Industrial Relations

Austria: Developments in working life 2018
Contents

Political context affecting working life aspects.......................................................... 2
Labour market reforms or major packages of working life regulations ......................... 2
Social partners’ views and reactions on changes in governments and working life policies 4

Developments in industrial relations 2018..................................................................... 5
Changes affecting the national-level actors and institutions in 2018 ......................... 5
Actors ...................................................................................................................... 5
Representativeness ................................................................................................. 5
Institutions ................................................................................................................ 5
Changes affecting the sectoral and company level social dialogue 2018..................... 5
Innovation in collective bargaining ............................................................................. 6

National social dialogue in 2018 – Scope and Contribution ........................................ 7
Selected major social dialogue debates ................................................................. 9
Passionate debate about the amendment to the Working Time Act ......................... 9
Social security reform with far-reaching implications .............................................. 9
Unilateral government actions – without social dialogue ........................................ 10
Overall trend towards unilateral government actions under the ÖVP-FPÖ coalition government ................................................................. 10

Collective labour disputes in 2018 ........................................................................... 11
Changes in the regulation of collective labour disputes ............................................. 11
Selected major labour disputes of national significance ........................................... 11

Working time 2018.................................................................................................... 11
Changes in the regulation of working time 2018 ...................................................... 11
Legislation on working time duration or organisation .......................................... 11
Collective bargaining outcomes on working time duration or organisation .......... 11
Major debates concerning working time duration or organisation .......................... 12

Health and well-being at work 2018 ....................................................................... 12
Physical working environment .............................................................................. 12
Psychosocial working environment ........................................................................ 12

Employment status 2018 ......................................................................................... 12
‘Standard’ employment contracts ............................................................................. 12

References ............................................................................................................... 13
Political context affecting working life aspects

After general federal elections had been held on 15 October 2017, the two parties winning the vote, that is the conservative People’s Party (ÖVP) with 31.5% and the far-right Freedom Party (FPÖ) with 26.5%, started coalition negotiations and presented their agreement on 15 December 2017. Mr Sebastian Kurz of the ÖVP was inaugurated as the federal chancellor with Heinz-Christian Strache of the FPÖ as vice-chancellor on 18 December 2017.

In line with the ÖVP and FPÖ election campaigns and their right-wing liberal government programme for the legislative period presented in December 2017, the government, during 2018, aimed at limiting the social partners’ influence in overall policy-making. This manifested in the social partner organisations, in particular organised labour, being generally disregarded with regard to formal consultation procedures. Correspondingly, when drafting new legislation in the area of social and employment policies, the government regularly overlooked the stances and views of both the Austrian Trade Union Federation (ÖGB) and the Chamber of Labour (AK), while the positions of the Austrian Federal Economic Chamber (WKO) and the Federation of Austrian Industry (IV) proved often to be congruent with the government’s intentions. Several legislative initiatives and amendments to labour and social law were thus broadly perceived as employer-friendly and anti-employee, in particular the legal working time flexibilisation and the reform of the social insurance system enacted in 2018.

Labour market reforms or major packages of working life regulations

In 2018, several new regulations in the areas of labour market and social policy were enacted and/or put into force:

With the beginning of 2018, listed companies (irrespective of size) and companies not listed but with more than 1,000 employees were required to achieve 30% female supervisory board memberships. Companies in which women make up less than 20% of the workforce and firms with supervisory boards of fewer than six people are exempt. Firms which miss the quota will not face sanctions, although they will not be able to fill vacant mandates.

Likewise at the beginning of 2018, a new minimum six-week notice period to be observed by the employer for all white-collar workers, irrespective of their working hours, which had still been enacted in the previous legislative period, came into effect. The change which has been welcomed by organised labour abolishes the two-week notice period for ‘minimally employed’ persons (those working fewer than eight hours per week i.e. below social insurance thresholds). The new regulation affects huge numbers of employees, primarily in the tourism and retail sectors.

