Industrial relations and social dialogue

Austria: Developments in working life 2023
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Introduction

Austria faced a recession in 2023, with a predicted GDP decline for 2023 of 0.7%, according to the Austrian National Bank (OeNB, 2023). The negative economic development was caused by a decline in investments and private consumption, sharp interest rate increases as well as weak inventory build-up. Furthermore, in 2023, Austria was – for the second year in a row – recording a very high inflation rate with 7.8% increase in consumer prices (after 8.6% in 2022), which was significantly above the euro zone average of 5.4%. After reaching a record high of 11.2% in January, it slowly receded to 5.6% in December 2023. The reasons for the high inflation are considered to be largely “home-made”: In order to support citizens and companies, the government initially mostly relied on direct payments (sometimes not being very accurate) while consumer price interventions (e.g. in electricity or rents) came fairly late. According to Statistics Austria (2024a), more than half of the inflation of 2023 was due to sharp price increases in restaurants, food, household energy and housing maintenance. For 2024, an economic recovery is expected in most sectors, while in construction, the recession is forecast to further intensify (WKO, 2023a). For 2024, the two major economic forecast institutions WIFO and IHS predict a GDP growth in real terms of 0.8% (IHS) to 0.9% (WIFO), with the inflation expected to lie at 3.9 to 4% (IHS/WIFO). For 2025, inflation is forecast to lie at 3.0% (IHS) and 3.1% (WIFO) and GDP growth to lie at between 1.5% (IHS) and 2%, respectively (WIFO) (WKO, 2023a).

Despite the unfavourable economic situation in 2023, the Austrian labour market (still) developed largely positively in 2023. The number of dependent employees grew by around 43,000 and labour shortages were still imminent, with an average of 108,000 vacancies. The unemployment rate has remained comparatively low (at 7.8% according to national definition in December 2023, at 4.9% according to Eurostat definition in November 2023), even though it has been rising since the second quarter of 2023. Overall, the number of unemployed persons (including training participants) rose by around 8,700 people or 2.6% compared to the record year of 2022. This increase can largely be explained by additional registered refugees or people displaced from Ukraine (+7,330), while unemployment among nationals declined (cf. AMS, 2024a). Youth unemployment is somewhat higher than the average unemployment rate (10.5% according to Eurostat in October 2023), but still at the fifth-lowest position within the EU-27. Besides young persons, particularly affected by unemployment are also persons with low formal education and foreigners. Compared to December 2022, unemployment has risen particularly sharply, especially among foreigners and young persons (+14% and +12.3% respectively) (cf. AMS, 2024b). Particularly affected are the construction and industrial sectors.
Political context

In 2023, Austria’s federal coalition government, consisting of the conservative People's Party ÖVP and its junior partner, the Green Party, started into its fourth year of cooperation, with Mr Karl Nehammer of the ÖVP, who had been in office since December 2021, as chancellor.

The investigation committee which was installed by the parliamentary opposition in late 2021 and in which corruption allegations against the ÖVP were investigated, came to an end in 2023. While the ÖVP felt exonerated by the final report, the other parties drew a contrasting conclusion, stating that in their opinion, the committee had indeed brought several misdeeds to light, including "post shenanigans", the misuse of taxpayers' money and "special treatment for the super-rich" (cf. Austrian Parliament, 2023). Both the Social Democratic Party (SPÖ) and the far-right Freedom Party (FPÖ) have stated that they are certain that the ÖVP has a systematic corruption problem. A trial against former ÖVP family minister Ms Karmasin was concluded in May 2023, in which she was found guilty of provisions on agreements restricting competition and was given a conditional sentence of 15 months in prison (judgment is not final). Several further investigations have been or stand to be brought underway against (former) politicians of the ÖVP, among them one against the former Chancellor Mr Kurz and two party colleagues alleging a false testimony in the parliamentary investigation committee. This was finalised in February 2024 with Mr Kurz having been given an eight-months suspended sentence. A prosecution due to advertisement corruption is expected to be taken up as well, against Mr Kurz, Ms Karmasin and further seven people.

The SPÖ, largest opposition party after the last elections in 2019, voted on a new chairperson in spring 2023, following losses in the regional elections in Carinthia (see below). While Mr Doskozil, regional governor of Burgenland, won the first part of the vote (among party members), the runner-up Mr Andreas Babler won the decisive run-off election among the Executive Committee of the Party.

