

Employment Observatory

MISEP BASIC INFORMATION REPORT AUSTRIA 1998

Employment & labour market



Employment & social affairs



European Commission

CEE: V/96

Mutual Information System
on Employment Policies (MISEP)

Basic Information Report

AUSTRIA

Institutions, Procedures and Measures

1998

European Commission

This document has been prepared for use within the European Commission. It does not necessarily represent the Commission's official position.

Articles and texts appearing in this document may be reproduced freely in whole or in part providing their source is mentioned.

Published in May 1998

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 correspondents and is correct as of 1 April 1998. 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.

This document was produced on behalf of the European Commission by I.A.S. (Institute for Applied Socio-Economics) in close collaboration with the Austrian Federal Ministry of Labour, Health and Social Affairs and the Austrian Employment Service. It can be ordered from:

MISEP Secretariat
I.A.S. - Institute for Applied Socio-Economics
Novalisstr. 10
D-10115 Berlin

Tel. +49 - 30 - 28 00 85-0
Fax +49 - 30 - 28 26 378

E-mail: eurocontact@ias-berlin.de
Internet: <http://www.ias-berlin.de>

BENCHMARK STATISTICS 1997

THE LAND	
Area	83,859 km ²
THE PEOPLE	
Population*	8.076 million
PRODUCTION	
Gross Domestic Product* (nominal)	ATS 2,499.8 billion
LABOUR MARKET	
Working age population** (15-65 years)	5.43 million
– of which women	2.69 million
Labour force** (15-65 years)	3.63 million
– of which women	1.54 million
Activity rate** (15-65 years)	
– total	67.2%
– women	57.6%
– men	76.6%
Employment**	3.42 million
of which:	
– women	1.42 million
– under 25 years	0.55 million
by sector:	
– primary sector	6.7%
– secondary sector	31.5%
– tertiary sector	61.8%
Registered unemployment (annual average)	233,348
of which:	
– women	104,768
– under 25 years	37,927
Unemployment rate by educational level**	
– compulsory schooling	8.0%
– master craftsmen's examination	5.0%
– middle-level vocational school	3.2%
– higher-level school	3.4%
– higher-education institutes	2.3%
– university	2.3%
Unemployment rate	4.4%
– women	5.4%
– men	3.7%

* Forecasts

** 1996 figures

1 ECU = ATS 13.09 (April 1995)

Sources:

Row 8: ÖSTAT; demographic yearbook

Row 11: WIFO; forecast of December 1997

Rows 14-29: AMS; The Labour Market Situation 1996

Rows 31-33: ÖSTAT; Microcensus 1996 (subsistence concept)

Rows 35-38: BMAGS; SAMIS

Rows 41-46: ÖSTAT; Microcensus 1996 (subsistence concept)

Rows 48-50: EUROSTAT

CONTENTS

	Page
Chapter I	
Institutions	1
1. General	1
2. Federal Ministry of Labour, Health and Social Affairs (<i>Bundesministerium für Arbeit, Gesundheit und Soziales – BMAGS</i>)	1
3. Employment Service (<i>Arbeitsmarktservice – AMS</i>)	4
3.1 Functions and legal basis of the <i>AMS</i>	4
3.2 Organisation	5
3.3 Management of the <i>AMS</i>	9
3.4 Personnel	10
3.5 Financing structure of labour market policy in Austria	10
3.6 Cooperation and coordinated activities	13
3.7 International relations	13
Chapter II	
Legal Framework and Procedures	15
1. Sources of Law in their Ranking Order	15
2. Individual Labour Law	17
2.1 Law pertaining to employment contracts	17
2.2 Law pertaining to health and safety at work	20
3. Collective Labour Law	22
3.1 Law pertaining to associations and unions	22
3.2 Social partners and collective bargaining	25
3.3 Employee representation in enterprises and scope for participation	26
4. Regulatory Instruments	28
4.1 Regulation of foreign labour	28
4.2 Early warning system	33
4.3 Temporary Employment	34
5. Passive Labour Market Policy	35
5.1 Benefits in the event of unemployment	36
5.2 Transfer benefits to facilitate transition into retirement	38
5.3 Family benefits	39
6. Matching Labour Market Supply and Demand	40
6.1 Principles	40
6.2 Procedure in the regional offices of the Employment Service	41
6.3 Technical resources	42
6.4 Extrinsic placement	43

	Page
Chapter III Measures	45
1. General Measures	47
2. Employment Maintenance	53
3. Aid to the Unemployed	59
4. Training, Further Training and Occupational Mobility	67
5. Job Creation	79
6. Special Categories of Workers	91
7. Placement	99
8. Other Measures	103
 Chapter IV Information and Research	 111
 Appendices	
Appendix 1 Structure of Labour Market Policy Expenditure in Austria	114
Appendix 2 Abbreviations	115
Appendix 3 National Correspondents	117

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 is currently undergoing a transformation, however, 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 (*Arbeitsmarktservice – AMS*) from the national labour administration.

2. Federal Ministry of Labour, Health and Social Affairs (*Bundesministerium für Arbeit, Gesundheit und Soziales – BMAGS*)

Social policy in Austria benefits from successful collaboration between the Federal Ministry of Labour, Health 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 *BMAGS* has a wide-ranging portfolio, covering functions in the fields of social security, labour market policy, services for the disabled, social care and social welfare, labour law, general social policy, health economics, marketing, the health service, and matters concerning labour inspection.

The *BMAGS* cooperates 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. Cooperation with these bodies entails coordination 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 services for the disabled), improving services and information, defining new directions for social policy, etc.

Organisation and responsibilities

The *BMAGS* consists of eight divisions, which are again divided into groups, departments, sub-departments and other organisational units (legal offices, library and accounts department). There are also staff units under the direct charge of the Federal Minister. The structure of the *BMAGS* is based on the stipulations laid down in the Federal Ministries Act of 1986.

Staff units:

Office of the Federal Minister, Department of Public Relations.

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: Employment policy.

Division IV: Home-care insurance, affairs of the disabled, pensions and social welfare.

Division V: Labour law and general social policy, outwork commissions.

Division VI: Central labour inspectorate.

Division VII: Health economics, social sciences and marketing.

Division VIII: Health service.

Divisions IV, VI and VIII have subordinate administrative offices.

Division IV: The Federal Offices for Social Affairs and the Disabled (the successors to the *Land* Offices for Invalids): 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 the hiring out of labour and non-AMS job placement and processing benefits to compensate for insolvency losses.

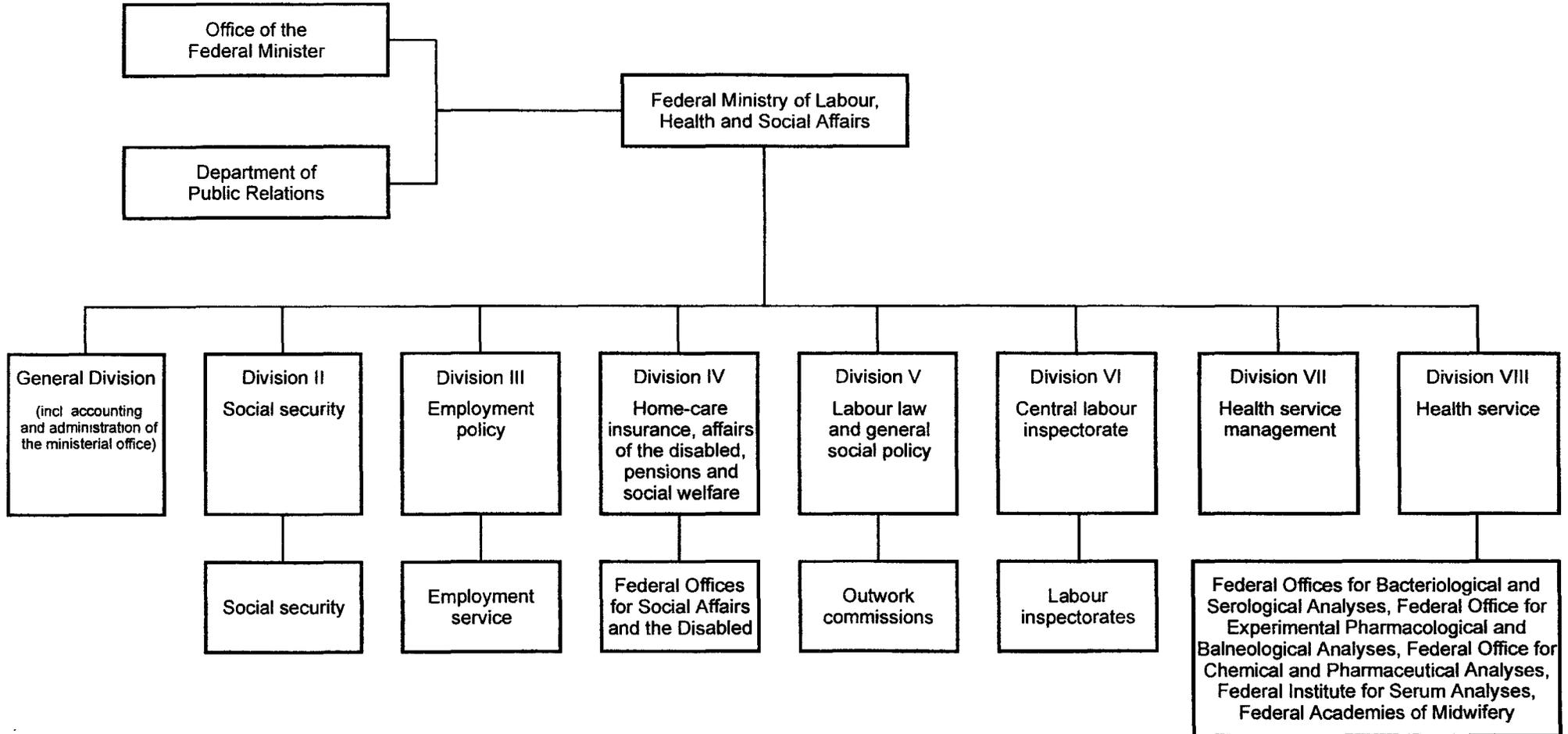
Division VI: Labour inspectorates: throughout Austria over 300 labour inspectorates monitor the observance of regulations concerning employee protection. At the same time they also fulfil an advisory role to employers, e.g. in corporate planning or with respect to risk prevention. As of 1 January 1995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

Division VIII: The Federal Offices for Bacteriological and Serological Analyses, the Federal Office for Chemical and Pharmaceutical Analyses, the Federal Office for Experimental Pharmacological and Balneological Analyses, the Federal Institute for Serum Analyses and the Federal Academies of Midwifery.

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

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

Federal Ministry of Labour, Health and Social Affairs and its subordinate offices



3. Employment Service (*Arbeitsmarktservice – AMS*)

The *AMS* was removed from under the immediate supervision of the federal administration on 1 July 1994 and has been a public-law service enterprise and autonomous legal entity since then. The aim of separating the service from the then Federal Ministry of Labour and Social Affairs was to create conditions which were better able to meet the growing challenges of the labour market and to improve the effectiveness of Austrian labour market policy.

3.1 Functions and legal basis of the *AMS*

The *AMS* 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 includes advisory functions, placement and benefits (Labour Market Promotion Act of 1968 – *AMFG*; *AMS* Act of 1994 – *AMSG*);
- verification of claims for and payment of wage-compensation benefits within the framework of passive labour market policy (in particular, Unemployment Insurance Act of 1977 – *AIVG*);
- regulatory functions, such as the admission of foreign workers to the labour market (Foreign Labour Act of 1975 (*AuslBG*)).

In order to relieve the *AMS* of duties which do not directly concern the labour market, responsibility for a range of functions has since been transferred to other bodies: functions related to the hiring out of labour, private placement and insolvency losses, control of illegal employment, verification and payment of claims to facilitate transition into retirement (special support for former miners), processing of bad-weather compensation and transfer benefits in the event of parenthood (parental allowance and part-time allowance).

Under the terms of the Labour Market Promotion Act, the *BMAGS* 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 *AMS* 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 *AMS* 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 *BMAGS*). In addition, the constitutional and administrative courts exercise a supervisory function.

3.2 Organisation

The *AMS* is comprised of one authority at federal level, nine at *Land* level, 95 at regional level, 13 branch offices and 50 career information centres.

The *AMS* 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 employees; the administrative council at federal level is a tripartite board (additionally including representatives from the *BMAGS* 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 of 1994 were adapted accordingly, while a new administrative office was established at federal level.

In addition, the *AMS* 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).

