labour market consultation and support (*Externe arbeitsmarkt-politische Beratungs- und Betreuungseinrichtungen*)*Aim*

To support persons who are particularly disadvantaged on the labour market through external counselling and assistance in collaboration with the regional offices of the Employment Service.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

The Employment Service enlists the help of other bodies in carrying out support activities which extend beyond their usual range of operations and which require specialised knowledge and experience. Labour market counselling provided by external non-profit-making bodies is usually incorporated in a comprehensive assistance programme, so that those groups of persons who avoid public institutions due to inhibitions or mistrust, and thus cannot be accessed by the Employment Service, can also be reached. The bodies work in close co-operation with the regional offices of the Employment Service and provide a service programme agreed on with the latter.

The target groups of these bodies are persons recently released from prison, former drug addicts, persons in debt, young people with social problems, long-term unemployed, foreigners, social welfare recipients, women with specific employment difficulties, girls with untypical career choices and persons with psychological problems.

The object of individual and group counselling is to endeavour to remove the obstacles which forerun the question of employment and to resolve individual placement difficulties (e.g. debt reduction, treatment of psychological problems, reinforcement of self-confidence and motivation, reconciliation of work and family).

Clients are provided with information concerning the labour market situation, vocational and further training opportunities, legal affairs and services and schemes provided by the Employment Service; they are also prepared for jobsearch and assisted in their efforts to find employment. Many of these external agencies also offer follow-up support (e.g. to assist clients in retaining employment).

Financial Resources

The Employment Service finances these agencies in proportion to their labour market activities from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution); remaining costs are financed by other public bodies.

Institutional Support

Regional and *Land* offices of the Employment Service.

Duration

Finance is provided for one year at a time.

Effects

There are currently 111 external bodies providing labour market counselling and support (1995).

Employment foundations and similar measures (Arbeitsstiftungen und stiftungsähnliche Maßnahmen)

Aim

To provide collectively agreed packages of employment-related measures for persons who have been laid off and for other unemployed.

Legal Basis

- § 32 in conjunction with § 34 Employment Service Act (1994);
- Unemployment Insurance Act (1977);
- Guidelines of the Federal Ministry of Labour and Social Affairs.

Contents

Employment foundations are established by enterprises which – within the framework of the social plan and in agreement with the works council – are proposing large-scale manpower reductions; they consist of a package of measures which, depending on individual needs, comprises vocational guidance, active jobsearch, practicums, (further) qualification and support for proposed business start-ups.

Due to their effectiveness, employment foundations are one of the most important labour market policy instruments towards cushioning the negative aspects of the structural reform and at the same time contributing to providing Austrian workers with (new) qualifications in view of new demands. The members are not isolated unemployed persons, rather work together in groups to find ways to resolve their employment problems. Employment foundations can often contribute to retaining regional labour forces and resolving "local crises" by enlisting the support of local and regional actors.

In addition to enterprise foundations, sector and regional foundations may be established if staff is to be reduced in several enterprises in a particular sector or region. Necessary financial and organisational resources are obtained through aid from the *Länder* and municipalities.

The employment foundation model is now also being discussed and implemented abroad (Switzerland and Slovakia).

Quasi-foundations are established in order to facilitate the reintegration of persons affected by large-scale manpower reductions in one region or a high regional level of unemployment (e.g. when an employment foundation cannot be established due to the small size of the individual companies).

In principle, members may avail of the same opportunities as those in employment foundations, the differences being that persons who are already unemployed may also be integrated in the measure, the range of qualifying schemes is narrower and the participants receive a financial benefit from active labour market policy (subsistence allowance) instead of unemployment benefit.

Financial Resources

Employment foundations are financed by:

- the enterprise (e.g. provision of offices, training premises, technical equipment, management and training personnel; co-financing of schemes);
- the participants, who pay a subscription (interest on severance payments);
- the workers still employed by the enterprise (solidarity contribution, e.g. 0.25% of workers' gross wages in the steel foundation; contributions from the works council fund in the *Plansee* foundation);
- the Employment Service, which pays unemployment benefit to the participants.