Three elections were held in 2023, all at the level of the regional state. On 29 January, regional state elections took place in the province of Lower Austria, on 5 March in Carinthia and on 23 April in the province of Salzburg. In Lower Austria (the country’s largest federal state in terms of area and second largest in terms of citizens after Vienna), the ÖVP lost its absolute majority with losses of 9.7 percentage points and formed a coalition government with the FPÖ which came in second with large gains of 9.4 percentage points as compared to the previous regional state elections in 2018. The quite surprising formation of the coalition was strongly criticised by political observers due to the far-right and populist nature of the FPÖ. The coalition agreement e.g. includes – at the request of the FPÖ – the halt of advertising measures for vaccinations against COVID-19, the set-up of a fund worth €30 million to compensate for “the negative effects of the corona measures” and the promise to pay back such fines “that were imposed under [lock-down and the like, added by author] provisions that were subsequently repealed by the Constitutional Court.” Furthermore, the agreement promises measures to make Lower Austria as unattractive as possible “for the predominantly economically motivated immigrants”, and the housing subsidy should become linked to the knowledge of German.

In Carinthia, the SPÖ won first place again, albeit thorough losses of 9 percentage points. The coalition with the ÖVP, which was ranked third with 17% (after the FPÖ) and which could make small gains, was prolonged.
In Salzburg, similar to Lower Austria, the ÖVP ranked first with 30.4% but had quite large losses of 7.4 percentage points, while the FPÖ won 6.9 percentage points, coming in second with 25.7%. Those two parties formed a coalition, which also sparked large criticism, not least by organised labour.

Protests against the high inflation and the rising costs of living took place at the initiative of the Austrian Trade Union Federation which was quite vigilant in demanding anti-inflation measures from the federal government (see below, Collective labour disputes in 2023).
Austria: Developments in working life 2023

Actors and institutions

Social partners
There were no changes in the actors, institutions or practices for social dialogue and collective bargaining in 2023. The social partners were involved in the most important measures that were implemented via tripartite negotiations, for example in the negotiation of an updated, post-Corona version of the short-time work model which was intensively used during the pandemic. The latest short-time work model came into effect on 1 October 2023, resembling the pre-pandemic short-time work in which employer benefits (as before the COVID-19 crisis) are based on the pro rata unemployment benefit again.

In general terms, due to the ideological proximity and close ties between the senior coalition party ÖVP and organised business (i.e. the mandatory Federal Economic Chamber WKO and the voluntary Federation of Austrian Industry IV), the support of businesses seems to be more strongly featured in the government’s policy approach and implementation of measures than the support of employees. The most important political ally of organised labour, on the other hand, the SPÖ, is in opposition, and thus the actual relevance of unions and the Chamber of Labour (AK) in policymaking is somewhat more limited in the current coalition government.

Social dialogue bodies or frameworks
No developments or changes to the framework governing the institutions related to social dialogue occurred in Austria in the course of 2023 and there were no changes in the legislative framework for social dialogue and collective bargaining.

The bipartite social dialogue in general was functioning throughout 2023, even though – similar to 2022 – collective bargaining has become more (and in some sectors even highly) conflictual due to the tense economic situation and price increases. In line with the high inflation, collective action in the form of warning strikes took place in several sectors, among them the large retail sector, as well as the influential and pattern-setting metal industry (in which also actual strikes were held in 200 companies). Eventually, face-saving agreements for both sides could be found, often in the form of staggered increases (see below).

Other working life related institutions
No other developments affecting working life related institutions occurred in Austria in 2023.
Developments in collective bargaining

Changes to the collective bargaining structures and frameworks
There were no changes in the actors, institutions or practices for social dialogue and collective bargaining between 2018 and 2023.

Data on collective bargaining
According to information provided by the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund, ÖGB), there are over 800 collective agreements in Austria. The unions re-negotiate over 450 collective agreements every year – annual negotiations are the norm. The rest of the agreements (not negotiated annually) include often very specific additional agreements (for example, additional agreements on special working time regulations, travel expense regulations, or on further training measures), or general collective agreements which are formally valid but which have been put into legislation since (e.g. general collective agreement on the gradual implementation of a 40-hour week from 1969).

The predominant way of wage setting has not changed, with the sectoral level being by far the most important bargaining level. Often (especially in the smaller, trade-kind of artisanal work), sectoral regional (wage) agreements apply.

The rate of collective bargaining coverage lies at 98%, according to OECD/AIAS ICTWSS; thus, almost all dependently employed workers are covered by collective agreements in Austria.