Functions of the Federal Minister of Labour, Health and Social Affairs

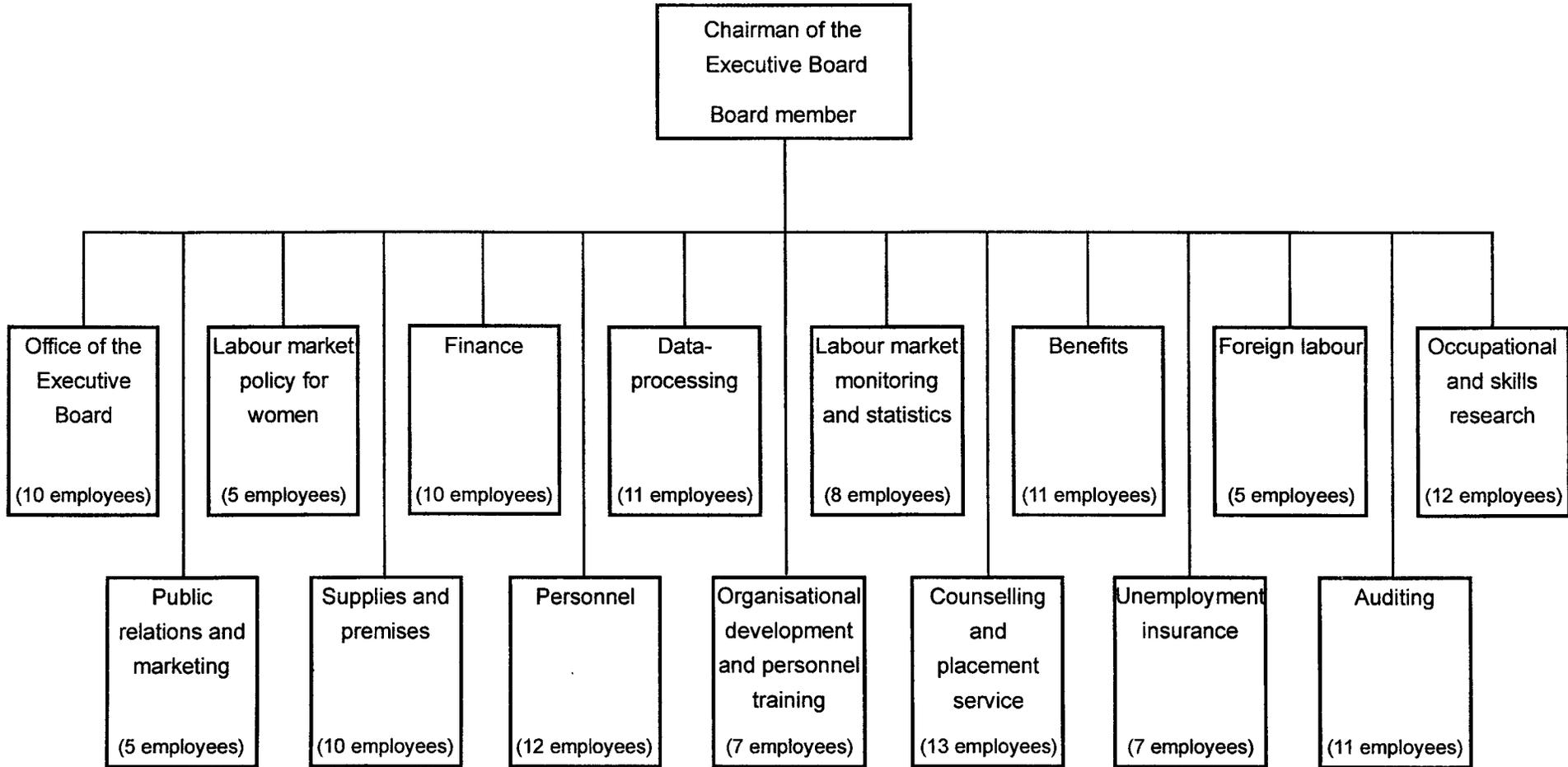
The former central labour market authority (*BMAGS* Division III) was also reorganised as part of the structural reform. It advises the Minister with respect to his/her obligations towards the *AMS* by:

- defining general labour market policy goals;
- approving resolutions passed by the administrative council concerning financial affairs and personnel;
- exercising powers of supervision and control and monitoring efficiency;
- providing 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 *AMS* and approving fundamental financial decisions, although agreement on these must be sought from the Federal Minister of Finance (e.g. loans, financial support in excess of ATS 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 ATS 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 *AMS*.

The Austrian Employment Service: Federal Office



AMS: Federal Office

The federal authority consists of 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 coordination 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.

The administrative council is comprised of a maximum 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, Health and Social Affairs (three representatives, of whom one is recommended by the Federal Minister of Finance);
- the staff representative body of the AMS (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 *BMAGS*.

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.

Functions of the federal authority

- To meet the labour market policy aims of the *BMAGS*;
- to prepare priority labour market policy programmes for the AMS;
- to establish standard regulations concerning organisation, personnel, facilities, groundwork and statistics;
- to supervise management at all levels.

The administrative council is entrusted with decision-making powers and powers of control. The executive board, which consists of two members, is responsible for preparation and planning, day-to-day operations and public representation. The federal authority is supported in its work by the employees of the federal office.

AMS: Land offices

Each of the nine federal *Länder* has its own *Land* authority, comprised of 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 two representatives each from the employers' associations and trade unions.

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

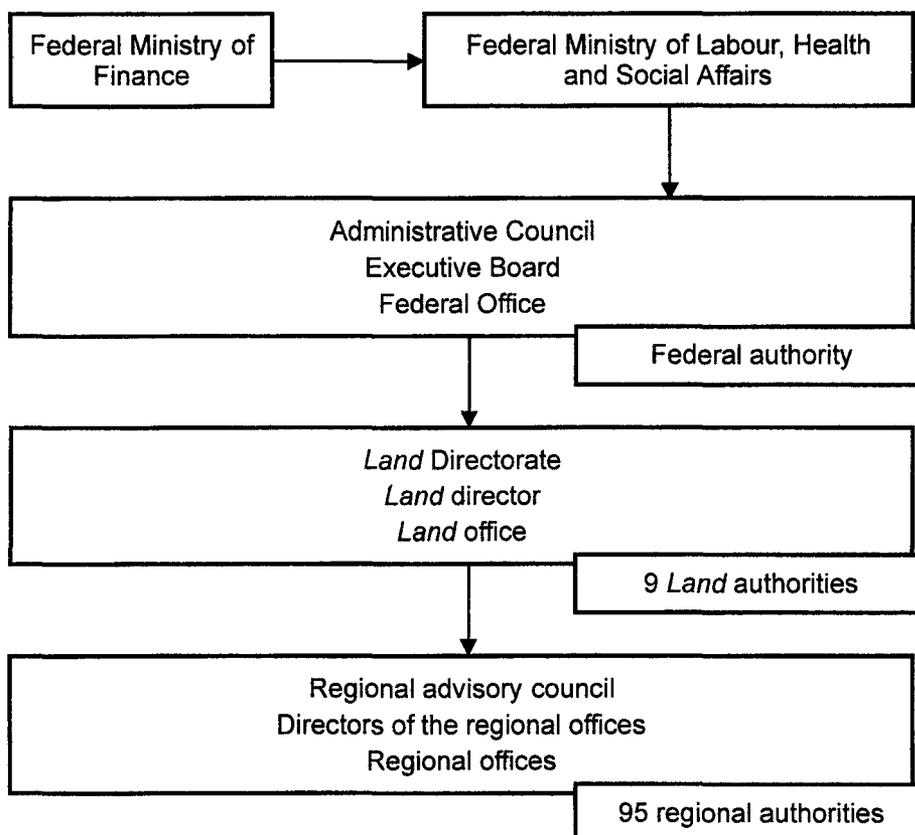
Functions of the Land authorities

The *Land* authorities are charged with:

- elaborating labour market policy goals for the respective *Land*;
- coordinating the work of the AMS with that of the *Land* offices;
- setting framework conditions;
- guiding and supporting the regional authorities.

The *Land* Directorates are entrusted with decision-making powers and powers of control, while the *Land* directors are responsible for day-to-day operations. The *Land* authorities are supported in their work by the employees of the *Land* offices.

Structure of the Austrian Employment Service



AMS: regional offices

At regional level, the former employment offices were basically transformed into regional offices with a partite regional advisory council and a regional director; 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 is comprised of 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 employees.

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

The main functions of the regional authorities are to:

- implement the guidelines passed down by the federal and *Land* authorities;
- define the principles of labour market policy for the jurisdiction of the regional offices.

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.

3.3 Management of the AMS

The functions of the AMS are described in the AMS Act (AMSG). The execution of these functions is regulated by means of norms (guidelines) both at the national level and in the organisation's own functional area. At the same time, quality assurance is used as a means to further develop the organisation.

The deployment of the organisation's resources (personnel and budget) is planned and executed in accordance with objective labour market indicators.

The removal of the AMS from under the direct supervision of the federal authority also led to changes in its management. The organisation formulates medium-term and annual priorities for labour market policy.

The following priorities have been set with respect to general labour market policy goals:

- to promote equal opportunity as an overall aim;
- to prevent long-term exclusion from the employment system;
- to optimise matching of labour market supply and demand;
- to optimise the provision of official services;
- to assist in the adaptation of the labour force to structural change.

Quantified goals are agreed between the federal authority and the *Land* authorities in order that the *AMS* can be "managed by objectives". The objectives and the deployment of resources are planned at the *Land* level. The regional organisations, finally, allocate the resources available to them in accordance with the needs of the clients.

3.4 Personnel

The *AMS* has 4,180 employees in 1998, some of whom have retained their civil servant status since its foundation.

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.

All new recruits undergo a basic training course encompassing theory and practice. The duration of the modular courses depends on the particular requirements of the job in question. The courses are taught in a training facility created specifically for this purpose by the *AMS*.

The further training offered to the employees is continually adjusted in accordance with changing requirements. Thus, different priority areas derived from the objectives of the organisation are offered to specific target groups. The internal further training courses currently give priority to the further development of professional counselling skills, to rendering the service for enterprises more professional and to providing comprehensive training and further training for all *AMS* managers in management skills and controlling. The promotion of trainee managers is also linked to special training courses.

In addition, the *AMS* offers special facilities to employees with children requiring care who are participating in basic or further training measures (e.g. child care at the location of the training course) in order to guarantee all employees with the equality of opportunity pursued in general by the organisation.

3.5 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 contribution of ATS 2.5 million for labour market policy (this sum will be adjusted in future in accordance with the consumer price index);
- transfers from the equalisation fund for family allowances through which a share of expenditure on family benefits is reimbursed;
- contributions deriving from ESF cofinancing;
- contributions from local authorities (if no child-care facilities can be provided).

Labour market policy budget revenues

ATS millions (round figures)	1994	1995	1996	1997*
Unemployment insurance contributions	41,409	44,036	45,056	45,540
ESF	–	480	1,076	1,931
Federal contributions	2,500	2,500	2,500	2,500
Local authority contributions	0	0	393	350
Equalisation fund for family allowances	5,578	8,166	8,104	7,687
Other	101	90	121	71
Total	49,587	55,272	57,250	58,148

* 1997: national estimate, ESF planned expenditure.

Source: AMS.

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 ATS 3,830 (1998) are legally obliged to pay contributions. This also applies to apprentices in their final year, outworkers, persons participating in a vocational rehabilitation scheme, soldiers on fixed-term contracts with entitlement to further vocational training and border workers; public-sector employees are exempt from obligatory contributions.

Contributions to unemployment insurance – currently amounting to 6% of gross earned income (including supplementary payments) – are divided equally between employees and employers; the maximum basis of assessment is ATS 42,000 (1998) per month.

The contribution rate is fixed by the Federal Minister of Labour, Health 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 AMS 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 AMS' assets (labour market reserve) exceed average annual revenue from contributions to unemployment insurance for the previous five years.

Expenditure

Cf. Appendix 1.

Personnel costs, material costs and *AMS* investments as well as financial benefits from active and passive labour market policy, *BMAGS* 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. *AMS* social security contributions as a share of total expenditure on unemployment benefit and emergency assistance: 18.2% for health insurance, 22.8% 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 *AMS* 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, Health and Social Affairs and the agreement of the Federal Minister of Finance.

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

Preliminary budgets for the *AMS*' 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.

AMS 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 *AMS* 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, Health and Social Affairs for bank loans to enterprises.

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

The *AMS* 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 *AMS*' 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 AMS from the labour market policy budget. The Federal Ministry of Finance assumes liability for such loans.

GDP share of expenditure on active labour market policy

	Share spent on active LMP	Unemployment rate (Eurostat)	Standardised to 1% of unemployment rate
Austria (1996)	0.38	4.4	0.09
Denmark (1996)	2.26	6.9	0.33
Finland (1996)	1.73	15.3	0.11
Netherlands (1996)	1.37	6.3	0.22
Sweden (1995)	2.25	9.2	0.24
Ireland (1996)	1.75	11.6	0.15
Belgium (1995)	1.41	9.9	0.14
Germany (1996)	1.43	8.9	0.16
France (1995)	1.3	11.7	0.11
Spain (1996)	0.67	22.1	0.03
Portugal (1996)	1.04	7.3	0.14
Great Britain (1995)	0.46	8.8	0.05

Source: OECD; author's calculations.

3.6 Cooperation and coordinated activities

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

3.7 International relations

Cooperation with labour administrations in other countries is both direct and indirect, through international and supranational organisations. The AMS participates in important labour market policy programmes organised by the European Union (EU) and is also a member of various EU networks and the World Association of Public Employment Services (WAPES). In addition, the AMS maintains close relations with the labour market authorities of the countries of central and eastern Europe.

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 employees, 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 employee.

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 employee protection (cf. 2.2).

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

Collective agreements

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

The principle of preferential treatment for the employee 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 agreement – only apply as long as they favour the employee or concern matters which are not regulated by the collective agreement.

Internal agreements

Internal agreements are ranked directly below collective agreements. They function as an instrument for codetermination in enterprises and – unlike the collective agreement – 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 employee (principle of preferential treatment).

Judicial decisions

While court rulings cannot give rise to new law and are thus not a source of law in the true sense, in reality they have 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 employees by occupational group.

In order that actions before the labour and social courts proceed efficiently, unbureaucratically and economically, 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 and 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 employees. 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 outworkers, 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 employee 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. Employees are also entitled to continued payment under other serious circumstances and to leave during the period of notice.
- Blue-collar 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 employee; 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.

Blue-collar workers are subject to the same regulations, which are laid down with slight deviations in the *ABGB* and the Trade Regulation Act (*GewO*) 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 agreements.

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

Blue-collar 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.

Blue-collar workers are subject to the regulations laid down in the Blue-Collar Workers' Severance Pay Act.

Workplace Labour Relations Act (*Arbeitsverfassungsgesetz – ArbVG*)

In addition to regulating collective elaboration of laws and codetermination 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 employees who have served at least six months in an enterprise with a staff of no less than five.