The Employment Service may assume up to 25% of the cost of insolvency foundations and regional foundations in order to improve the quality of the schemes and the management.

Quasi-foundations also receive funding from the *Land* governments and municipalities.

The Employment Service's contribution is financed from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

The establishment of an employment foundation must be officially approved by the competent *Land* directorate of the Employment Service.

Duration

The duration of an employment foundation depends on the needs of the members; unemployment benefit may be extended by up to four years, provided that this is necessitated by the duration of a new vocational training course.

Effects

Between 90 and 95% of former members of employment foundations find a new job or are undergoing training approved by the Employment Service.

Members of employment foundations calculated by persons in receipt of benefits (annual averages):

| Year | Participants |
|------|--------------|
| 1991 | 270 |
| 1992 | 403 |
| 1993 | 810 |
| 1994 | 1,448 |

Participants in quasi-foundations are included in the statistics for individual instruments (cf. in particular Chapter III.4, *DLU A-iv.2*).

A-viii.4

Insolvency losses allowance (*Insolvenzausfallgeld*)

Aim

To protect workers against income losses and delays in the payment of remuneration due in cases of insolvency.

Legal Basis

Insolvency Remuneration Protection Act (1977).

Contents

Insolvency losses allowances are paid primarily to workers, apprentices and homeworkers; executive board members, directors of the insolvent enterprise, shareholders with considerable executive powers and employees of regional authorities and foreign missions are not entitled to this benefit.

Financial Resources

Insolvency losses allowance compensates – up to the legally defined amount – for those net payments which became due not earlier than three years prior to and not later than three months subsequent to the commencement of insolvency proceedings; these include, in particular, current claims on remuneration, severance payments, company pensions and damage claims. Claims from the social security bodies for employee contributions are also settled.

The benefits are financed from the insolvency losses fund, which in turn is financed by 0.5% of enterprises' contributions to unemployment insurance (1995) and return flows from insolvency proceedings.

Workers' claims are submitted to this fund, which has legal personality and is an office of the *BMAS*; the deputy financial manager as the representative for the fund pursues the settlement of these claims in the insolvency proceedings.

| ÖS million (round figures) | 1992 | 1993 | 1994 |
|---|-------|-------|-------|
| Income from contributions | 434 | 450 | 571 |
| Total sum of insolvency losses benefits | 1,999 | 3,363 | 3,017 |
| of which: | | | |
| – payments to workers | 1,862 | 3,103 | 2,744 |
| – payments to social security and builders' holiday and severance payments fund | 137 | 260 | 273 |

Institutional Support

Regional offices of the Employment Service.

The insolvency losses fund has legal personality and is an office of the *BMAS*.

The transfer of responsibility for insolvency losses allowance to the Federal Office for Social Affairs and the Disabled is currently in preparation.

Duration

Settlement of claims for net wages which became due not earlier than three years prior to and not later than three months subsequent to the inception of insolvency proceedings.

Effects

Applications processed under the Insolvency Remuneration Protection Act:

| Year | Applications processed |
|------|------------------------|
| 1991 | 17,066 |
| 1992 | 23,660 |
| 1993 | 37,002 |
| 1994 | 24,505 |

CHAPTER IV INFORMATION AND RESEARCH

The complexities of cause and effect on the Austrian labour market and the growing problems in this area demand that planning and development of labour market policy must be based on comprehensive scientific findings from labour market and vocational research. In particular, scientific analysis of labour market policy as a whole and of individual labour market policy instruments is becoming increasingly significant in this context. The central importance of research on and scientific analysis of different policy instruments in developing labour market and social policy has also been strongly emphasised by the OECD for some time.

The Employment Service at federal level is legally charged (*AMSG* 1994) with the special functions of monitoring the labour market, compiling statistics, adopting responsibility for general policy and development and for labour market, employment and vocational research.