Apprentices do no longer have to pay accommodation costs to attend theoretical training in vocational schools. The employer must now cover the expense, although the Austrian Insolvency Remuneration Fund (IEF) will reimburse them in full. Until 2017, apprentices generally covered the expense themselves, while training companies had to pay the balance between actual boarding expenditure and the apprentices’ remuneration. Several collective agreements had already transferred the costs to the employer, although the new regulation extends the change to all sectors. Also, this measure had been passed by parliament in the previous legislative period in autumn 2017 and came into effect on 1 January 2018.
On 21 March 2018, Finance Minister Hartwig Löger of the new federal coalition government presented the annual budget to parliament. The budget, which prioritised achieving a budget surplus in 2019 (amid an economic upturn), included severe cuts to the Public Employment Service (AMS). The previous government had budgeted more than €1.9 billion for the AMS for 2018. Mr Löger initially offered only €1.034 billion, which, following heavy criticism from AMS representatives and trade unions, he subsequently increased to €1.406 billion.

The government also found €430 million in savings by cancelling the ‘Aktion 20,000’ programme for older people who are long-term unemployed and a further €105 million by cutting budgets for integrating refugees.

On 5 July 2018, after several weeks of serious and controversial public debates, parliament passed a far-reaching amendment to the Working Time Act, backed by the governing parties and the liberal New Austria and Liberal Forum (NEOS, part of the parliamentary opposition). The aim behind this legislative initiative was to adapt the country’s working time regime to the flexibility needs of its businesses. The new act came into force on 1 September 2018.

At the heart of the amendment was the extension of maximum working hours. While normal working hours remain at a maximum of eight hours a day and 40 hours a week, the maximum has been extended from 10 to 12 hours a day and from 50 to 60 hours a week. The daily break regulations remain unchanged: a scheduled break of at least 30 minutes must be granted where daily working hours exceed six hours. The amendment also extends the maximum working day under flexitime arrangements to 12 hours. Significantly, the total number of employees who will not be covered by the Working Time Act will rise, as this cohort includes managers as well as ‘employees with essentially autonomous decision-making powers’.

On 13 December 2018, parliament enacted a far-reaching reform of the country’s social insurance system, by passing the Social Insurance Organisation Act. This legislative initiative provides the reduction by means of mergers of the number of funding institutions in the areas of health, industrial injuries and pensions insurance from 21 to 5. It also aims to save €1 billion in administrative costs by 2023 by trimming 75% of public servant posts and reducing the number of administrative bodies from 90 to 50. Within a 10-year period, about 30% of all 19,000 administrative staff are planned to disappear, insofar as vacant posts will not be staffed anymore. Austria’s social insurance system is based on the principle of self-administration. While the government states this has not been curtailed, the bill provides a clear shift in decision-making power from labour to business. This is because the composition of the relevant decision-making bodies within the new social insurance institutions have been significantly changed, to the detriment of the unions.

In November 2018, the government presented a draft bill that aims at curtailing the overall costs of Austria’s means-tested minimum income scheme. In particular, this is to ‘limit the immigration of refugees into Austria’s social security system’ (chancellor Kurz). It remains to be seen whether this initiative will be realised in the course of 2019.
Social partners’ views and reactions on changes in governments and working life policies

Overall, the social partners’ views and reactions on the government’s working life policies are two-fold. The WKO, the IV and the Chamber of Agriculture (LKO) – all three maintaining strong ties to the ÖVP – have generally welcomed most initiatives and legislation, while both the AK and the ÖGB have voiced heavy criticism.

Organised business generally appreciates the government’s initiatives to promote debureaucratisation, a further flexibilisation of the labour markets and the relaxation of the relatively tight working time regime.