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 employee concerned.

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

- the employer has given the employee 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 employee 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 employees enjoy greater job security. For employees' representatives in enterprises, employees participating in training, pregnant women, parents on leave, disabled employees and employees temporarily in the public service (persons in military or alternative military service) a dismissal is only considered valid before court in the event of particularly grievous cause.

Leave Act (*Urlaubsgesetz*)

Employees 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.

Employees' Liability Act (*Dienstnehmerhaftpflichtgesetz – DNHG*)

The purpose of the *DNHG* is to limit the liability of employees for damages. If an employee 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 employees may challenge such transfers of ownership.

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

In addition, the *AVRAG* defines framework conditions which increase flexibility for both employers and employees, without weakening the position of the employees under labour law, especially as regards protection against dismissal and severance pay.

The regulations in question concern:

- leave for educational purposes;
- unpaid leave when claims are made on unemployment insurance or other *AMS* resources;
- working-time reduction within the framework of the solidarity bonus model and
- reduced normal working hours for employees entering gradual retirement, employees aged over 50 and employees with special custodial obligations.

Company Retirement Act (*Betriebspensionsgesetz – BPG*)

The *BPG* regulates the protection of old-age pensions, disability pensions and dependent survivors' pensions (and entitlements to such pensions) which are supplementary to benefits from statutory pension insurance and ensue from commitments made by employers to employees 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 employees to a company pension. It is only applied in the event of an employer voluntarily entering into such a commitment towards an employee.

Temporary Employment Act (*Arbeitskräfteüberlassungsgesetz – AÜG*)

The *AÜG* regulates the hiring out of employees and their labour to third parties. Its purpose is to protect the employees on hire and to regulate temporary employment such that unfavourable consequences for the labour market are avoided. Employees may not be hired out without their express consent.

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 higher salary for failure to promote an employee; at least ATS 5,000 for sexual discrimination of an employee.

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.

The norm assumed by the *AZG* is a working week of 40 hours and a working day of eight hours, although there is also a range of alternative possibilities for the distribution of normal working hours.

Thus, for example, longer calculation periods for normal weekly working hours may be laid down in collective agreements. The calculation period may amount to more than a year if the compensatory hours worked are grouped in periods lasting several weeks. Normal weekly working hours may not exceed 48 hours in a single week or 50 hours in the case of calculation periods of up to eight weeks.

If rest periods lasting several days in succession are granted, up to ten hours may be worked per day, as long as this is provided for in a collective agreement.

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 employees.

Rest Periods Act (*Arbeitsruhegesetz – ARG*)

The *ARG* entitles employees 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 employee 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 unborn 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 only once for a minimum duration of three months.

Parents who qualify for leave under the terms of the Unemployment Insurance Act are entitled to a parental allowance financed from unemployment insurance funds. Part-time employees receive a reduced allowance.

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

This law prohibits child labour. Minors are defined as children aged under 16 or children who have not yet completed compulsory schooling.

Children aged over twelve 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) 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 employees 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 blue-collar 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 with works councils, to monitor working conditions and to establish offices for the protection of apprentices and young people.

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 persons and legal entities, 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 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.

Employees

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 agreements, assessing laws and bills, providing support to works councils and participating in national socioeconomic 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.

Social partners and collective bargaining

Law pertaining to collective legislation

The Workplace Labour Relations Act (*Arbeitsverfassungsgesetz – ArbVG*) defines the regulatory instruments for collective legislation and regulates collective agreements, statutes, the minimum wage rate and internal agreements.

Collective agreements are agreements in writing which are concluded between the representative bodies of employers and employees with collective bargaining authority 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 codetermination in such matters, and joint bodies established by the parties to collective agreements).

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

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

The legal representative bodies for employers and employees and public-law legal entities are authorised by act of law to be party to a collective agreement.

Voluntary professional associations of employers and employees 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 agreement, 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 employees; 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 multilevel organisations (e.g. savings banks, insurance companies, newspaper publishers).

The stipulations laid down in collective agreements have a direct influence on the content of employment contracts, including those of employees 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 agreements may not be circumscribed by either internal or individual agreements. The only agreements with effect are those which are more favourable to employees (principle of preferential treatment), provided that the collective agreement 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 agreement to employment not covered by collective agreement (cf. declarations of general application in Germany).

On the request of corporative employees' 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 agreement – 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 suspended nor restricted by individual agreements. Individual agreements are only valid in the event that they favour the employee 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).

While the right of the European Works Council to information and consultation (cf. 3.3) – which pertains to the economic, social, health-related and cultural interests of the employees – has no constitutive effect, it can however influence collective labour law.

3.2 Social partners and collective bargaining

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. This also explains the absence in Austria of legislation relating to industrial disputes in the objective sense.

Social partnership in Austria is not restricted to the domain of social policy, but is characterised by responsibility at a more general level.

3.3 Employee representation in enterprises and scope for participation

Employee 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 employees who are eligible to vote.

If both blue-collar 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 employees in the company.

The works council represents all the employees 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 employees – including foreigners – 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 employees from countries which are parties to the EEA Treaty.

Board executives and directors of legal entities as well as senior staff with executive authority are not considered employees 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 employees 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 .5% 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 employees' representative bodies:

A works meeting is a convention of the entire workforce of a company with a staff of at least five employees 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 employees.

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 employees, 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 employees in the company, rights of intervention (proposals to the employer in the interests of the employees), rights of information (e.g. the right to information relating to matters which concern the interests of the employees); 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 employees, 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 codetermination where changes are planned.

Participation on the supervisory board:

The central works council – or works council if the enterprise consists of only one company – is represented on the supervisory boards of public limited companies, limited liability companies,

mutual insurance companies, cooperatives with a regular staff of at least 40, 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 without employees 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.

Following the implementation of EU Directive 94/45 EG, a special bargaining commission – the European Works Council – and a procedure for informing and consulting the employees were added to the Workplace Labour Relations Act. These regulations apply to enterprises and groups of enterprises whose headquarters are on Austrian territory and which employ at least 1,000 employees in the Member States of the European Union, of whom 150 are employed in at least each of two Member States.

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 employees;
- to safeguard foreign employees' 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 foreigners who have been employed in Austria for a number of years;
- to control the foreign labour market;
- to penalise illegal employment of foreigners.

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 primary 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 and integrated foreigners, admission of new entrants was considerably restricted and new legislation was passed concerning the requirements demanded of foreigners wishing to reside in Austria.

Since 1993 (when the Residency Act came into force), the federal government has annually defined the qualitative and quantitative criteria for immigration and residence of foreigners in Austria in the form of annual settlement quotas for dependent employees, self-employed persons, relatives of resident foreigners and foreigners who wish to settle in Austria for private reasons without intending to earn income. The 1997 Aliens Act, which came into effect at the beginning of 1998 and combines regulations on residency and the affairs of the aliens office, is now following the same practice. The federal government's Settlement Ordinance annually defines an immigration quota for all types of new immigrants on the basis of labour market figures. The aim behind the 1997 Aliens Act is, on the one hand, to base new immigration more stringently on the actual possibilities for integration and, on the other, to enable foreigners who have been legally resident in Austria for several years to strengthen their position.

At the same time, efforts to integrate not only long-term resident foreign workers but also long-term resident relatives of foreign workers are made possible by virtue of the amendments to the Foreign Labour Act which have applied since 1.1.1998. The aim is to gradually find employment for these people in accordance with the demands of the labour market. However, the principle introduced with the Residency Act, according to which an employer may only employ a foreign worker who is entitled to reside in Austria and is in possession of a valid work permit from the labour market authorities, remains in force.

The *Aus/BG*'s control system has been continually advanced since 1995 and the Labour Inspectorate's monitoring activities intensified in order to prevent a shift to illegal employment.

Scope of the Foreign Labour Act

In principle, the *Aus/BG* 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 (foreign correspondents, academics, diplomats, etc.).

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 upper limit at federal level is to ensure controlled entry of foreign workers; it has binding force and limits the foreign labour share of the labour force. This upper limit covers all

legally employed and unemployed foreigners. According to the stipulations contained in the *AuslBG*, their share may not exceed 8% of the total Austrian labour force.

By virtue of the Ordinance on Exceeding the Upper Limit at Federal Level (*Bundeshöchstzahlen-überziehungsverordnung – BHZÜV*), certain persons whose employment is in the public or the national economic interest may be granted individual and general clearance certificates, even if the upper limit is then exceeded up to a maximum of 9% of the total labour force.

The following groups are covered by the *BHZÜV*:

- integrated young foreigners;
- Bosnian war refugees;
- managers and highly qualified key personnel whose employment is in the national economic interest and is related to efforts to secure foreign investment in Austria;
- foreigners for whom easier access to the labour market is prescribed in international treaties;
- border workers with at least six months' legal employment within the previous year;
- persons who are employed temporarily (seasonally) in agriculture, forestry or tourism on the basis of a particular ordinance;
- foreigners sent to Austria by their companies;
- foreigners who have resided in Austria legally for eight years;
- foreigners who have been victims of violence in the family; and
- asylum-seekers whose application for asylum was turned down *res judicata* and who face persecution in their own countries.

In addition, if a foreigner has accumulated entitlements to benefits from unemployment insurance, his/her application for a work permit (employment licence) may not be turned down even though the upper limit at federal level has been exceeded.

The upper limit at federal level is legally defined as 8% of the total labour force and amounts to 262,885 persons in 1998. Consequently, the 9% exceptional limit under the *BHZÜV* amounts to 295,745 persons in the same year.

Upper limits at *Land* level

Upper limits are also set for each *Land* in order to ensure that the federal limit is observed. The sum of all *Land* limits is lower than the federal limit. When a *Land* limit is exceeded, a stricter procedure is applied in considering applications.

Special quotas

Under the terms of the 1997 Aliens Act, the Federal Minister of Labour, Health and Social Affairs may – as was the case under the Residency Act – by ordinance define special quotas in order to cover temporary demand for labour in seasonal occupations.

Employment licences issued on the basis of such a special quota function simultaneously as residence permits (previously residence certificate) for the duration of the employment. The period of validity of the employment licence may not exceed six months in such cases.

Individual clearance certificate (*Sicherungsbescheinigung*)

An employer seeking to recruit an employee from abroad must apply for an individual clearance certificate. When processing such applications, the AMS is bound to examine the labour market situation, following the same criteria which apply to the issuing of an employment licence (see below). If the individual clearance certificate is issued, the foreign employee may then apply on this basis for a settlement licence/residence permit.

Employment licence (*Beschäftigungsbewilligung*)

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 employees' 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 and regulations concerning social security).

In addition, the social partners (regional council) must agree unanimously to the granting of the employment licence.

Should the representative parties not agree to the granting of the employment licence, the worker may only be admitted to the Austrian labour market if there are special reasons for doing so (e.g. the employment would be in the public or national economic interest, or the person is classified as a key employee); in this case an employment licence may be issued nonetheless.

When examining the situation and development of the labour market, the AMS must ascertain, in particular, whether a registered jobseeker (replacement worker) could be recruited for the job in question. Hence, placement of Austrian nationals, foreigners with equal status and integrated foreigners has absolute priority over approval of licences for new entrants, especially if the former are receiving benefits from unemployment insurance. Other persons who enjoy priority over new entrants include recognised refugees and non-Austrian relatives (spouses and children) of Austrian nationals.

Transfer licence (*Entsendebewilligung*)

Foreign employees who are sent to Austria for a maximum of four months by a foreign employer who has no branch office in Austria – i.e. in order to carry out short-term services, usually in connection with delivery of goods – require a transfer licence. The particular advantage of this type of permit is that for its approval only a residence permit (*Aufenthaltserlaubnis*) – and not a quota-dependent settlement licence (*Niederlassungsbewilligung*) – is required. Transfer permits may not on any account be issued for employees in the construction sector.

Confirmation of transfer within the EU (*EU-Entsendebestätigung*)

This document is required by employees from a non-EU country who are employed permanently by a European Union firm and are temporarily sent to Austria in connection with international transfer of services. The procedure in this case consists solely of notification.

Work permits and dispensation certificates (*Arbeitserlaubnis und Befreiungsschein*)

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 foreign workers *ad personam*. A work permit grants the foreign national freedom to work within a particular *Land*. A dispensation certificate grants him/her the same status on the labour market as Austrian nationals.

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; however, certain employment periods (e.g. holiday work and work experience) are not credited. 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).

Second-generation foreign youth who grew up in Austria and persons who have been legally employed in Austria for at least five of the preceding eight years 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:

Foreigners who have divorced their Austrian spouse after at least five years of marriage and whose habitual residence is in Austria are also entitled to a dispensation certificate.

Seasonal licences

Under the terms of the 1997 Aliens Act, the Federal Minister of Labour, Health and Social Affairs may, by ordinance, sanction quotas in order to satisfy a temporary labour demand in seasonal occupations. Employment licences issued within the framework of such a quota simultaneously function as residence permits for the duration of the employment. In such cases, the period of validity of a (seasonal) employment licence may not exceed six months.

Licences issued on the basis of the EU-Turkey Association Agreement

Since its entry into the EU, Austria is obliged to honour the duties ensuing from the 1963 Association Agreement with Turkey (Agreement on Founding an Association between the EEC and Turkey) and thus also the related Association Council Resolution 1/1980. The result of the relevant amendment to the Foreign Labour Act of 1.1.1998 is that Turkish nationals may now be issued with employment licences and dispensation certificates (instead of the previous notice of appraisal – *Feststellungsbescheid*) if they satisfy the conditions of the above resolution.

A Turkish national who fails to meet the conditions of the resolution is subject to the stipulations of the *AuslBG* which apply to all other foreigners. Thus, in addition to the rights ensuing from the Association Agreement and the Council Resolution, Turkish workers also enjoy the rights afforded

to other workers from non-EU countries under the *AuslBG*, i.e. in particular they are entitled to a new or extended ("normal") work permit or ("normal") dispensation certificate.