Besides wages, collective agreements in Austria regulate other aspects of working conditions. Commonly, the following aspects are covered in collective agreements (cf. Arbeit & Wirtschaft, 2024):

- Working time regulations: weekly working hours, breaks, shift work, overtime regulations
- Wage and salary regulations: minimum wages, salary scales, allowances, bonuses and bonuses for different professions or skill levels
- Holiday regulations: employees' holiday entitlement, holiday pay and special leave for certain occasions
- Notice periods: deadlines for terminating employment contracts (both by the company and the employees)
- Occupational health and safety: safety guidelines, protective measures, regulations for the handling of hazardous substances
- Social benefits: regulations on additional company benefits such as health insurance, company pension plans and other social benefits
- Training and further education: provisions for further vocational training and qualification of employees
- Labour dispute resolution: provisions for procedures for resolving labour disputes (arbitration or mediation)
- Trade union rights
- Other provisions: e.g. travel expenses, business trips or industry-specific additional services may be included
Wage groups according to skills/educational level and seniority are differentiated with minimum wage tables included for all professional groups. Collective agreements often contain regulations that are much more favourable for employees than the respective legislation.

**Collectively agreed pay outcomes and wage-setting mechanism**

The index of minimum collectively agreed wages provided annually by Statistics Austria *(Tariflohnindex TLI)*, a representative sample of collective agreements, works agreements that are on equal terms with collective agreements and wage regulations set by law, shows an average minimum wage increase of 7.6% overall in 2023, as compared to 2022. According to employment groups, blue-collar workers received an average increase of their minimum wages of 7.8%, white-collar workers of 7.3% and public employees received a minimum wage increase of 7.6% (Statistics Austria, 2024b).

In the second year of an extremely unusual economic situation with record inflation, the annual bargaining rounds were heavily impacted by these developments – both, the spring rounds, and even more the autumn bargaining rounds (which were additionally preceded by a rather bleak economic outlook). In the spring bargaining rounds (which are essentially a continuation of the previous year’s autumn bargaining rounds), rolling inflation was between around 8.6 and 9.7%. On average, wage agreements lay around (or slightly above) these values, with for example, the electronics industry reaching a wage increase of between 8.6 and 9.6% or the mineral oil industry reaching 9.5% wage increases. In the textile industry, the collectively agreed minimum wages were on average increased by 9.8%, while those in the lowest two wage groups were increased by 10.8% and 10.4%, respectively.

Thus, the inflation was largely compensated for in the sectoral negotiations, with small top-ups. Often, staggered wage increases were implemented, i.e. larger increases for lower wage groups and smaller ones for higher wage groups. Also, in several cases, a minimum amount was established, either by setting a specific minimum wage threshold (for example, €2,300 in the wood industry, which reached a conclusion in the first bargaining round already) or by specifying a minimum increase to be implemented in all wage groups (for example, €200 a month in the paper and cardboard industry), thus, increasing the collective percentage wage increases even further for specific low-wage groups. In the freight and warehousing sector, besides a cost-of-living bonus of €600 and a working time reduction from 40 to 38.5 hours, wage increases of at least 7% were reached, the lowest wage group was omitted, and the minimum wage was increased to well above €2,000 per month. In few cases, a two-year agreement was concluded, for example in the leather and suitcase industry (with an agreement for 2024 of compensating for the rolling inflation plus 0.35%). In most sectors, the spring bargaining rounds were largely conflict-free and a conclusion could be found in few bargaining sessions, however, with some exceptions. In the health and adult education sectors, warning strikes took place: In the private hospitals sector, an average increase of 10.56% and a reduction in working time by one hour (from 40 to 39 hours) were reached only after warning strikes were held. Also here, a minimum amount of €200 increase was set, as well as a minimum wage of €2,000 for the lowest wage group. In addition, an extra payment (cost-of-living bonus) of €1,600, paid in four intervals, was agreed upon. In the private spa treatment and rehabilitation sector, also a minimum wage of €2,000 was implemented, as well as a wage increase of 9.3% and a monthly inflation bonus of €1,500 in total (paid in monthly instalments of €250 between April and September 2023). In the adult education sector, a conclusion was found only in
the fifth negotiating round after warning strikes, with a minimum wage increase of €250 per month, setting the percentage increase to between 9.6 and 13.22% (average 10.03% and thus one percentage point above the rolling inflation). In addition, a cost-of-living bonus of €270 for the months of May, June and July were negotiated (€810 in total).