By contrast, organised labour has sharply criticised all attempts to increase the pressure on the labour market and the employees. The ÖGB and the AK feel that they have been consulted on planned social, labour market and economic reforms, if at all, only for formal reasons, while their views have tended to be generally disregarded by the ÖVP-FPÖ government. In order to avert the reform plans of the government or at least mitigate their negative effects for the Austrian workforce, they organised, in summer 2018, a protest in Vienna with about 100,000 participants; moreover, the ÖGB and its member unions mobilised large-scale actions aimed at mitigating the effects of the new working hours regime during the annual collective bargaining round starting in autumn 2018, with – after several years without any strikes – some industrial action held in several branches of the economy.
Developments in industrial relations 2018

Changes affecting the national-level actors and institutions in 2018

Actors

No major changes occurred in 2018. Since 1 January 2019 the white-collar Union of Salaried Employees, Graphical Workers and Journalists (GPA-djp) offers all crowd workers working in Austria full membership for a membership fee of €10 a month. As members they are entitled to make use of legal protection and counselling provided by union experts. Since crowd workers work for firms that position themselves as intermediaries rather than employers, they are not or only marginally covered by social- and labour law, and there are no remuneration and working time regulations that apply to them. GPA-djp’s aim of this initiative is to get information on the design and spread of this form of work and to give the workers affected an opportunity to interlink each other.

Representativeness

No major changes occurred in 2018.

Institutions

No major changes to the main social dialogue institutions occurred in 2018. However, with regard to Austria’s social insurance system which is based on the principle of self-administration, the composition of the relevant decision-making bodies within the restructured social insurance institutions was changed in December 2018, to the detriment of the unions. Some legal experts question whether this reform is constitutional. They feel that the fact that businesses may decide about the provision of services deriving from employees’ social insurance conflicts with the principle of self-administration.

Changes affecting the sectoral and company level social dialogue 2018

No changes in the legislation and the institutions occurred in 2018. However, the practice affecting collective bargaining somewhat changed, in that the 2018 autumn bargaining round, traditionally started by the pace-setting metalworking industry, was strongly affected by the 2018 amendments to the working time legislation, which had brought about far-reaching relaxations of the country’s working time regulations. When entering the negotiations for the metalworking sector in September 2018, the trade unions requested to address working time issues and a compensation for the recent working time legislation. In particular, the metalworking unions (i.e. the white-collar GPA-djp and the blue-collar PRO-GE manufacturing Union) demanded a pay increase of 5%, paid in-work breaks in case of overtime work, an enforceable right to a four-day week, additional protection against termination for those who refuse overtime work etc. When the trade union side felt at the beginning of November 2018 that negotiations had come to a standstill, a series of token strikes were held in the period 12-15 November 2018, with more than 70,000 workers participating in more than 240 metalworking companies, which is very unusual for Austria’s traditionally conflict-avoiding industrial relations. Eventually, in the seventh negotiation round held on 18 November 2018 an agreement on wages and new framework regulations...
could be achieved. However, no genuinely innovative measures were implemented in this agreement.

**Innovation in collective bargaining**

No genuinely innovative measures were implemented in collective agreements concluded in 2018.
## National social dialogue in 2018 – Scope and Contribution