Prior to 1 July 1994, these functions were regulated by the Labour Market Promotion Act and carried out by the Federal Ministry of Labour and Social Affairs. The function of labour market research was transferred to the new Employment Service on this date as a consequence of the new legal situation.

Research is focussed on central aspects of labour market policy. The following priorities were set in recent years:

- evaluation and development studies on labour market policy instruments;
- studies to establish planning indicators for the further development of the labour administration;
- research on the labour market situation of particular population groups;
- occupational research for the provision of information concerning specific occupations;
- annual short- and medium-term labour market forecasts.

The research projects commissioned by the labour administration serve to prepare or evaluate measures and schemes and to monitor and analyse developments on the labour market and in the area of social security.

At the same time, the research activities have the object of raising awareness of social problems.

Women's research deals with the gender-specific social situation, gender-specific inequality and support for women.

One approach to ensuring the practical orientation of research is the establishment of project committees for many research proposals; these comprise competent civil servants, workers, experts and members of the representative bodies.

Considerable progress has been made in recent years in the recording and documentation of labour market trends. The system of instruments for acquisition, compilation and presentation of data has been expanded both intensively and extensively, so that developments on the labour market are now being monitored in a relatively detailed fashion. The Employment Service has increasing recourse to this information in fulfilling its functions.

The problem-oriented monitoring system which is currently being systematically developed is worth mentioning in this context. The Federal Ministry of Labour and Social Affairs has investigated which indicators and coefficients should best be used to realise modern management techniques. What is important in this respect is that while the indicators and coefficients describe relevant aspects of the "performance" of the Employment Service and permit analysis and evaluation, they are not values in themselves. In using coefficients and planning data, one may not overlook the fact that the *BMAS* and the Employment Service also have a social policy mandate and are often at the cutting edge of conflicts of interest between management and workers.

Research findings are published in the series "Research reports from social and labour market policy".

The annual research records of the Federal Ministry of Science and Research contain comprehensive documentation of completed and current labour administration research projects.

Statistics

In accordance with the legal mandate from the Labour Market Promotion Act mentioned above, the Employment Service is also responsible for statistics and continual labour market monitoring. Their findings constitute one of the bases for the implementation of labour market policy.

The method of compilation and presentation of statistics was fundamentally reformed and modernised in the course of the establishment of the computerised Employment Service. This area is constantly adapted and expanded in accordance with technical possibilities and service demands.

The most important publications include:

- monthly publication of "Labour Market Data";
- statistics on employment of foreigners;
- "Labour Market Situation";
- data on beneficiaries;
- policy-oriented cohort monitoring: this enables the Employment Service to establish a link between changes in the level of unemployment and the components "entries" and "exits", or to show the impact of various entrant cohorts on a current unemployment level;
- structural report on the labour market situation;
- annual personal longitudinal analysis based on Employment Service files.

The above evaluations can be taken as a basis for conclusions regarding categories of persons: those affected by unemployment, duration of periods of unemployment, volume of unemployment, recurring unemployment, etc.

The *SAMIS* (statistical labour market information system) data bank is the source for many statistics. It contains a wealth of information about the labour market (classified by content and region), and in addition to providing standard tables can also be used to generate freely defined tables.

The following modernisations and innovations in the field of labour market monitoring and statistics are worth mentioning:

- further development of computer-aided compilation of statistics concerning foreign workers;
- compilation of statistics concerning private placement;
- personal longitudinal analyses on the basis of Employment Service files, for example in order to obtain data about individual cases of unemployment.

In addition, relevant studies are and have been produced by external bodies on commission by the Employment Service and with its collaboration:

- "labour market district profiles" for each employment office district in Austria;
- annual report on the labour market situation.