Before the start of the autumn bargaining rounds in late September 2023, a tense atmosphere was evident. The ÖGB and its unions demonstrated against high prices once more (see above), demanding that in view of the very high inflation, employees would need decent and sustainable wage increases. On the other hand, the Federation of Austrian Industries (Industriellenvereinigung, IV), a voluntary employer organisation (not involved in collective bargaining), stated that in such difficult economic times, there would be only "little to no room for negotiation" in the autumn bargaining rounds. Instead, its general secretary Mr Neumayer suggested to conclude agreements with a longer validity (usually, they are re-negotiated annually) and one-off payments. This was countered by the unions, that they would "not give in to the wage dumping fantasies" (cf. Kleine Zeitung, 2023). Also, the third economic forecast published in October 2023 (WKO, 2023b) showed a bleak development, threatening that Austria was expected to have the weakest economic development in the entire European Union in 2023. Amid this forecast of a shrinking economy and especially industry, the autumn bargaining round started in the influential metal industry. The rolling inflation was at 9.6% and the unions – whose aim it was to ensure that the purchasing power would be safeguarded – initially asked for an increase of 11.6%, while the employers offered only 2.5% plus a (on the long run, non-sustainable) monthly flat rate of €100 and a one-off payment of €1,050. After eight negotiating rounds, works meetings, warning strikes and strikes in 200 companies, an agreement which foresees a wage increase of 8.5% for minimum wages and 8.6% on average for actual wages (with a cap at €400) was reached. Staggered actual wage increases were agreed, so that those in the lowest wage groups receive a plus of 10%, those in the highest of 5.5%. One-off payments were called off, thus reaching sustainable increases. The new minimum wage lies at € 2,426.23, making it one of the higher paid sectors in Austria. The agreement is the first bi-annual one in the sector and for the following year, an increase of the rolling inflation plus 1% was agreed.

However, for the first time, a so-called “competition and employment protection clause” on actual wages (i.e. above the collectively agreed minimum wages) was implemented, which allows companies with a high proportion of personnel costs to reduce the agreed wage increase by up to 3%. The clause applies depending on the personnel cost burden and the operating success of the respective company – the underlying formula calculates the personnel costs in relation to the gross value added (sum of personnel costs, depreciation, and profit). Depending on the amount of the calculated value, the actual increase (10%, capped at €400) is reduced in two stages to either 8.5% (€340 cap) or 7% (€280 cap). At the company level (as part of a reconciliation of interests), a one-off compensation for the calculated reduction is then agreed in the form of one-off payments, time off or training. The clause could only be applied upon request (by 22 December 2023) and companies had to prove to the social partners that they meet the criteria. Around 10% of the companies in the sector (i.e. 150 companies with 145,000 concerned employees) have requested to use the clause. Eligibility is to be checked until the end of February 2024 (cf. Der Standard, 2024).

Several more wage agreements in other sectors followed in the course of the next weeks and months, generally following the path of the spring bargaining rounds, i.e. with increases ranging around the rolling inflation plus a small top-up, so that – uncommon in Austria – the metal industry was among those sectors with comparatively low increases. In the agreement for general crafts and
trades, also a two-year agreement was negotiated with wage increases of between 8.7% and 9% (staggered according to wage group, with the lowest receiving the highest increase) in 2024 and a top-up of 0.4% plus compensating for the rolling inflation for 2025. Bus drivers reached an increase of 8.7%, taxi drivers of 10.3%, increases of 9.6% in the freight transport and even 16% in the small transport of goods were negotiated. Regarding the low-paid sectors, in the social economy sector, increases of 9.2% were reached, as well as in the cleaning sector and the security sector. In breweries, increases of 8.1% and a flat rate of 36€ were negotiated (marking an average of +9.48% and up to +9.81% for the lowest wage group), in bakeries a plus of 9.71% was reached and a plus of 8.7% in the food industry. Public employees reached increases of between 9.15 and 9.71%, with a minimum amount of €192 per month and for the minimum wage tariff of private childcare institutions, a plus of 9.7% was reached. In the last days of 2023, an agreement could finally be found in the large retail sector (with over 400,000 employees) in the seventh negotiation round, after warning strikes had taken place. Increases are staggered and lie between 8.3 and 9.2%. In the IT sector, a two-year agreement could only be found after nine negotiating rounds, with an increase of minimum wages of 7.8% for 2024 and an increase of the annual inflation plus 0.15% for 2025. Protest measures in front of the building of the Federal Economic Chamber by the union of private sector employees (Gewerkschaft der Privatangestellten, GPA), works meetings and preparations for warning strikes had taken place beforehand.

Collective bargaining and inflation
Traditionally and historically, the so-called “Benya-formula” has been applied informally in collective bargaining in Austria since the 1960s. The formula, named after a former president of the ÖGB, foresees a compensation for inflation plus a share of the productivity gains of the previous year. At the onset of annual bargaining rounds, usually, the ‘rolling’ inflation, i.e. the average of the twelve previous monthly inflation rates prior to the start of the bargaining round is taken as a starting point (i.e. backward-looking inflation). This rate is negotiated and set between the respective negotiating sectoral social partners prior to the first negotiating round and is based on national calculation (consumer price index). Usually, the wage increases thus compensate for inflation and a certain top-up. Other price developments are not officially taken into consideration. Lately, a discussion on the appropriateness of the Benya-formula was triggered by experts, with suggestions for an adaptation of the wage formula. Both sides of the social partners have shown an interest in its reform, even though the conditions under which an adaptation could take place would have to be discussed (ORF.at, 2024).