The situation and development of the labour market must be examined in accordance with Art. 6, § 1, Section 2 of the council resolution when an employment licence is issued after three years of legal employment and in accordance with Art. 7, Section 1 for employment licences for family members after three years of residence. Thus, the possibility of employing Austrian or EEA nationals who are available to the labour market must be investigated before the employment licence may be issued.

Turkish nationals who meet the requirements of eligibility – for whatever reason – for an employment licence under the conditions of the council resolution must be granted a licence even when the upper federal limit of 8% of the Austrian labour force or the extended limit of 9% has been exceeded. The stricter admission procedure which usually applies in the case of *Land* limits having been exceeded is also waived.

The council resolution does not preclude the inclusion of employment licences issued under its terms in the federal upper limit, in *Land* limits or in existing quotas under § 12 of the *AuslBG*.

Certain (Turkish) family members of Turkish employees who are members of the regular labour market and who live in the same household are entitled under Art. 7 of the council resolution to a dispensation certificate after five years' residence.

Controlling illegal employment

In order to prevent a shift towards illegal employment, the system of control under the *AuslBG* has been continuously expanded, most recently under the Anti-Abuse Act and the 1996 Structural Adjustment Act, while the labour inspectorate's monitoring activities have been intensified. Penalties for illegal employment have also been drastically increased (up to ATS 240,000 for repeated offences).

Enterprises which have been penalised *res judicata* 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 *BMAGS* 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 *AMS* in good time when large-scale manpower reductions are proposed; the *AMS* is thus in a position to consult with the management of the enterprise, the works council and the competent representative bodies for employers and employees with regard to measures towards preventing termination of employment contracts or dismissals; the *AMS* 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, place-

ment and measures which facilitate placement. Older workers are a priority target for reintegration efforts.

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

- five employees in companies with a staff of between 20 and 100;
- 5% of the workforce in companies with up to 600 employees;
- 30 employees in companies with a staff of over 600.

Proposed dismissal of five or more employees 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 AMS or before the period of notification of 30 days 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 AMS within the stipulated period would have been an impossible or unreasonable demand.

4.3 Temporary Employment

The Temporary Employment Act (*Arbeitskräfteüberlassungsgesetz – AÜG*) of 1988 regulates the hiring out of manpower and their labour to third parties and serves to protect the hired out employees.

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 temporary employees 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 temporary employee 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 employee 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 employee (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, Health and Social Affairs may, in agreement with the Federal Minister of Economic Affairs, restrict temporary employment (in the event of the share of temporary employees exceeding 10% of total dependent employees, blue-collar workers or salaried employees in one industrial sector).

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

Operation of a temporary employment agency 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 employees and the competent Federal Office for Social Affairs and the Disabled (since 1.1.1995, previously the *AMS*) 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, temporary employment is not significant in Austria; the 1997 annual target survey revealed that around 18,000 workers were hired out that year, i.e. 0.9% 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 a pension advance to facilitate their transition into retirement; those in the mining sector receive so-called "special support".

As regards family benefits, the *AMS* grants special emergency assistance and training-unemployment benefit. The following family benefits have been paid by the local health insurance authorities since 1 July 1997: parental allowance, part-time allowance and the reintegration subsidy after parental leave.

To qualify for these 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 lower rate of benefit (e.g. part-time employees) 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 *AVG*) 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 fixed rate.

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

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 1998 less than ATS 3,830 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.
- Availability for placement; this means that the claimant must be in a position to and must take up employment, provided he/she is fit for and willing to work and is unemployed. Persons who are in a position to take up employment are defined as those who
 1. are ready to take up and engage in the type of employment normally offered on the labour market, which is reasonable, subject to compulsory insurance and meets the relevant legal and collectively agreed regulations; and
 2. are authorised to reside in Austria for the purpose of engaging in dependent employment.
- Willingness to work is defined as the readiness to take up reasonable employment, to participate in a labour market policy scheme (e.g. training) or to seek work independently.

Employment is considered reasonable 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 (of at least six weeks, and of eight weeks for repeated offences).
- Fitness for work; unemployed persons who are fit for work are neither invalids nor occupational invalids as defined under pension law.
- 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 special periods are included (e.g. substitute military service, military service, employment abroad – provided certain treaties or EU regulations, etc. apply); 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). Family allowances granted to persons who are supported by the unemployed beneficiary are also taken into consideration:

The basic rate is derived from the gross wage earned during the preceding calendar year (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 ATS 13,962 given a previous gross monthly wage of upwards of ATS 37,779 (including special payments) (1998; calculated on the basis of a daily rate of ATS 465.40 for 30 days).

A monthly family supplement of ATS 651 (30 days) is granted for both children and partners, provided that the partner's net income does not exceed ATS 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 (*Notstandshilfe*)

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 ATS 7,992); 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 1998: ATS 5,696; one child: ATS 2,870; basis of assessment: 30 days). The basic rate of emergency assistance is reduced in proportion to the amount of income exceeding the exemption allowance.

Should the duration of receipt of emergency assistance exceed six months, a (graded) maximum rate may be fixed on the basis of the previous duration of receipt of unemployment benefit, i.e. ATS 7,992 monthly for 20 weeks' receipt and ATS 9,220 monthly for 30 weeks' receipt.

The condition of entitlement for emergency assistance is that the unemployed person either:

1. proves that he/she was in contributory employment for 416 weeks (eight years) within the previous ten years, or
2. attended and completed at least half of his/her compulsory schooling in Austria prior to the age of 25, or
3. was born in Austria, or
4. was authorised to reside permanently in Austria for at least half of his/her life.

Unlike the regulations pertaining to unemployment benefit, reasonable 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 that 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 ATS 11,393, and for each dependant ATS 5,738);
- 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: ATS 17,088; children: ATS 8,608).

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 (*SUG*) 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 consisted of one production unit per location and
- they contributed to pension insurance for 180 months.

Income from other sources is calculable.

Pension advances

Persons who apply for a pension (old-age pension, [occupational] disability pension, etc.) while in receipt of unemployment benefit or emergency assistance 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 (1998: ATS 11,100 or ATS 9,201; 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). Unemployed parents are also eligible for parental allowance.

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 only once for a minimum duration of 3 months.

The monthly parental allowance is equal to at least ATS 5,565 (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 monthly bonus of ATS 2,500. However, the bonus must be refunded by the parent who has not drawn parental allowance or the parent with the low income if his/her income later exceeds a specified limit.

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 40% of the rate due when working hours are reduced to at least 60% of statutory normal weekly working time. Parents have no legal entitlement to part-time employment – unlike parental leave, it is subject to the agreement of the employer.

Parental allowance is payable until the child has reached 18 months of age or until it is three years old in the case of part-time employment. However, if the parents share the parental leave, i.e. the other parent also claims leave or works part time, the parental allowance is payable until the child is aged two, or aged four in the case of part-time employment.

Benefits subsequent to parental allowance

The following benefits were introduced with a view to supporting recipients of parental allowance who find it difficult to reintegrate into working life on expiry of their parental leave:

Enterprises which employ parents returning to work after parental leave for at least a further year after the compulsory four-week retention period receive a reintegration subsidy, which is payable by the local health insurance authority.

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 52 weeks; 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.

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. Women in receipt of part-time allowance may continue working.

6. Matching Labour Market Supply and Demand

6.1 Principles

The main objective of the *AMS 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 *AMS* 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 *AMS* 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 *AMS* 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.

6.2 Procedure in the regional offices of the *AMS*

Labour market policy is implemented by the regional offices, which usually consist of three departments:

In accordance with the stipulations laid down in the *AMSG*, the regional offices of the *AMS* are charged with practically implementing or pursuing the prescribed labour market goals and thus the labour market policy for the region, within the framework of the guidelines laid down by the federal and *Land* authorities. The organisation of the regional offices (*RGS*) – the real provider of *AMS* services – must thus be geared in particular towards providing these services in a form which satisfies the interests and the needs of the clients.

In accordance with the goal of customer-oriented service provision and in addition to central management, coordination and administrative functions, four main functional areas thus ensue for the regional offices, which must be equipped accordingly:

- services for jobseekers;
- services for enterprises;
- insurance services;
- foreign labour services.

Structure of the regional offices

Management

Services for enterprises	Services for jobseekers	Insurance services
<ul style="list-style-type: none"> – Information (general): Registration and processing of vacancies on the basis of an assistance plan (information, counselling, job-filling strategy, subsidies) – Assistance for enterprises, visits to enterprises, acquisition of vacancies, pre-selection, etc. 	<ul style="list-style-type: none"> – Information – Counselling – Immediate placement – Self-service – Client management – Assistance for jobseekers on the basis of an assistance plan (information, counselling, placement, financial support) – Licences for the employment of foreign workers – Functions related to the <i>AIVG</i> (distribution of application forms, monitoring willingness to work, etc.) 	<ul style="list-style-type: none"> – Security of livelihood in the event of unemployment – Counselling regarding benefits under the <i>AIVG</i> – Calculation and allocation of benefits under the <i>AMSG</i>

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 AMS 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 (cf. Chapter III, 1. General Measures).

6.3 Technical resources

The AMS 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, employment projects, 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 jobseekers 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 job offers which contain information about the employer and the job.

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.

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

Communication with enterprises is facilitated by the AMS' 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 AMS, the requirements for receipt of benefits and the employment of foreign workers.

Multimedia computers are available in career information centres (*Berufsinformationszentren – BIZ*), which provide all target groups with information on specific occupations in an attractive format.

In addition, it is possible to gain rapid access to information about both vacancies and jobseekers from the AMS' online databases, which can be accessed through the organisation's homepage (<http://www.ams.or.at>).

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.

Only seven private head-hunter agencies were in operation at the end of 1997.

When the *AMSG* came into effect in July 1994, commercial, private job placement was approved for all jobseekers. The same conditions apply to private placement agencies as to the AMS (e.g. consent of the jobseeker, 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 district administrative office.

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

- natural persons must be Austrian nationals and reside in Austria;
- legal entities 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 addition, the person registering the business must show proof of his/her ability through having passed an examination. 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 AMS) 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 temporary employment and job placement are prohibited by law.

At the end of 1997, 22 commercial placement agencies were in operation. Throughout 1997, a total of 1,330 persons (1996: 945) were placed by private agencies.

CHAPTER III MEASURES

1. General Measures

2. Employment Maintenance

- A-ii.1 Short-time working allowance
- A-ii.2 Bad-weather compensation
- A-ii.3 Reintegration subsidy after parental leave

3. Aid to the Unemployed

- A-iii.1 Unemployment benefit, emergency assistance
- A-iii.2 Benefits to facilitate transition into retirement
- A-iii.3 Promotion of regional mobility and entry into employment
- A-iii.4 Child-care allowance

4. Training, Further Training and Occupational Mobility

- A-iv.1 Goals and priorities of vocational training and further training
- A-iv.2 Aid to individuals
- A-iv.3 Aid to institutions
- A-iv.4 Aid to enterprises
- A-iv.5 Promotion of apprenticeship training and vocational preparation

5. Job Creation

- A-v.1 Socioeconomic employment companies
- A-v.2 Promotion of investment and restructuring
- A-v.3 Business start-up programme
- A-v.4 Integration subsidies
- A-v.5 Further training allowance
- A-v.6 Solidarity bonus

6. Special Categories of Workers

- A-vi.1 Women with employment difficulties – Labour market programme for women
- A-vi.2 Older persons
- A-vi.3 Long-term unemployed persons
- A-vi.4 Disabled persons
- A-vi.5 Young people

7. Placement

- A-vii.1 Supplementary support and placement measures
- A-vii.2 Vocational guidance for young people

8. Other Measures

- A-viii.1 Consultation bodies for providers of labour market policy schemes: counselling, training and employment
- A-viii.2 Bodies providing counselling and support for disadvantaged target groups
- A-viii.3 Employment foundations

1. General Measures

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.

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 macroeconomic 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 coordinate 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 AMS Act

The AMS 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 AMS 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.

Services provided by the AMS

The range of services provided by the AMS (§ 32(2) AMSG) thus targets two client groups: jobseekers and enterprises.

Services for jobseekers

The services for jobseekers are oriented towards unemployed persons, persons in employment or in training who are seeking work, persons in employment whose job is threatened due to structural problems or because of their qualification, persons seeking apprenticeships and school-goers facing a career choice.

A variety of forms of the following services are tailored to specific needs and groups of clients:

- Information;
- Counselling;
- Assistance;
- Securing livelihood;
- Supervision;
- Financial support for training, further training and employment;
- Functions related to the employment of foreigners.

Services for enterprises

The client group "enterprises" is comprised of all employers who wish to avail of the services of the *AMS* or with whom the *AMS* seeks to cooperate with regard to labour demand, acquisition of vacancies, prevention of dismissals, and qualification, employment or support schemes.

The services offered to enterprises are the following:

- Counselling;
- Assistance;
- Supervision;
- Support;
- Services related to the employment of foreigners.

Assistance agreement

An assistance agreement met between the clients and the *AMS* counsellors is the main cornerstone of the assistance procedure. The assistance agreement defines the respective task, aim, obstacles, procedure, distribution of activities between client and counsellor, a time plan and consequences in the event of the agreement not being met.

Transfer of functions to other institutions

Other institutions are called in to support the *AMS* within the framework of counselling and assistance in certain problem areas, such as reintegration after parental leave, debts, housing problems, imprisonment, migration, psychological handicaps, disabilities, addiction and gender-specific discrimination.

Likewise, the services of other institutions are requisitioned in particular in the areas of support for training and further training, active groups, career guidance schemes, employment in the secondary labour market, business start-up, etc.