Appendix 1: Structure of Labour Market Policy Expenditure in Austria¹

| | 1976 | 1984 | 1994 ² |
|--|-------|--------|-------------------|
| 1. Labour market information (general policy, information, customer service, counselling) | 34 | 1,251 | 3,160 |
| 2. Promotion of mobility (training and regional mobility) | 337 | 885 | 2,037 |
| 3. Job creation (short-time working allowance, aid to enterprises) | 160 | 720 | 1,373 |
| 4. Apprenticeship training and vocational preparation for young people | 68 | 331 | 160 |
| 5. Aid to the disabled | 58 | 210 | 890 |
| 6. Aid to foreigners | 1 | 4 | 121 |
| 7. Bad-weather allowance in the building trade | – | 344 | 535 |
| 8. Installations (training establishments, accommodation) | 88 | 24 | 80 |
| Total active labour market policy | 745 | 1,859 | 5,000 |
| 9. Benefits in the event of unemployment and motherhood (passive labour market policy: unemployment benefit, emergency assistance, parental allowance, etc.) | 4,953 | 14,437 | 46,135 |
| Ratio active : passive labour market policy | 15.0% | 12.9% | 10.8% |

Notes: 1 Figures in ÖS million (April 1995: ÖS 13.09 = 1 ECU)

2 Federal estimate 1994

Source: *BMAS* programme budgets.

Appendix 2: Abbreviations

| | |
|--------|---|
| ABGB | General Civil Code <i>(Allgemeines Bürgerliches Gesetzbuch)</i> |
| ALVG | Unemployment Insurance Act <i>(Arbeitslosenversicherungsgesetz)</i> |
| ALG | Unemployment benefit <i>(Arbeitslosengeld)</i> |
| AMFG | Labour Market Promotion Act <i>(Arbeitsmarktförderungsgesetz)</i> |
| AMSG | Employment Service Act <i>(Arbeitsmarktservicegesetz)</i> |
| AÜG | Manpower Transfer Act <i>(Arbeitskräfteüberlassungsgesetz)</i> |
| AuslBG | Foreign Labour Act <i>(Ausländerbeschäftigungsgesetz)</i> |
| BIZ | Vocational information centres <i>(Berufsinformationszentren)</i> |
| BMAS | Federal Ministry of Labour and Social Affairs <i>(Bundesministerium für Arbeit und Soziales)</i> |
| B-VG | Federal Constitution <i>(Bundesverfassungsgesetz)</i> |
| DLU | Subsistence allowance <i>(Beihilfe zur Deckung des Lebensunterhalts)</i> |
| GKE | Closed reception <i>(Geschlossener Kundenempfang)</i> |
| KUG | Parental allowance <i>(Karenzurlaubsgeld)</i> |
| NH | Emergency assistance <i>(Notstandshilfe)</i> |
| OKE | Open reception <i>(Offener Kundenempfang)</i> |
| StGG | Basic Law <i>(Staatsgrundgesetz)</i> |

Appendix 3: National Correspondents

Belgium

Joseph Remy, Ministère de l'Emploi et du Travail

Denmark

Karen Thrysoe, Arbejdsministeriet

Germany

Jochen Jahn, Bundesministerium für Arbeit und Sozialordnung,

Detlef Hein, Bundesanstalt für Arbeit

Greece

Ekaterini Kritikou, Ministry of Labour

Spain

Delmira Paz Seara Soto, Ministerio de Trabajo y Seguridad Social

Finland

Tuuli Raivio, Ministry of Labour

France

Henri Roux, Ministère de l'Emploi

Claudine Elhaik, Agence Nationale pour l'Emploi

Ireland

Vincent Landers, Department of Enterprise and Employment

Italy

Mariarosaria Damiani, Ministero del Lavoro e della Previdenza Sociale

Luxembourg

Jean Hoffmann, Administration de l'Emploi

Netherlands

Ronald van Bekkum, Arbeidsvoorzieningsorganisatie

Austria

Johannes Schweighofer, Bundesministerium für Arbeit und Soziales

Portugal

Victor Viegas, Ministério do Emprego e da Segurança Social

Sweden

Mats Wadman, Arbetsmarknadsdepartementet

United Kingdom

Graham Archer, Department of Employment

John Frankham, Employment Service

European Commission

Sergio Piccolo, DG VIA/2