In general, and similar to the previous year, the nature of the collective bargaining rounds did not differ much from non-crisis times. However, the bargaining rounds were more conflictual than in the past, in the second year of high inflation, with strikes taking place in several branches. The negotiated wage outcomes by and large compensated for the rolling inflation and small top-ups were granted. In few cases, a two-year agreement was negotiated, and also, a specific minimum amount by which wages were to rise was established in several sectors, thus marking staggered wage agreements, with those in the lower paid wage groups having higher pay increases than those in the higher wage groups (which occasionally were not compensated for inflation). Also, in several sectors, bonus payments were paid over the course of a few months, as cost-of-living bonus payments. The government implemented – compared to 2022 – fewer anti-inflation measures, mostly targeted towards those in most need. It was often criticised that the measures came too late.
Developments in governmental responses to inflation

The so-called “expert group for the observation and analysis of the inflation development” (EBAI), which was set up by the Federal Ministry of Finance (BMF) and the Federal Ministry of Social Affairs, Health, Care and Consumer Protection (BMSGPK) in spring 2022 in order to gain a better understanding of current and future price developments, continued to be active in 2023. The group includes experts from several federal ministries, both social partner sides, research institutes, and other stakeholders (incl. Statistics Austria, Austrian National Bank, youth and seniors’ representation bodies, fiscal council, Federal Competition Authority, E-Control regulatory authority). After having published two reports in 2022, the most recent third analysis was published in June 2023 (BMF/BMSGPK, 2023), in which the expert group analysed the effects of the anti-inflationary measures implemented by the government thus far (i.e. as of mid-2023):

For the period 2022 to 2024, the total relief volume of the anti-inflationary measures amounts to €20.0 billion; the largest share (€16.7 billion) is accounted for by income-increasing measures. According to the analysis, the total volume is distributed relatively evenly across all income deciles (the lowest decile accounts to 9% of the volume, the highest to 12%). However, relative to income, the total relief provided by the measures is highest in the lower income deciles and decreases continuously as income rises. This progressive effect of the measures was particularly pronounced for 2022 and 2023, when one-off payments were distributed, leading to greater relative relief for lower incomes. Furthermore, price-reducing measures (having particular effects in 2023) would also lead to greater relative relief in the lower income brackets.

In the course of 2023, many of the measures implemented in the previous year had been continued or come into effect; this relates to the suspension of green electricity contributions which was extended until the end of 2024, the increased commuter allowance which expired on 30 June 2023, the tax reform abolishing the “cold progression” and adjustment of social benefits to inflation coming into force from 1 January 2023 (marking a 9.7% increase as of 1 January 2024), as well as a prolongation of the electricity price brake until the end of 2024. Measures supporting families in the cost-of-living crisis have been adapted. Since 2022, the maximum annual amount of the family-bonus (essentially a tax reduction) has been increased from €1,500 to €2,000 per child up to the age of 18; the amount for children from their 18th birthday on per year was increased from €500 to €650 in 2022 and further to €700 as of 1 January 2024. Furthermore, since July 2023, a monthly supplement of €60 is paid per child for families with children receiving unemployment benefit, unemployment assistance or social assistance. This will be paid automatically and without application until the end of 2024. The same benefit is paid to those single parents and single earners with children who do not exceed a gross income limit of €2,000 per month. Persons receiving social benefits without children received the €60 payment until the end of 2023.

With regards to housing costs, the so-called “housing umbrella programme” for securing one’s home, implemented in 2022, was prolonged to run until 2026. But also further measures regarding housing were implemented in the course of 2023: Following the bi-annual adjustment to inflation of so-called "categorised rents" (Richtwertmieten) of 8.6% on 1 April 2023 (after its postponement from 2021 to 2022 due to the economic hardships caused by the COVID-19 pandemic, when an
increase of 5.8% was implemented), many civil society groups, opposition parties and organised labour groups called for a (temporary) stop of rent indexation (so called ‘rent brake’, *Mietpreisbremse*). Instead, this was initially rejected and an additional housing budget of €225 million was allocated; low-income households would receive around €225 each. After increased pressure, the coalition government presented a rent cap, intended to limit rent increases for categorised rents, guideline rents and non-profit housing, excluding free market tenancy agreements. Increases for categorised rents regulated in the Tenancy Act stood to be abolished in 2024. In 2025 and 2026, the effects of the inflation peak will be capped at 5% for reasons of social compatibility. Critics have stated though, that the measure comes too late and will have only little effect (see below).