Quality assurance

Not only have the individual services been renewed since 1998, but the main procedures necessary for providing them have also been redefined. Thus, qualitative and quantitative standards which are binding for all services have been set at federal level.

Services against a fee and those free of charge

All services are to be provided free of charge and all services are to be of the standard quality. In addition, however, the *AMSG* also offers the possibility of providing services to enterprises against a fee for qualified selection of applicants, for advertisement of vacancies and for certain types of management consultancy (§ 32, Section 4, *AMSG*).

Financial benefits from active labour market policy

The *AMS* grants financial benefits to persons, enterprises and 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 *AMS* according to a formula which gives consideration both to their share of total unemployment and the activities with which they are charged. Distribution of aid linked to enterprises for job creation or the maintenance of endangered jobs is administered by the *BMAGS*.

Subsidiary aid is allocated when the desired labour market policy goal cannot be achieved through other *AMS* services alone, regardless of whether the proposed beneficiary fulfils the conditions for receipt of wage-compensation benefits from unemployment insurance. There is no legal entitlement to aid.

As a rule, financial aid takes the form of subsidies of up to 100% for ensuing expenditure (cf. details of the individual measures).

The European Social Fund (ESF) has opened up the possibility for a substantial improvement of labour market policy, both in the qualitative and quantitative sense. ESF resources are used exclusively to fund nationwide Objectives 3 (combating unemployment) and 4 (qualification of employees); they are combined with resources from the Regional Fund and the Agricultural Fund for regional Objectives 1 (under-developed regions – only Burgenland in Austria) and 5b (rural areas: seven regions in Lower Austria, Upper Austria, Steiermark, Carinthia, Tirol and Vorarlberg); and they are combined with resources from the Regional Fund for regional Objective 2 (industrially under-developed regions: four regions in Lower Austria, Upper Austria, Steiermark and Vorarlberg). This development has increased to its maximum the requirement that labour market policy be embedded in regional and structural policy at federal and *Land* level.

The ESF is administered in Austria by the *AMS* for the Minister of Labour, Health and Social Affairs on the basis of the 14 "Single Programme Planning Documents". The common labour market initiatives "Employment" and "ADAPT" are also the responsibility of the *AMS*.

Structure of aid

All AMS aid can be basically classified in four groups. However, individual programmes can combine several types of support or measures.

- aid to support regional mobility;
- aid to support occupational mobility;
- wage subsidies;
- support linked to institutions.

Overview of AMS aid

Regional mobility	Occupational mobility	Wage subsidies	Support linked to institutions
Travel allowance	Grant towards course fees	Integration subsidy	Support for further training institutions
Interview allowance	Grant towards other expenses related to courses	Special integration subsidy	Socioeconomic employment companies
Child-care support	Grant towards living expenses	Subsidy towards qualification of personnel	Support structures for individuals Support structures for institutions
		Short-time working allowance	Non-profit-making employment projects
		Apprenticeship subsidy	Employment foundations
			Start-up programme Child-care facilities

Trends in active labour market policy

New measures of recent years and current discussions on the future development of labour market policy basically cover three areas:

- activation of the unemployed;
- use of budgetary resources from passive labour market policy for active measures;
- prevention of unemployment.

Measures to increase the activation of the clients of the AMS:

- recipients of unemployment benefit or emergency assistance are obliged to undertake job-search activities themselves;
- recipients of unemployment benefit or emergency assistance are permitted since 1998 to engage in temporary employment paying a wage in excess of the insignificant wage level without losing entitlement to their transfer benefit for the entire month;

- medium- and long-term organisational, technical and infrastructural changes in the *AMS* pursue the aim of enabling self-help and self-service as far as possible both for individuals and enterprises.

Budgetary resources earmarked for passive benefits are used for active measures:

- training-unemployment benefit for members of employment foundations;
- training-unemployment benefit for participants in short-term activation and orientation measures;
- start-up unemployment benefit for the business start-up programme;
- reintegration subsidies after parental leave;
- special integration subsidies for integrating recipients of emergency assistance;
- further training allowance;
- solidarity bonus.

Prevention of unemployment and long-term unemployment

Measures which are to contribute to the prevention of unemployment and long-term unemployment consist, on the one hand, of schemes to provide certain threatened groups with qualifications in good time and thus to prevent their unemployment and, on the other hand, of schemes pursuing at least a temporary redistribution of work:

- priority is to be given to older and unqualified workers in the further training of employees;
- persons in employment are to be further trained on the basis of job-rotation models and at the same time jobs are to be made available for replacement workers;
- the further training allowance enables persons in employment to take leave for between six and 12 months and at the same time makes temporary jobs available for recipients of benefits;
- the solidarity bonus enables groups of employed persons to receive a partial compensation for working-time reduction if benefit recipients are recruited at the same time;
- the Enterprise Organisation Act also allows early labour market policy intervention; it obliges enterprises to undertake reorganisation measures at the earliest possible opportunity.

2. Employment Maintenance

- A-ii.1 Short-time working allowance (*Kurzarbeitsbeihilfe*)
- A-ii.2 Bad-weather compensation (*Schlechtwetterentschädigung*)
- A-ii.3 Reintegration subsidy after parental leave (*Wiedereinstellungsbeihilfe nach dem Karenzurlaub*)

A-ii.1

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

§ 34(4) AMS Act (1994) in conjunction with § 27(1)lit.b Labour Market Promotion Act (1968).

Contents

Short-time working allowances may be granted to employees 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 AMS must be informed within the required period of notice;
- the size of the workforce may not decrease during the short-time working period or for a certain agreed length of time after its termination.

Financial Resources

Employees are paid at least 1/8 of the daily rate of unemployment benefit or the flat rate fixed by the BMAGS as compensation for every lost working hour if, within a period of four consecutive weeks, the amount of working time lost amounts to at least 2/5 of statutory or collectively agreed normal working hours.

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 cooperation with the competent *Land* offices of the AMS.

Duration

Short-time working allowance is usually only payable for three months.

Effects

Persons (number of claims)

Year	Short-time working allowance
1995	3,667
1996	10,148
1997	6,552

Bad-weather compensation (Schlechtwetterentschädigung)

Aim

To prevent fluctuations in employment in the building trade due to working hours lost on grounds of bad weather.

Legal Basis

Law on bad-weather compensation in the building trade (1957).

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 employees.

Financial Resources

The employees 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 1997 the contribution from bad-weather compensation amounted to 1.4% of earned income and was divided equally between employers and employees in the building sector; unforeseeable expenditure is covered by labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

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

Year	Income	Expenditure
1992	434	467
1993	450	591
1994	471	571
1995	506	540
1996	479	772

Institutional Support

Bad-weather compensation is refunded by the Builders' Holiday and Severance Payments Fund to employers who apply for this benefit.

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 another.

Effects

Year	Bad-weather compensation: lost hours approved	Additional winter expenses allowance granted to employers: recorded cases	Additional winter expenses allowances granted to employees: persons aided
1980		16,619	5,533
1981		20,871	3,386
1982		19,631	4,282
1983		22,831	2,901
1984		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	5.9 million	–	861
1993	7.1 million	–	893
1994	6.3 million	–	939
1995	6.0 million	–	–
1996	7.2 million	–	–

Note: The additional winter expenses allowance for employers was suspended in 1992; the allowance for employees was suspended in 1995.

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

Aim

To maintain the jobs of employees 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 AMS Act (1994);
- § 33 Parental Leave Act (1997);
- Guidelines of the Federal Ministry of Labour, Health and Social Affairs.

Contents

Employees in receipt of parental leave 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.

Rate of Subsidy and 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. Up to the end of 1996, enterprises with over 50 employees were able to receive training, retraining or further training subsidies or grants towards training schemes; if the training scheme was approved by the AMS (no legal entitlement), a subsidy amounting to 30% of the gross wage due was granted for a period of three months.

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

Institutional Support

Responsible local health insurance authority.

Duration

The reintegration subsidy is payable for three months, provided that employment is guaranteed for at least one year.

Effects

Persons aided in:

Year	Persons aided	
	Enterprises with up to 50 employees	Enterprises with more than 50 employees
1992	207	7
1993	1,298	41
1994	1,333	25
1995	1,391	35
1996	1,284	28
1997	1,304	—

Note: The reintegration subsidy following parental leave was introduced in July 1992. It was abolished for enterprises with over 50 employees in 1997.

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 regional mobility and entry into employment (*Förderung der regionalen Mobilität 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, willing and able to work, available to the labour market and have been in contributory employment for a minimum period of time (first-time claimants: 52 weeks within the preceding two years; repeated claims: 26 weeks within the preceding year).
- Emergency assistance: applicants must have exhausted their entitlement to unemployment benefit or parental leave allowance 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, 5.1 for details.

Financial Resources

Unemployment benefit consists of a basic rate and family supplements:

- For claims submitted during the first half of the year, the basic rate is derived from the annual basis of assessment for contributions to social security taken two years previously; for claims submitted during the second half of the year, it is derived from the annual basis of assessment taken in the previous calendar year. As a rule, the basic rate amounts to 57% of the daily net income during the year taken as the basis of assessment.
- Family supplements (ATS 651 per month/30 days) are payable for young children and partners if the monthly net income of the beneficiary's partner is less than ATS 14,000. The supplement is reduced by any amount of income on the part of the partner which exceeds this sum. A family supplement is only payable for a partner if a young child is living in the same household.
- Emergency assistance may not exceed 92 or 95% of the unemployment benefit previously received. After a period of six months, this sum may not exceed the standard rate for compensatory supplements (1998: ATS 7,992) if unemployment benefit was previously drawn for 20 weeks. If unemployment benefit was previously drawn for 30 weeks, the maximum rate of emergency assistance after 6 months' receipt is ATS 9,220 in 1998 (minimum subsistence rate).
- Older workers are entitled to more favourable classification in the case of both benefits.
- These benefits are financed from passive labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution).

Institutional Support

Regional offices of the AMS.

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
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
1995	195,332	124,015	71,316
1996	209,169	127,021	82,148
1997	212,495	122,580	89,915

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

Pension advance

Aim

To provide financial security for persons claiming a pension while the pension insurance authorities verify the claim.

Legal Basis

Unemployment Insurance Act (1977).

Contents

Claimants must fulfil the requirements for receipt of unemployment benefit or emergency assistance, with the exception of ability and willingness to work and availability to the labour market.

Financial Resources

- The amount of the pension advance is equal to the amount of unemployment benefit or emergency assistance which would normally be due, but is subject to a maximum limit. This limit is equal to the average old-age pension (1998: ATS 11,100; basis of assessment: 30 days) or invalidity pension (1998: ATS 9,201; basis of assessment: 30 days).
- Claims which are turned down are reconverted into the benefit underlying the claim (unemployment benefit or emergency assistance). Any differences resulting from a higher daily rate of the underlying benefit in comparison to the pension advance are not paid retrospectively.
- These benefits are financed on principle from labour market policy funds (employer and employee contributions to unemployment insurance and federal contribution). If the pension claim is accepted, the pension advance is reimbursed by the responsible pension insurance scheme.

Institutional Support

Regional offices of the AMS.

Duration

Until verification of the pension claim.

Effects

Year	Beneficiaries of pension advances	
	Old-age pension	Invalidity pension
1988	658	6,273
1989	523	5,842
1990	535	5,907
1991	554	6,083
1992	558	6,965
1993	1,126	8,052
1994	2,565	9,478
1995	2,349	9,593
1996	2,699	10,863
1997	1,526	9,803

Special support*Aim*

To enable premature transition into retirement.

General special support has since been abolished and may only now be claimed on the basis of transition regulations. The regional offices of the AMS are responsible for any transition cases which have not yet been concluded. The deadline for final claims on the basis of the transition regulations is 31.12.1998.

Responsibility for special support in the mining sector was transferred on 1.4.1996 to the Austrian Miners' Insurance Agency.

**Promotion of regional mobility and entry into employment
(Förderung der regionalen Mobilität und der Arbeitsaufnahme)**

Aim

To facilitate the search for work and entry into employment by promoting regional mobility.

Legal Basis

- § 32 in conjunction with § 34 AMS Act (1994);
- Guidelines of the AMS.

Contents

Allowances to promote regional mobility and entry into employment:

- Interview allowance for travel expenses, accommodation and food.
- Travel allowance for travel between home and work, and accommodation at the place of work.

Financial Resources

Partial or total reimbursement of actual costs.

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

Institutional Support

Regional offices of the AMS.

Duration

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

Effects

Year	Travel allowance	Interview allowance
1994	2,302	11,196
1995	2,198	10,819
1996	2,044	12,448
1997	2,501	14,161

Child-care allowance (*Kinderbetreuungsbeihilfe*)

Aim

To integrate persons with custodial obligations into the labour market.

Legal Basis

- § 32 in conjunction with § 34 AMS Act (1994);
- Guidelines of the AMS.

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 (under the age of 19 for disabled children) 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. Child-care costs are reimbursed in part.

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 AMS.

Duration

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

Effects

Claims approved:

Year	Child-care allowance
1989	2,385
1990	4,139
1991	5,582
1992	5,752
1993	6,799
1994	7,544
1995	8,694
1996	10,246
1997	14,839

4. Training, Further Training 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 Berufsvorbereitung*)

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:

- second-chance schools governed by the Schools Organisation Act;
- qualification schemes commissioned by the AMS;
- educational services provided by the social partners' educational institutions;
- private suppliers;
- in-plant further training.

The programmes available in the second-chance schools are governed by federal laws and ordinances and are standardised and controlled by the state. They 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 most important non-school adult education bodies are 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 *AMS Act*, it engages the services of existing further training bodies. Participation in further vocational training schemes provided by adult education institutions may be financially supported following investigation by the regional offices of the *AMS* of the usefulness of the training from a labour market policy point of view.