<table>
<thead>
<tr>
<th>Theme</th>
<th>Description</th>
<th>Social dialogue interaction</th>
<th>Social dialogue outcome and/or output</th>
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<tbody>
<tr>
<td>Employment - Matching on the Labour market, ALMP</td>
<td>AMS Algorithm: The Austrian Labour Market Service (AMS) plans to introduce data analysis instruments enabling the employment service to select job-seekers according to their projected labour market integration chances in 2019. This assessment instrument is devised to classify job-seekers into three different categories, those with high, medium and low chances for labour market integration. The aim is to employ the AMS funds that have been reduced since 2018 more efficiently (Der Standard (10 October 2018)).</td>
<td>The extent to which the social partners were involved in the preparation of this measure is not publicly known. The measure was announced by one of the two AMS chairmen, Johannes Kopf, and will be administered by the AMS, whose governing board is composed, apart from the representatives of the relevant ministries, of the social partners’ representatives.</td>
<td>A testing phase of the new assessment instrument (the AMS algorithm) is planned to start in 2019. If it stands the test, it is planned to be introduced nation-wide in 2020.</td>
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<tr>
<td>Benefits - Minimum income</td>
<td>Planned amendment to minimum income scheme: The government plans to reform the means-tested minimum income scheme introduced in 2010, in order to establish nationally standardised and uniform provisions in terms of voluntary allowances funded by the provinces. Moreover, the government’s aim is to curtail the scheme’s overall costs and to make eligibility to full benefits contingent on basic German language skills (Die Presse (28 November 2018)).</td>
<td>The government proposal was drafted without effective social partner involvement. The draft bill was subject to a formal consultation procedure (consultation involves not only social partners but all potential stakeholders). The public debate is still ongoing.</td>
<td>Formal consultation took place from December 2018 to mid-January 2019. Legislation is now being prepared by the Federal Ministry for Labour, Social Affairs, Health and Consumer Protection.</td>
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<tr>
<td>Taxation and social security contributions - Reform of taxation system</td>
<td>On 12 January 2019, the government announced a taxes and duties reform which shall bring about a financial relief for the Austrian tax payers of € 5 billion per year, to be implemented in the course of 2019 and to come into effect in 2020. The planned reform aims at reducing both social security contributions and tax rates (Finanz.at (n.d.)).</td>
<td>At a closed-door meeting held by the government in mid-January 2019, the responsible ÖVP and FPÖ ministers together with the chancellor announced their plans for a taxes and duties reform, without presenting details. It is unclear whether employer organisations had been informally consulted in the run-up to the meeting.</td>
<td>No outcome yet</td>
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<tr>
<td>Taxation and social security contributions - Tax benefits for families</td>
<td>2018 tax reform: This reform presented by the government in spring 2018 and enacted by parliament in June 2018 provides for a tax bonus for each child up to the age of 18 up to € 1,500 per year, to be deducted from income tax. This regulation came into force on 1 January 2019 (Bundesministerium für Finanzen (n.d.)).</td>
<td>A formal written consultation process was provided, without any negotiations or expert talks. Only pro forma involvement of social partners.</td>
<td>The new legislation (“Familienbonus Plus”) came into effect on 1 January 2019.</td>
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<tr>
<td>Working time - Extension of legal working hours</td>
<td>In early 2017, the peak social partner organisations were asked by the then coalition government led by the Social Democratic Party (SPÖ) to negotiate on working time flexibility, with solutions to be presented by mid-2017. However, the social partners failed to reach an agreement. As a consequence, the new ÖVP-FPÖ government presented a far-reaching amendment to the Working Time Act which was passed by parliament in July 2018. The amendment provides for an extension of the daily and weekly working hours to be worked in maximum from 10 to 12 and from 50 to 60, respectively (AK Wien (n.d.). WKO (n.d.)</td>
<td>The amendment was endorsed by parliament without preliminary expert and social partner consultation. In particular, the ÖGB and the AK claim of not having been involved at all.</td>
<td>The amendment was passed by parliament in July 2018 and came into force on 1 September 2019.</td>
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<td><strong>Work-life balance - Introduction of paternity leave</strong></td>
<td>In February 2019, the FPÖ proposed to introduce a legal entitlement for fathers to take a short-term parental leave of one month immediately after the child’s birth (“Papamonat”), such that both parents have time for the new born during the maternity protection period. This proposal has met the interests of organised labour, while the reaction of the ÖVP was reserved. Currently, only public sector employees have a legal claim for taking such a “family leave”, and some collective agreements in the private sector provide for the possibility of such a (mostly unpaid) time off for fathers (Der Standard (13 February 2019)).</td>
<td>Proposal of the FPÖ, obviously not coordinated with the ÖVP. Both the ÖGB and the AK have welcomed this initiative, while the WKO and the IV have rejected it.</td>
<td>No outcome yet - the FPÖ proposal has fuelled a debate which has been launched by organised labour for many years.</td>
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<td><strong>Other - Annual leave - religious holiday</strong></td>
<td>Court of Justice Decision C-193/17: the European Court of Justice adjudicated on 22 January 2019 that on Good Friday all employees have to be treated equally, irrespective of their religious affiliation. Currently, in Austria Good Friday is a paid holiday for members of four churches only, which is, according to the court, a breach of the principle of non-discrimination. Whereas the churches and organised labour want to establish the Good Friday as a holiday for all employees, the government has proposed to convert the Good Friday into a half-time holiday for all employees, thus enabling the believers to perform their religious obligations.</td>
<td>Court decision obliged the legislator to amend the current discriminatory holiday regulation for Good Friday. Currently an informal tripartite debate about this issue is conducted.</td>
<td>No outcome yet, only government proposal.</td>
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No major social dialogue debates were held on the following themes: Health, safety and well-being at work; Pension reforms; Skills, training and employability; Taxation and non-wage related labour costs; Terms and conditions of employment; Wage setting.
Selected major social dialogue debates