For companies, most importantly, an energy subsidy was extended into 2023, differentiating between five levels of subsidies, with extra support for energy-intensive companies. Up to €150 million per company have been paid.

Besides their involvement in the expert group for the observation and analysis of the inflation development (see above), the social partners were not intensely involved in designing and implementing the anti-inflation measures in 2023. Organised business was consulted and informed on measures targeting companies, however. Organised labour has been vocal about social issues and has demanded and advocated for a rental price brake for several months. The introduction of a rent cap is considered a step in the right direction, but the Chamber of Labour (AK) has criticised that now that inflation is expected to fall noticeably, a cap at 5% per year seems to be toothless.

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3. Eurofound (2022), [Tax reform to abolish the “cold progression” and adjustment of social benefits to inflation](https://www.eurofound.europa.eu/evpm/2023-1/2894) (measures in Austria), COVID-19 EU PolicyWatch, Dublin.
Labour disputes and industrial action

By international comparison, there is generally a very low incidence of industrial action. This is due to the country’s social partnership system whose informal rules and principles provide consensual ways of reconciling interests. Between 2015 and 2017, no strikes occurred at all and between 2018 and 2021, strike activity has continued to be at a rather low level. In the last two years, industrial action has increased, marking the highest activity since 2003.

Changes to the right to strike

No changes on the right to strike have been implemented in legislation since 2018. Strikes and participation in collective work stoppages are protected by fundamental rights in Austria, as Article 11 of the European Convention on Human Rights (ECHR) has constitutional status and guarantees the right to form trade unions and to act as such. This right also includes the right to take industrial action in important cases (for example, the establishment of better pay and working conditions in a collective agreement). No clear legal principles are laid down for assessing the lawfulness and repercussions of industrial disputes – there is no supreme court case law on the subject. The legitimacy of strikes as a form of industrial action by employees can be derived (not least) from the legal provisions which ensure the impartiality of the state. Nevertheless, this legitimacy applies only to strikes perceived as action taken collectively by the employees’ side as such.

Data on industrial action

Generally, Austria is a country with very low industrial action. Between 2005 and 2010, as well as between 2015 and 2017, no strikes occurred at all. Since 2018, strike activity was at a rather low level, with between over 5,000 (2021) and 38,000 (2018) participants. Due to collective bargaining becoming more conflictual as a consequence of high inflation and increasing prices, labour disputes have become more frequent within the last two years: In 2022, almost 118,000 strike hours were recorded (marking the highest value since 2011 with over 450,000 hours) and in 2022, in the second year of large price increases, it reached the highest number since 2003, with 110,401 participants and 788,836 recorded strike hours. Industrial action has almost exclusively taken place in the context of collective bargaining:

In line with the high inflation, collective action in the form of warning strikes took place in spring 2023 in the health and adult education sectors, as well as in the private hospitals sector. In both cases, an agreement could be found afterwards. The autumn bargaining rounds (taking place amid still high inflation) saw a continuation of the atmosphere in spring. In the pattern-setting and influential metal sector bargaining rounds, an agreement could only be found after eight negotiating rounds, works meetings, warning strikes and strikes in 200 companies. In the large retail sector (with over 400,000 employees) warning strikes in the midst of Christmas shopping in December were held before an agreement was concluded in the last days of 2023.
Table 1: Statistics on industrial action in Austria, 2018-2023

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of participants</th>
<th>Number of strike hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>37,923</td>
<td>71,468</td>
</tr>
<tr>
<td>2019</td>
<td>5,262</td>
<td>15,786</td>
</tr>
<tr>
<td>2020</td>
<td>9,833</td>
<td>29,494</td>
</tr>
<tr>
<td>2021</td>
<td>5,032</td>
<td>11,368</td>
</tr>
<tr>
<td>2022</td>
<td>15,336</td>
<td>117,684</td>
</tr>
<tr>
<td>2023</td>
<td>110,401</td>
<td>788,836</td>
</tr>
</tbody>
</table>


Collective labour disputes in 2023

Protests against the high inflation and the rising costs of living took place at the initiative of the Austrian Trade Union Federation which was quite vigilant in demanding anti-inflation measures from the federal government. A protest week (“Aktionswoche Preise Runter”) was held all over Austria in May, with demands including the suspension of VAT on food and everyday goods as well as a cap on energy, heating and housing costs.

The government responded (albeit quite late) with a brake on rent and energy costs (see above). Also, in preparation of the autumn bargaining rounds, the ÖGB and its unions held a large demonstration in September against the high prices with the slogan “Down with prices, up with wages” (“Preise runter, Löhne rauf”). They demanded that in view of the very high inflation, employees would need decent and sustainable wage increases. The protest was attended by “several thousand” persons, according to the unions, forming a human chain of almost five kilometres around the parliament building.