The AMS 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.

AMS qualification schemes

Career orientation schemes:

These schemes offer comprehensive support prior to training or jobsearch to persons finding it difficult to determine their career possibilities. They consist of the following elements: self-classification and goal orientation and analysis of personal situation and assessment of previous occupational experience; career prospects, interests and desires; research on wishes and interests, including possibilities for periods of work experience; decision-making and definition of further steps. The overall aim is a concrete, realisable career plan.

Vocational preparation schemes:

In addition to practical familiarisation with various occupational areas within the sheltered framework of institutional workshops and/or enterprises, vocational preparation schemes offer first-time entrants to the labour market an opportunity to deal with personal and social problems. In addition to practical preparation for an occupation, and depending on the goals pursued and the target groups involved, the following services are made available: various types of individual and group counselling, catching up on educational gaps, German language courses, job-application training, vocational supervision, etc. Vocational preparation schemes tailored specifically to the needs of girls allow give the girls time to discover their own technical/craft-related interests. The aim is personal and social stability as a prerequisite for entering employment, an apprenticeship or a training scheme.

On-the-job work experience:

The aim of on-the-job work experience is to offer persons who have finished school or higher education or those participating in career orientation schemes an opportunity to familiarise themselves with a particular job and to gain experience in an enterprise. The enterprises in turn are given the opportunity to get to know potential employees.

Training:

Training schemes provide vocational knowledge and skills leading to a recognised school-leaving or vocational certificate (e.g. an apprenticeship certificate). The contents of training are laid down by law or ordinance and the final examinations are usually taken before an external authority. The aim is for participants to complete the respective training course and to find work.

Further training:

Further training schemes provide either entry-level vocational qualifications, which enable entry into employment, or additional vocational qualifications, which are understood as being supplementary to initial training. The aim is the acquisition of concrete skills and entry into or safeguarding of employment.

Active jobsearch:

Active jobsearch schemes provide skills which are directly related to the search for work: application strategies, composition of applications and curricula, self-marketing, analysis of job advertisements, etc. The aim is for participants to find work and to rapidly enter employment.

Work training:

Social problems are dealt with within the framework of specially designed work-training schemes with a view to ameliorating the consequences of long-term unemployment or psychological or physical impediments and to promoting the development of certain types of work behaviour (stamina, punctuality, etc.). At least 50% of work training time is spent on productive work. The aim is psychological and physical stability and entry into a subsequent qualification scheme or employment.

Schemes for unemployed participants often consist of a combination of career orientation and further training modules, on-the-job work experience and active jobsearch elements.

The participants in the schemes consist in particular of unemployed persons without or with obsolete qualifications, disabled persons, persons returning to the labour market, and young people and especially girls who are finding it difficult to enter the labour market. Training of persons in employment is supported financially under ESF Objectives 1, 2, 5b and 4 with a view to safeguarding existing jobs.

Unemployed participants in the schemes receive unemployment benefit for up to three months. Longer-term participants receive a subsistence allowance (*DLU*) and are reimbursed for course fees and other course-related expenses.

Participants in school or university courses may draw benefits from unemployment insurance only under certain circumstances (e.g. members of employment foundations or persons on training leave under the *AIVG*).

Aid to individuals (Förderung von Personen)

Subsistence allowance and allowance towards course fees and other course-related expenses

Aim

- To secure the livelihood of persons in vocational training schemes or on-the-job work experience;
- to safeguard endangered jobs.

Legal Basis

- § 32 in conjunction with § 34 and §§ 35-38 AMS Act (1994);
- Guidelines of the AMS;
- § 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 on-the-job training schemes (work experience):

- 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.
- Allowance towards course fees to cover expenditure arising from participation in a scheme (e.g. course fees for courses which are not commissioned by the AMS).
- An allowance towards other course-related expenses is granted to persons participating in schemes taking place at some distance from their place of residence.

Financial Resources

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

Institutional Support

Regional offices of the AMS.

Duration

Depends on the duration of the scheme.

Effects

Beneficiaries:

Year	Subsistence allowance (<i>DLU</i>)	Course fees and course- related expenses
1990	29,975	46,630
1991	26,342	42,900
1992	22,214	34,980
1993	31,496	45,363
1994	39,097	60,122
1995	34,075	55,347
1996	32,469	63,169
1997	27,126	64,934

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 AMS Act (1994);
- Guidelines of the AMS.

Contents

The further training establishments and training centres operated by the social partners are among the institutions which are most frequently commissioned by the AMS to carry out labour market training schemes. The social partners also operate their own training centres for the vocational rehabilitation of disabled persons (vocational training and rehabilitation centres). The AMS 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 AMS also cofinances 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, ESF).

Institutional Support

Regional offices in cooperation with the competent *Land* office of the AMS.

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
1990	40,335
1991	37,235
1992	27,918
1993	42,673
1994	46,505
1995	37,216
1996	41,568
1997	59,509

Aid to enterprises (Förderung von Unternehmen)

Aim

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

Legal Basis

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

Contents

In addition to educational institutions, enterprises may also be commissioned to carry out vocational training and further training schemes. The condition for such schemes is that the qualifications acquired may not only be put to use in the training company.

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

In ESF Objectives 1, 2, 5b and 4, in particular, training of persons in employment has become an important instrument for safeguarding existing jobs and for supporting structural change. Special conditions for support apply in the case of in-plant training in connection with job-rotation projects and innovative models seeking to improve inter-plant systems of training and further training and training alliances.

Financial Resources

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

A subsidy may be paid towards the wage or salary costs of employees participating in training schemes designed to secure their jobs, to support structural change or to develop innovative models seeking to improve systems of training and further training. In addition, personnel development and evaluation costs may be financed.

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

Institutional Support

Regional offices in cooperation with the *Land* offices of the AMS.

Duration

Depends on the qualification pursued.

Effects

Year	Beneficiaries of training in enterprises
1990	6,541
1991	5,189
1992	3,967
1993	7,156
1994	9,982
1995	3,647
1996	33,861
1997	101,511

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;
- to secure trainee places for apprentices.

Legal Basis

- § 32 in conjunction with § 34 AMS Act (1994);
- Guidelines of the AMS.

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, young people who have failed to complete an apprenticeship, etc.);
- girls in occupations where women are under-represented (less than 45%);
- unemployed adults without or with an obsolete qualification.

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 AMS provides financial aid to institutions and companies which supply those elements of training which the training company itself is unable to provide (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.

The subsidy towards inter-plant additional training covers around 50% of the costs incurred.

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

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

Institutional Support

Regional offices of the AMS.

Duration

Grants are payable for the duration of the respective scheme (duration of apprenticeship training or vocational preparation).

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
1995	1,785	2,385
1996	4,132	2,838
1997	13,725	4,876

Note: Inter-plant additional training for apprentices was first introduced in 1992; the trainees funded under this scheme are included in column 1 (funding of apprenticeship training).

5. Job Creation

- A-v.1 Socioeconomic employment companies (*Sozialökonomische Beschäftigungsbetriebe*)
- A-v.2 Promotion of investment and restructuring (*Förderung von Investitions- und Umstrukturierungsmaßnahmen*)
- A-v.3 Business start-up programme (*GründerInnenprogramm*)
- A-v.4 Integration subsidies (*Eingliederungsbeihilfen*)
- A-v.5 Further training allowance (*Weiterbildungsgeld*)
- A-v.6 Solidarity bonus (*Solidaritätsprämie*)

Socioeconomic employment companies (*Sozialökonomische Beschäftigungsbetriebe – SÖB*)

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 AMS Act (1994);
- Guidelines of the AMS.

Contents

As a rule, socioeconomic employment companies (SÖBs) are non-profit-making service enterprises which promote the vocational integration of the difficult to place by providing essentially regular but still relatively sheltered fixed-term jobs. SÖBs pursue both labour market goals (in that they provide fixed-term employment and a package of sociopedagogical services for the target group) and economic objectives (in that they must sell products or services at market prices and thus generate a certain share of their total costs through sales revenue).

Financial Resources

The contribution from the AMS is to be seen as partial payment for a service commissioned by the AMS and provided by the SÖB. It covers the costs of the jobs provided, the training of the participants, sociopedagogical care, integration aids and the necessary personnel for qualified supervision and training of the employees.

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

Institutional Support

Land offices in cooperation with the regional offices of the AMS.

Duration

The projects are financed for one year; participants are usually employed for one year; an extension may be possible in some cases.

Effects

Year	Number of participants
1991	956
1992	1,138
1993	1,234
1994	1,396
1995	1,476
1996	1,606
1997	1,444

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, 35a and 51a Labour Market Promotion Act (1968);
- § 32 in conjunction with § 34 AMS Act (1994).

Contents

Provision of aid linked to enterprises for

1. Enterprises which manufacture material goods, namely
 - small- and medium-sized firms;
 - firms located in problem regions.
2. Under the terms of § 51a, Sections 3-5, *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, Sections 3-5, *AMFG*.

Institutional Support

Federal Ministry of Labour, Health and Social Affairs in agreement with the Federal Ministry of Finance and the Federal Ministry of Economic Affairs; the *Land* offices of the *AMS* 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
1995	4,384*
1996	7,719

Note: New regulations introduced in 1994.

* First loans approved under § 51a, Sections 3-5, *AMFG*.

**Business start-up programme
(GründerInnenprogramm)***Aim*

To support unemployed persons in their efforts to create new jobs for themselves and others.

Legal Basis

- § 32 in conjunction with § 34 AMS Act (1994);
- § 12(5) AIVG;
- Guidelines of the AMS.

Contents

The AMS provides aid to unemployed persons in the form of start-up counselling, training, unemployment benefit in the preparation phase and, under certain conditions, an allowance during the initial phase in order that they may prepare and carry out business start-ups.

Financial Resources

The business start-up programme is financed from active and passive labour market policy funds.

Institutional Support

Regional offices of the AMS.

Effects

The programme was first introduced throughout Austria in 1998.

Integration subsidies (Eingliederungsbeihilfen)

Integration subsidy and special integration subsidy

Aim

To integrate the long-term unemployed and persons threatened by long-term unemployment and to reduce the jobs deficit by creating new jobs.

Legal Basis

- Guidelines of the AMS.

Contents

This aid is provided in the form of wage-cost subsidies to all employers who, on the basis of a consultation or assistance agreement with the AMS, recruit members of the target group under collectively agreed conditions for at least one month. The target group for the special integration subsidy is restricted to beneficiaries of unemployment insurance.

Financial Resources

The wage-cost subsidy may amount to a maximum of 66.7% of the wage and non-wage labour costs. It is payable for the duration of the employment relationship or for a maximum duration of two years. The subsidy may amount to 100% of wage and non-wage labour costs during a trial period of up to maximum three months (six months for persons with physical, psychological and mental disabilities). The special integration subsidy is equal to the amount of the benefit due (unemployment benefit or emergency assistance) and may not exceed 66.7% of the wage and non-wage labour costs.

The integration subsidy is financed from active labour market policy funds, the special integration subsidy from passive labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution, ESF).

Institutional Support

Regional offices of the AMS.

Duration

The integration subsidy is provided for a maximum duration of two years, the special integration subsidy for a maximum duration of one year.

Effects

The integration subsidy was introduced in 1998 and replaces the former non-profit subsidy (previously Action 8000) and reintegration aid for enterprises. The special integration subsidy was introduced in 1997.

Year	Non-profit integration subsidy	Reintegration aid for enterprises	Special integration subsidy
1994	4,676	2,814	–
1995	3,799	3,182	–
1996	4,088	5,591	–
1997	4,224	6,699	4,376

Further training allowance (Weiterbildungsgeld)

Aim

The main aim of this labour market measure is to improve the distribution of work between the employed and the unemployed, and thus to create jobs for the unemployed. At the same time, employees who avail of training leave or unpaid leave benefit from greater leverage over their time, which both improves the quality of their lives and creates room for manoeuvre which is of considerable interest and use to society and the economy.

Legal Basis

Stipulations under the AIVG (1977) and the Adaptation of Employment Contracts Act (AVRAG).

Contents

Persons who fulfil the statutory conditions of eligibility have legal entitlement to a further training allowance.

- Training leave: the conditions of eligibility are an agreement on training leave between employer and employee and proof of participation in a training measure for the duration of the leave. No salary is paid for the duration of leave.
- Unpaid leave: the conditions of eligibility are an agreement on unpaid leave between employer and employee and the recruitment of a replacement worker by the employer for the duration of the leave. The replacement worker must have been in receipt of either unemployment benefit or emergency assistance prior to his/her recruitment. No salary is paid for the duration of unpaid leave.

In both of the above cases, the claimant must have been in contributory employment for a certain minimum length of time (52 weeks within the two years prior to the claim for first-time claimants of a benefit from unemployment insurance, otherwise 26 weeks within the previous 52 weeks). The claimant may not engage in any other employment or self-employment which yields an income in excess of the insignificant income level (1998: ATS 3,830).

Financial Resources

The further training allowance amounts to ATS 5,565 per month for both training leave and unpaid leave (1998: daily rate of ATS 185.50 for 30 days per month).

The allowance is financed from passive labour market policy funds.

Institutional Support

Regional offices of the AMS.

Duration

Further training allowance is payable for the agreed period of six months' training leave and for up to one year, provided proof of participation in a further training course is shown for the duration of the leave.

The allowance in the case of unpaid leave is also paid for the duration of the leave agreed with the employer (minimum six months) for up to one year, provided a replacement worker is recruited for the same period of time.

Effects

No data available: the scheme was first introduced in 1998.

Solidarity bonus (Solidaritätsprämie)

Aim

The solidarity bonus is a labour market policy measure intended to contribute to improving the distribution of work between the employed and the unemployed. Certain groups of employees are to be given the opportunity to reduce their working hours in order that unemployed persons can be recruited to fill the vacant volume of working time. Participants are offered compensation in the form of a lump-sum payment.

Legal basis

Stipulations under the AIVG 1977 and the Adaptation of Employment Contracts Act (AVRAG).

Contents

Employees and replacement workers who fulfil the conditions of eligibility have a legal entitlement to the solidarity bonus. The requirements are that the employees reduce their average weekly working hours by a percentage yet to be defined and that a replacement worker who was previously in receipt of unemployment benefit or emergency assistance is recruited at a wage above the insignificant income level (1998: ATS 3,830) to cover the total volume of hours ensuing from the working-time reduction.

Financial resources

The calculation of the solidarity bonus for the employees is based on the amount of unemployment benefit they would be due on the day of recruitment of the replacement worker. They are then paid the percentage of this sum by which their normal weekly working hours are reduced. For the replacement workers, the basis of assessment for the percentage rate is the unemployment benefit previously drawn.

The scheme is financed from passive labour market policy funds.

Institutional support

Regional offices of the AMS.

Duration

The solidarity bonus is payable for the duration of the working-time reduction up to a maximum duration of two years. The duration may be extended by one year for specific labour market policy reasons, as provided for by AMS guidelines.

Effects

No data available: the scheme was first introduced in 1998.

6. Special Categories of Workers

- A-vi.1 Women with employment difficulties – Labour market programme for women (*Frauen mit Beschäftigungsproblemen – Arbeitsmarktpolitisches Frauenprogramm*)
- A-vi.2 Older persons (*Ältere Personen*)
- A-vi.3 Long-term unemployed persons (*Langzeitarbeitslose Personen*)
- A-vi.4 Physically disabled, mentally ill and mentally disabled persons (*Physisch, psychisch und geistig behinderte Personen*)
- A-vi.5 Young people (*Jugendliche*)

A-vi.1

**Women with employment difficulties – Labour market programme for women
(Frauen mit Beschäftigungsproblemen – Arbeitsmarktpolitisches
Frauenprogramm)**

Aim

Targeted application of labour market promotion instruments and resources with a view to improving the labour market prospects of women and girls.

Legal Basis

- § 31 (3) AMS Act (1994);
- Guidelines of the AMS.

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 or family-related career interruption;
- 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.

Of the available labour market policy instruments, the following measures are contained in the programme for women:

Improved access to employment, especially through support for women returning to work and those seeking to reconcile career demands with custodial obligations:

- Information tailored to the target group:
Counselling and offers of training for women on parental leave.
- Specific measures towards the vocational integration of women returning to work (active groups, resource pools, job-application training, ...).
- Training and further training for women:
Especially in technical occupations, craft trades and new vocations; design of framework conditions which take into account the needs and possibilities of women returning to work and those with custodial duties.
- Improvement of the framework conditions for a return to work or for the efforts of women to balance their careers and their families:
extension of the provisions through support for employment in child-care facilities and through training of child-minders;
increased utilisation of child-care allowance.

- Provisions towards promoting employment:
creation of temporary possibilities for employment, preferably including training;
acquisition of part-time skilled jobs;
targeted deployment of wage-cost subsidies so that women can gain a foothold in non-traditional and new types of employment.

Improvement of the vocational prospects of women through training

- Support for training of women, especially in new occupational fields which are not yet primarily characterised by one gender.
- Support for in-plant training models for women returning to work and to aid parents seeking to reconcile work and family responsibilities (e.g. within the framework of ESF Objective 4).

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, ESF); cofinancing by other bodies for job creation measures and by external labour market counselling offices.

Institutional Support

The planning of the measures is part of the annual programme design or is included in the planning of special programmes at federal level. Labour market measures for women are implemented by the regional offices of the AMS.

Duration

Ongoing.

Effects

Year	Total benefits granted under active LMP	Women	Men
1994	197,655	87,472	110,183
1995	169,971	81,290	88,681
1996	217,761	102,641	115,120
1997	320,670	153,960	166,710

Note: The total number of benefits granted is not equal to the total number of beneficiaries because each individual may have been in receipt of more than one benefit (e.g. subsistence allowance, allowance towards course fees and other course-related expenses, child-care allowance).

Older persons (*Äldre Personer*)

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

- § 45a Labour Market Promotion Act (1996);
- § 5 Labour Market Policy Financing Act;
- § 32 in conjunction with § 34 AMS Act (1994);
- Guidelines of the AMS.

Contents

The AMS' primary goal is to protect the employment of older persons through preventive measures and to preclude their dismissal. Thus, special conditions apply to preventive measures (e.g. the early warning system – cf. Chapter II, 4.2) to safeguard the employment of older workers. The increased use of training schemes for older employees (cf. A-iv.4) under ESF Objective 4 and the utilisation of the short-time working allowance (cf. A-ii.1) are among the measures to protect older persons.

Bonus/penalty system

A bonus/penalty system was introduced in 1996 (Labour Market Policy Financing Act) as an additional protective instrument against dismissals and as an incentive for the recruitment of older workers. Employers who recruit persons aged over 50 pay reduced contributions to unemployment insurance; their contribution is waived totally on recruitment of persons aged over 55. Employers who dismiss workers aged over 50 who have been their employees for at least 10 years are obliged to pay a once-off penalty, the rate of which depends on the amount of the basis of assessment and the period of time remaining between the actual age and the pensionable age of the employee concerned.

If the dismissals still cannot be avoided, all active labour market measures are made available to older employees under less strict conditions of eligibility, i.e. further training allowances, integration schemes, intensive support within the framework of employment foundations, etc. The reintegration of older persons through employment in non-profit personnel leasing firms has proven to be particularly successful.

Special regulations concerning unemployment benefit, emergency assistance and transfer benefits to facilitate transition into retirement serve to safeguard the financial security of older employees (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, ESF); cofinancing by other bodies for job creation measures and by external labour market counselling centres.

Institutional Support

Offices of the AMS.

Duration

Unlimited.

Effects

Bonus/penalty system

Due to the brief existence of the scheme, it is not yet possible to report definitively on the success of the bonus/penalty system for safeguarding the employment of older workers. However, positive developments can be recognised: the stock of contributory employees for whom a reduced or no contribution was made on the part of the employer more than doubled from 4,158 in September 1996 to 10,326 at the end of August 1997. By contrast, there was no significant increase in the number of penalty payments.

The increase in the number of bonus cases is a sign that the number of recruitments of older workers is significantly higher than the number of dismissals.

Long-term unemployed persons (Langzeitarbeitslose Personen)

Aim

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

Legal Basis

- § 32 in conjunction with § 34 AMS Act (1994);
- Guidelines of the AMS.

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 AMS uses targeted deployment of all active and activating measures, i.e. counselling, job-search, career orientation, support for training and further training, and integration, in order to prevent long-term unemployment and to reintegrate the long-term unemployed.

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, ESF), cofinancing by other bodies for job creation measures and by external labour market counselling centres.

Institutional Support

Regional offices in cooperation with the *Land* offices of the AMS.

Duration

Unlimited.

Effects

Cf. the sections detailing the measures referred to above.

Physically disabled, mentally ill and mentally disabled persons (*Physisch, psychisch und geistig behinderte Personen*)

Aim

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

Legal Basis

- § 31 (3) in conjunction with § 34 AMS Act (1994);
- Disabled Workers Recruitment Act (1987);
- Federal Government Plan for the Disabled (1997);
- Guidelines of the AMS.

Contents

The primary goal of the AMS in supporting disabled workers is to enable their integration into regular employment in order that they can secure their own livelihood. The AMS, in conjunction with the federal social security offices, provides a package of measures in support of integration with a view to achieving this goal. The package includes all AMS measures and instruments, but also those provided by the federal social security offices, such as:

- Counselling, orientation, training schemes and supervised integration in the vocational training and rehabilitation centre (*Berufliches Bildungs- und Rehabilitationszentrum – BBRZ*) in Linz.
- So-called work assistants to provide aid to enterprises and disabled workers.
- Integrative enterprises (sheltered workshops) to prepare disabled workers for the labour market or to provide permanent employment for persons who have no prospect of integration.

Although special protection against dismissal protects the jobs of disabled workers, it can also act as a barrier to integration. Likewise, a statutory quota for the recruitment of disabled workers in enterprises is not a successful instrument for job acquisition because employers can avoid such recruitment by making a compensatory payment.

Financial Resources

Measures for disabled workers are cofinanced from labour market policy funds and funds from Division IV of the Federal Ministry of Labour, Health and Social Affairs or from the federal social security offices.

Institutional Support

Offices of the AMS in cooperation with the federal social security offices.

Duration

Unlimited.

Young people (*Jugendliche*)

Aim

- To integrate problem groups;
- to combat discrimination against girls;
- to safeguard the quality of apprenticeship training;
- to reduce the deficit of trainee places by creating substitute places.

Legal Basis

§ 34 AMS Act.

Contents

In addition to specially qualified counsellors in the regional offices and the career information centres (BIZ), all other active measures to support entry into employment and training are also available to young people. In recent years – as a result of the decline in the number of training places – support for improved apprenticeship conditions for young people who have not found a trainee place has played an increasingly important role. The main target groups are girls, young people with disabilities or learning difficulties and those who have dropped out of school or an apprenticeship.

Financial Resources

The schemes are financed from labour market policy funds (employer and employee contributions to social security, federal contribution, ESF) and also in part from the funds of the federal social security offices and the *Länder*.

Institutional Support

Regional offices of the AMS.

Duration

Duration of individual measure. In the case of apprenticeship training, until training has been completed (as a rule, three years).

Effects

Apprenticeship training and vocational preparation

Year	Men	Women
1990	3,477	2,931
1991	2,135	2,261
1992	1,680	1,759
1993	1,839	1,773
1994	2,104	2,034
1995	2,211	1,959
1996	3,539	3,431
1997	9,427	9,174

7. Placement

- A-vii.1 Supplementary support and placement measures (*Ergänzende Maßnahmen der Betreuung und Vermittlung*)
- A-vii.2 Vocational guidance for young people (*Berufsberatung von Jugendlichen*)

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

Aim

To extend the counselling, assistance and placement services of the AMS through course-like provisions, counselling centres and self-help facilities.

Legal Basis

- § 29 in conjunction with § 32 AMS Act (1994);
- Guidelines of the AMS.

Contents

The principal element of counselling, assistance and placement is the assistance agreement (cf. Chapter III, 1. Overall Measures), in addition to measures deployed according to the needs of the client, such as career orientation, active jobsearch and periods of work experience or work training (cf. Chapter III, 4. Training, Further Training and Occupational Mobility).

Another important element is the obligation on clients laid down in the A/VG that they must act on their own initiative and independently seek work. The *Samsomats* and Internet facilities provided in the regional offices, in the career information centres and at external locations enable jobseekers to independently seek suitable vacancies throughout Austria and procure information about occupations, requirements for entitlement to benefits and the services provided by the AMS.

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 cooperation with the *Land* offices of the AMS.

Duration

Ongoing.

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

Aim

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

Legal Basis

- § 32 AMS Act (1994);
- Guidelines of the AMS;
- Guideline on the establishment, fitting out and operation of career information centres.

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 the immediate environment of the young people (especially parents and schools).

One of the priorities in the area of counselling is to provide support for girls interested in careers in which women are under-represented. Special information sessions are conducted for this target group.

A special counselling service for young people has been set up in many regional offices, and the youth counsellors also conduct information sessions in schools; special information sessions are also provided for parents and teachers.

These information sessions are provided in career information centres (*Berufsinformationszentren – BIZ*). The 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, aptitude tests, etc.), which can be used independently by visitors.

The target groups of the *BIZ* are all persons facing a career or training choice or who wish to find information on specific occupations or possibilities for training or further training.

The employees of the *AMS* are also involved in the training and further training of teachers.

Financial Resources

The services 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 employees (youth counsellors) of the regional offices and career information centres.

Duration

Ongoing.

Effects

There are currently 50 career information centres in Austria. There are plans to establish a further six centres by the year 2000.

8. Other Measures

- A-viii.1 Consultation bodies for providers of labour market policy schemes: counselling, training and employment (*Beratungseinrichtungen für Träger von arbeitsmarktpolitischen Beratungs-, Ausbildungs- und Beschäftigungsmaßnahmen*)
- A-viii.2 Bodies providing counselling and support for disadvantaged target groups (*Beratungs- und Betreuungseinrichtungen für arbeitsmarktpolitisch benachteiligte Zielgruppen*)
- A-viii.3 Employment foundations (*Arbeitsstiftungen*)

A-viii.1

**Consultation bodies for providers of labour market policy schemes:
counselling, training and employment
(*Beratungseinrichtungen für Träger von arbeitsmarktpolitischen Beratungs-,
Ausbildungs- und Beschäftigungsmaßnahmen*)**

Aim

To support the establishment and further development of labour market policy measures.

Legal Basis

§ 32 in conjunction with § 34 AMS Act (1994).

Contents

Information and consultation are extremely important for the stabilisation and improvement of the professional quality of new and existing projects. The AMS therefore finances privately operated consultation bodies specialising in various fields, which fulfil an intermediary function between the AMS and bodies carrying out labour market counselling, training and employment schemes, especially those in the non-profit-making sector.

The range of services thus covers a broad spectrum – counselling with respect to organisation, development and the start-up phase, information, consultation on labour law and financial advice. Ideas for new projects can be submitted to the consultation bodies, where the available infrastructure can be used for their design.

Priority activities of the consultation bodies:

- counselling for persons who wish to create their own employment (start-up counselling); counselling on the foundation and further development of employment companies, one-person firms, cooperative 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

Land offices and federal office of the AMS.

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

Institutional Support

Competent *AMS Land* office.

Duration

Consultation bodies are granted financial aid for one year at a time on principle.