The collective bargaining rounds that followed were quite conflictual in some sectors (see above), but overall, fair settlements could be reached in which employees were mostly compensated for inflation, with top-ups especially for the lowest wage groups.
Developments in working time

Changes to legislation

The short-time work model, which was amended during the COVID-19-crisis, was amended once more, in force since October 2023, resembling its pre-pandemic nature (see above). In the course of 2023, the measure was hardly used anymore, and eligibility criteria were also very strict so that hardly any company was eligible. Likewise, the specialised care time expired by the end of June 2023. This measure was implemented in the face of the pandemic and included up to four weeks leave with continued remuneration for parents or caregivers with care needs for children up to the age of 14 years due to partial or total closure of schools or kindergartens

A small reform regarding overtime taxation was decided in October 2023. Until then, the overtime surcharge was at least at 50% according to legislation. As of 1 January 2024, the monthly allowance for overtime has been permanently increased from €86 to €120 according to income tax law. At the same time, a temporary specific regulation applies for 2024 and 2025, i.e. the surcharge for the first 18 hours of overtime per month are tax-free up to a maximum of 50% of the basic salary, up to a maximum total of €200. From 2026 onwards, this is reduced to a maximum of 10 overtime surcharges per month and up to a maximum total of €120.

Other than that, no changes to legislation regarding working time took place in Austria.

Bargaining outcomes

After the implementation of 37 weekly working hours in the (large) private health and nursing care sector, as well as in the Caritas collective agreement starting in January 2022, some other collective agreements in the sector followed suit and implemented shorter working hours in 2023, for example, the collective agreement for social and welfare diaconia (from 38 to 37 hours), the collective agreement for private hospitals and the regional collective agreement for Vorarlberg (both reducing from 40 to 39 hours), as well as the agreement for acute and accident hospitals (AUVA) from 40 (in practice, 38.75 as half of the break was paid) to 37.5 hours.

Furthermore, in the logistics/freight and warehousing sector, a working hour reduction from 40 to 38.5 hours was implemented from October 2023 onwards (see also above).

No further specific changes in working time duration or working time organisation could be identified in 2023, with the focus mostly lying on negotiating wage outcomes compensating for inflation.

Debates on duration and organisation

In the course of 2023, the debate on a reduction of working hours which has been going on for quite some time, mostly triggered by organised labour, continued. The ÖGB and its member unions, as well as the AK generally demand a shortening of the working week: The ÖGB’s current programme 2023-2028 includes the demand for a reduction of normal working hours in working time legislation with full wage and personnel compensation and reduction of the maximum permitted daily and weekly working hours. In addition, the programme states that a 4-day work week must always be associated with a reduction in weekly working hours. Specific subgroups have in the past demanded
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a more specific reduction in working hours (for example, 35 hours in the social care sector). The AK’s president has demanded a “healthy full-time between 30 and 35 hours” in 2023; a 32-hour week is also the “official” demand of the current (and recently appointed) chairman of the SPÖ, to which the unions and AK have very close ties. Overall, the discussion on a shortening of the working week is also one of a fairer distribution of working hours between the genders in a country which has one of the highest female part-time rates within the European Union (ranked second after the Netherlands). Also in 2023, the discourse on the demand for a 4-day work week has been picked up. The unions have worked towards implementing provisions for the right to such a working time scheme in sectoral collective agreements already in the past and in several sectoral agreements, provisions for a 4-day work week are included. From union side, on the long-term, a 4-day work week should go hand in hand with shorter working hours (i.e. working 8 hours a day, 4 days a week has been voiced in several union/AK publications, press conferences etc. in recent years).

The employer side is against the labour side’s demands for a reduction of working time, arguing that in times of a lack of qualified personnel, this comes at the wrong time.

Individual companies which have implemented shorter working hours or a 4-day working week have been featured in several media sources within recent years, further stimulating the discussion.

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ix Eurofound (2020), Special protection for COVID-19 risk groups at work, case AT-2020-19/954 (measures in Austria), COVID-19 EU PolicyWatch, Dublin
Other important policy developments

Health and safety regulations and policies

The last COVID-19 specific health and safety regulations and policies were discontinued in spring 2023. This applies to the special protection of risk groups at work, an ordinance stipulating that persons may be released from work if they belong to a specifically defined risk group and are unable to carry out their work from home and there are no possibilities for reorganisation at the workplace or where it is not possible to maintain a safe distance. The ordinance was valid until 30 April 2023. At the same time, the last remaining obligation to wear facial masks ended. It most recently applied to hospitals, retirement and nursing homes, doctors' offices and other places where health and care services are provided.