**Bodies providing counselling and support for disadvantaged target groups
(Beratungs- und Betreuungseinrichtungen für arbeitsmarktpolitisch
benachteiligte Zielgruppen)**

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 AMS.

Legal Basis

§ 32 in conjunction with § 34 AMS Act (1994).

Contents

The AMS 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 AMS, can also be reached. The bodies work in close cooperation with the regional offices of the AMS 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 AMS; 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 AMS finances these agencies in proportion to their labour market activities from labour market policy funds (employer and employee contributions to unemployment insurance, federal contribution, ESF); the measures are cofinanced by other public bodies.

Institutional Support

Regional and *Land* offices of the AMS.

Duration

Finance is provided for one year at a time.

Effects

There are currently 124 external bodies providing labour market counselling and support (1997).

Employment foundations (Arbeitsstiftungen)

Aim

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

Legal Basis

- § 32 in conjunction with § 34 AMS Act (1994);
- Unemployment Insurance Act (1977);
- Guidelines of the AMS.

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, periods of practical training, (further) qualification and support for proposed business start-ups.

The instrument of the employment foundation is defined in the Unemployment Insurance Act. On fulfilment of the required conditions and given the approval of the social partners, the AMS is legally obliged to recognise employment foundations.

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 with colleagues 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, sectoral, regional and bankruptcy 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.

Members of employment foundations receive training-unemployment benefit for the duration of their participation. As a rule, they additionally receive a grant which has been agreed in the social partners' social plan.

Financial Resources

Employment foundations are financed by:

- the enterprise (e.g. provision of offices, training premises, technical equipment, management and training personnel; cofinancing 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 employees' gross wages in the steel foundation; contributions from the works council fund in the *Plansee* foundation);
- the *AMS*, which pays unemployment benefit to the participants.

The *AMS* may assume up to 25% of the cost of bankruptcy foundations and regional foundations in order to improve the quality of the schemes and the management.

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

Institutional Support

The establishment of an employment foundation must be officially approved by the competent *Land* directorate of the *AMS*. The foundation itself is established by the social partners.

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

Over 70% of former members of employment foundations find new employment.

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

Year	Participants
1991	270
1992	403
1993	810
1994	1,448
1995	1,889
1996	2,820
1997	3,208

CHAPTER IV INFORMATION AND RESEARCH

Research

The complexities of cause and effect on the Austrian labour market and the growing problems in this area demand that planning and effective implementation of labour market and employment policy must be based on comprehensive scientific findings from labour market, occupational and skills research. In particular, scientific analysis of the individual labour market policy instruments is extremely 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 *AMS* at federal level is legally charged (as a public-law service enterprise which has not been under the direct supervision of the federal authority since 1 July 1994; cf. *AMSG* 1994) with the special functions of monitoring the labour market, compiling statistics, adopting responsibility for general policy and development and for empirical research on the (individual) fields of the labour market, employment, skills and the world of work.

In order to guarantee that the research activities retain a pragmatic and practical orientation, many research projects receive supervisory support from so-called project advisory councils, whose members include representatives of the ministry and interest groups, in addition to experts from the respective research area.

Research is focused on central aspects of labour market, employment and – in the wider sense – social policy. In addition to providing direct insights, the research is also intended to maintain and/or generate awareness of and sensitivity towards social problems.

In summary, the following are the priority areas for the content of research:

- empirical basic research on the Austrian labour market;
- evaluation and development studies on labour market policy instruments;
- development and implementation of planning indicators and coefficients for the further development or control and improvement of the efficiency of the *AMS* (labour market policy controlling);
- research on the labour market situation of particular population groups or problem groups (e.g. long-term unemployed, youth, persons returning to work);
- women in the labour market (gender-specific social situation/inequality, support schemes);
- occupational and skills studies as basic research and for the provision of information on specific occupations as part of the *AMS*' client-oriented services, so that clients may make a career, training or further training decision on the basis of labour market requirements;
- annual short- and medium-term labour market forecasts and various studies mainly presenting labour market trends in statistical form;
- research and documentation on international projects and labour market policy instruments.

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 on complex labour market processes has been expanded both intensively and extensively.

The detailed development and constant maintenance of a systematic and problem-oriented labour market policy monitoring system is one example of such expansion. The employees of both the *BMAGS* and the *AMS* are continually thinking about indicators and coefficients which could

support or contribute to the achievement of labour market policy goals, more rapid recognition of performance deficits and reduction or even complete mastery of these problems through appropriate modifications.

Thus, indicators and coefficients serve to identify and describe relevant aspects of the performance of the *AMS* and its effectiveness within the limits of legal prescriptions and budgetary resources. In effect, they provide precisely quantified measurements, but are not evaluations whose dimensions leave the limited possibilities of the *AMS* to influence the national economy (employment effect) out of consideration.

Finally, it should never to be forgotten in the development and use of planning data and coefficients that the social policy mandate (guaranteeing social security and maintaining the relevant standards) of the *BMAGS* and the *AMS* is often at the cutting edge of conflicts of interest between management and employees.

Publications

BMAGS research findings are published in the series "Research reports from social and labour market policy". *AMS* studies are published in the *AMS* series "AMS-Info" (summary), "AMS-Report" (abridged version) and "AMS-Studie" (full version).

The annual research records of the Federal Ministry of Science and Transport contain comprehensive documentation of completed and current *BMAGS* research projects. *AMS* research findings and relevant external project reports and studies are included in an appropriate internal *AMS* documentation.

Statistics

In accordance with the legal mandate from the Labour Market Promotion Act mentioned above, the *AMS* is also responsible for labour market monitoring and regular compilation of statistics. The findings constitute one of the bases for the implementation of labour market policy.

The method of compilation of statistics was fundamentally reformed and modernised in the course of the establishment of the computerised *AMS*. This area is constantly adapted and expanded in accordance with technical possibilities and service demands. The *SAMIS* (statistical labour market information system) data bank is the source for all statistical work. It contains a wealth of diverse information, classified e.g. by sector, region or population group, and in addition to providing standard tables can also be used to generate freely defined tables.

The most important publications of data include:

- monthly and annual publication of "Labour Market Data";
- monthly and annual publication of "Foreign Employees Requiring Work Permits";
- monthly and annual publication of "Data on Beneficiaries";
- "Austrian Labour Market Promotion Statistics" (federal data are published in the first half of the year and annually; data on *Länder* are published annually);
- "The Labour Market and Education".

The following publications contain reports and research findings:

- "The Labour Market Situation" (annual report on the labour market situation);
- "Registered Unemployed Academics" (published at the end of March and September);
- "Labour Market Analysis and Forecast" (analysis of the current year, forecast for the coming year, scenario for the coming five years; published annually);
- Regional Labour Market Trends in Austria, EURES Report (published annually);
- "Occupational Developments on the Austrian Labour Market" (published annually);
- "Labour Market Profiles" (annual profiles, district profiles and *Länder* profiles published annually; also monthly profiles);
- "Working Population Projections" (published every five years).

Annual "Personal Longitudinal Analyses" from the *AMS* files allow conclusions to be made about particular population groups, for example for Austria and the individual *Länder*. The analyses describe the extent to which a group is affected by unemployment, the length of unemployment periods, the volume of unemployment, repeated unemployment, etc.

In addition, detailed cohort monitoring enables the *AMS* to establish a link between changes in the level of unemployment and the components "entries" and "exits", i.e. to show the impact of various entrant and exit cohorts on a particular unemployment level during a specific period of time.

Appendix 1: Structure of Labour Market Policy Expenditure in Austria (in ATS million)

	1984	1994	1995	1996	1997*)
Expenditure on personnel and materials	1,010	2,252	2,912	3,235	3,186
Salaries (collection of contributions, repayment of loans)	158	288	1,623	5,659	5,670
Payments (AMS programme budget)					
1. Groundwork, information, counselling	79	381	258	331	0)
2. Promotion of mobility	885	2,383	2,641	3,123	0)
3. Job creation	325	957	1,116	1,136	0)
4. Youth	331	160	195	221	0)
5. Support for the disabled	210	864	850	716	0)
6. Support for foreigners	4	148	112	65	0)
7. Investment in equipment	24	45	152	111	0)
TOTAL LMP measures from AMS and ESF funds	1,858	4,938	5,324	5,703	5,000 plus ESF
LMP measures financed from federal funds:					
– § 39a AMFG	395	29	25	20	–
– § 51a AMFG	–	–	0	83	200
– Structural billion	–	651	195	–	–
8. Bad-weather compensation in the building trade	344	571	543	464	–
9. Benefits (unemployment benefit for employment foundations)	–	198	232	444	0)
TOTAL active LMP	2,597	6,387	6,319	6,714	6,931
10. Benefits (AIVG, SUG; minus employment foundations = passive LMP)	14,437	44,200	44,398	45,457	46,463
Active LMP as % of passive LMP	18.0	14.5	14.2	14.8	11.2
Active LMP as % of total expenditure	14.3	12.0	11.4	11.0	8.6

*) Federal estimate 1997.

0) Breakdown of the 1997 federal estimate not possible.

Source: AMS.

Appendix 2: Abbreviations

ABGB	General Civil Code (<i>Allgemeines Bürgerliches Gesetzbuch</i>)
AIVG	Unemployment Insurance Act (<i>Arbeitslosenversicherungsgesetz</i>)
ALG	Unemployment benefit (<i>Arbeitslosengeld</i>)
AMFG	Labour Market Promotion Act (<i>Arbeitsmarktförderungsgesetz</i>)
AMSG	AMS Act (<i>Arbeitsmarktservicegesetz</i>)
AngG	Salaried Employees Act (<i>Angestelltengesetz</i>)
ArbVG	Workplace Labour Relations Act (<i>Arbeitsverfassungsgesetz</i>)
ARG	Rest Periods Act (<i>Arbeitsruhegesetz</i>)
AÜG	Temporary Employment Act (<i>Arbeitskräfteüberlassungsgesetz</i>)
AuslBG	Foreign Labour Act (<i>Ausländerbeschäftigungsgesetz</i>)
AVRAG	Adaptation of Employment Contracts Act (<i>Arbeitsvertragsanpassungsgesetz</i>)
AZG	Working Hours Act (<i>Arbeitszeitgesetz</i>)
BBRZ	Vocational training and rehabilitation centres (<i>Berufliche Bildungs- und Rehabilitationszentren</i>)
BFI	Vocational institutes (<i>Berufsförderungsinstitute</i>)
BHZÜV	Ordinance on Exceeding the Upper Limit at Federal Level (<i>Bundeshöchstzahlenüberziehungsverordnung</i>)
BIZ	Career information centres (<i>Berufsinformationszentren</i>)
BMAGS	Federal Ministry of Labour, Health and Social Affairs (<i>Bundesministerium für Arbeit, Gesundheit und Soziales</i>)
BPG	Company Retirement Act (<i>Betriebspensionsgesetz</i>)
B-VG	Federal Constitution (<i>Bundesverfassungsgesetz</i>)
DLU	Subsistence allowance (<i>Beihilfe zur Deckung des Lebensunterhalts</i>)
DNHG	Employees' Liability Act (<i>Dienstnehmerhaftpflichtgesetz</i>)
GBG	Equal Treatment Act (<i>Gleichbehandlungsgesetz</i>)
GewO	Trade Regulation Act (<i>Gewerbeordnung</i>)

KGG	Leave Allowance Act <i>(Karenzgeldgesetz)</i>
KJBG	Minor and Youth Employment Act <i>(Kinder- und Jugendlichenbeschäftigungsgesetz)</i>
KUG	Parental allowance <i>(Karenzurlaubsgeld)</i>
LFI	Rural further training institutes <i>(Ländliche Fortbildungsinstitute)</i>
MSchG	Maternity Protection Act <i>(Mutterschutzgesetz)</i>
NSchG	Heavy Night-work Act <i>(Nachtschwerarbeitsgesetz)</i>
ÖGB	Austrian Trade Union Federation <i>(Österreichischer Gewerkschaftsbund)</i>
ÖSB	Studies and Counselling Association of Austria <i>(Österreichische Studien- und Beratungsgesellschaft)</i>
SAMIS	Statistical labour market information system <i>(Statistisches Arbeitsmarktinformationssystem)</i>
SÖB	Socioeconomic employment companies <i>(Sozialökonomische Beschäftigungsbetriebe)</i>
StGG	Basic Law <i>(Staatsgrundgesetz)</i>
SUG	Special Support Act <i>(Sonderunterstützungsgesetz)</i>
WIFI	Industrial institutes <i>(Wirtschaftsförderungsinstitute)</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 Asuntos Sociales

Finland

Helinä Melkas, Ministry of Labour

France

Marie Christine Petitguyot, Ministère de l'Emploi et de la Solidarité

Claudine Elhaïk, Agence Nationale pour l'Emploi

Ireland

Frank Doheny, Department of Enterprise, Trade and Employment

Italy

Mariarosaria Damiani, Ministero del Lavoro e della Previdenza Sociale

Luxembourg

Jean Hoffmann, Administration de l'Emploi

Netherlands

Martin G. Blomsma, Ministerie van Sociale Zaken en Werkgelegenheid

Theo Keulen, Arbeidsvoorziening Nederland

Austria

Silvia Angelo, Bundesministerium für Arbeit, Gesundheit und Soziales

Gudrun Nachtschatt, Arbeitsmarktservice

Portugal

Victor Viegas, Ministério do Trabalho e da Solidariedade

Sweden

Anna Odhner, Arbetsmarknadsdepartementet

Lasse Gustavsson, Arbetsmarknadsstyrelsen

United Kingdom

Liz Tillett, Department of Education and Employment

Peter Sydserff, Employment Service

European Commission

Sergio Piccolo, DG VIA/2

ISBN 92-828-3511-1



9 789282 835111 >