Work-life balance related policies

The federal government shortened the maximum duration of parental leave (formerly 24 months) to 22 months for births from 1 November 2023 onwards in those cases where only one partner takes the leave. The maximum amount of 24 months remains if both partners take leave (each partner taking at least two months). With this measure, the government intends for women to return to the labour market sooner. The measure was welcomed by organised business, but strongly criticised by unions, stating that two months leave would be taken away from women (as still only comparatively few fathers take parental leave).

Improvements to the so-called ‘family time bonus’, which is a paid time off work for fathers upon the birth of a child, were implemented. Up until 2022, fathers who used the colloquially called “father’s month” received €22.60 per day; this rate was increased to €23.78 from January 2023 on. More importantly, though, is the legislative change that the crediting of this amount towards the childcare bonus received during paternity leave later on does not apply any longer for births on or after 1 January 2023. Thus, fathers who use this family time will in total receive up to €737.18 more if they later take paternity leave, as well.

In early 2023, the peak-level social partner representatives held a summit at the federal president’s office on childcare availabilities in Austria and once more were calling for a legal entitlement to childcare from the age of one onwards, as well as uniform quality criteria nationwide (especially in rural areas and outside of Vienna, opening hours and closing days of childcare institutions are often not compatible with full-time work). In this way, the shortage of skilled workers could be counteracted and the part-time rate among women could be reduced, according to the social partners. Several months thereafter, and after the publication of a step-by-step plan on the extension of childcare up to 2030 by the WKÖ (with total costs of €6.32 billion, which would be outweighed by fiscal effects of an increased female labour market participation), in September 2023, the federal government announced the investment of €4.5 billion into the expansion of childcare infrastructure by 2030. The focus lies on the expansion of places for children aged three years and younger (where Austria lacks behind not only the current Barcelona-target of 45%, but also marginally behind the former target of 33%), an expansion of and increased flexibility in opening hours, improving working conditions and the ratio between children and pedagogues; and an intensification of language support, to name the most important ones (cf. Federal Chancellery 2023).
* Eurofound (2020), *Special protection for COVID-19 risk groups at work*, case AT-2020-19/954 (measures in Austria), COVID-19 EU PolicyWatch, Dublin
Commentary and outlook

Austria experienced a recession in 2023, with a 0.7% decline in gross domestic product (GDP). In addition, the country recorded, for the second year in a row, very high inflation of 7.8% (after 8.6% in 2022), significantly above the euro zone average of 5.4%. The reasons for the high inflation rate include high direct government payments and few and late consumer price interventions (for example, regarding electricity and rents).

Despite the unfavourable economic situation, the Austrian labour market developed positively for the most part in 2023. The number of dependent employees grew by around 43,000, and labour shortages persisted, with an average of 108,000 vacancies. Unemployment remained comparatively low (4.9%, according to the Eurostat definition, in November 2023), even though it has been rising since the second quarter of 2023. Youth unemployment is somewhat higher than the average unemployment rate. Besides young people, people with limited formal education and non-nationals are particularly affected by unemployment.

Collective bargaining became more (and in some sectors even highly) conflictual in 2023 due to the tense economic situation and price increases. In response to high inflation, collective action in the form of warning strikes took place in several sectors, among them the large retail sector, as well as the influential and pattern-setting metal industry, in which strikes affected 200 companies (out of approximately 1,200 companies). Eventually, face-saving agreements for both sides were found. The index of minimum collectively agreed wages provided annually by Statistics Austria shows an average minimum wage increase of 7.6% in 2023 compared with 2022. Blue-collar workers received an average increase in their minimum wage of 7.8%, white-collar workers of 7.3% and public employees of 7.6%. Consequently, the rising inflation of the past 12 months was largely compensated for in sectoral negotiations, often with small top-ups for lower-paid groups as staggered wage increases were implemented. Also, in several sectors, cost-of-living bonus payments were paid over the course of a few months.

Besides wage increases, shorter working hours were negotiated in the collective bargaining rounds in the health and nursing care sector and the logistics sector. Debates on implementing shorter working weeks or a four-day working week were ongoing, triggered by organised labour, while organised business is strictly against reducing the working week in this time of labour shortages.

Protests against high inflation and the rising cost of living took place on the initiative of the Austrian Trade Union Federation in preparation for the autumn bargaining rounds, with demands for decent and sustainable wage increases for employees. Organised labour was also vigorous in demanding anti-inflation measures from the federal government. Compared with 2022, the government implemented fewer new anti-inflation measures; many of the measures decided upon in the previous year were continued or came into effect in 2023. Among the most important measures newly implemented 2023 were a cap on electricity prices and on specific rental payments.
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