Passionate debate about the amendment to the Working Time Act

On 5 July 2018, after several weeks of serious and controversial public debates, parliament passed a far-reaching amendment to the Working Time Act, backed by the governing parties and the liberal New Austria and Liberal Forum (NEOS, part of the parliamentary opposition). The amendment came into force on 1 September 2018. The aim behind this legislative initiative, launched by the current coalition government, was to adapt the country’s working time regime to the flexibility needs of its businesses.

At the heart of the amendment is the extension of maximum working hours. While normal working hours remain at a maximum of eight hours a day and 40 hours a week, the maximum has been extended from 10 to 12 hours a day and from 50 to 60 hours a week. The daily break regulations remain unchanged: a scheduled break of at least 30 minutes must be granted where daily working hours exceed six hours. The amendment also extends the maximum working day under flexitime arrangements to 12 hours.

For hotel, restaurant and tourism workers, the bill allows for the reduction of the daily rest period from the current 11 hours to eight hours in the case of split shifts. By including a so-called voluntary clause in the amendment, meaning that employees may refuse to work overtime in excess of 10 hours a day, the government has attempted to attenuate the harsh criticism the bill has provoked. The parliamentary opposition of the SPÖ and the then Liste Pilz (now Liste Jetzt), as well as trade unions, have unilaterally rejected the amendment, with the latter organising a major rally against the new law on 30 June 2018, attended by tens of thousands of people.

The 2018 autumn bargaining round, traditionally started by the pace-setting metalworking industry, was strongly affected by these developments. When entering the negotiations for the metalworking sector in September 2018, the trade unions requested to address working time issues and a compensation for the perceived deterioration in terms of working time law. When the trade union side felt at the beginning of November 2018 that negotiations had come to a standstill, a series of token strikes were held in the period 12-15 November 2018, with more than 70,000 workers participating in more than 240 metalworking companies. Eventually, in the seventh negotiation round held on 18 November 2018 an agreement on wages and new framework regulations could be achieved.

Social security reform with far-reaching implications

In spring 2018, the Austrian ÖVP-FPÖ coalition government announced a far-reaching reform of the country’s social insurance system. This was followed by the presentation of a draft bill on the Social Insurance Organisation Act on 14 September, which was, after a revision process, passed by parliament on 13 December 2018 (see above).

The amendment provides a reduction by means of mergers of the number of funding institutions in the areas of health, industrial injuries and pensions insurance from 21 to 5. It also aims to save €1 billion in administrative costs by 2023 by trimming 75% of public servant posts and reducing the number of administrative bodies from 90 to 50. Within a 10-year period, about 30% of all 19,000 administrative staff are planned to disappear, insofar as vacant posts are not be staffed anymore.

Austria’s social insurance system is currently based on the principle of self-administration. While the government emphasised that this principle would not be curtailed, the bill implies a
clear shift in decision-making power from labour to business. This is because the composition of the relevant decision-making bodies within the new social insurance institutions were significantly changed, to the detriment of the unions.

The reaction of the social partners and experts was divided. The AK warned against dismantling a traditional and well-functioning system of units geared towards each other. It estimated that the social security reform would cost €2.1 billion due to merger expenditures, costs related to a new overall health insurance agreement to be concluded with the Chamber of Doctors (ÖÄK), and costs resulting from extra services and cuts in employers’ social insurance contributions. According to the AK, those additional costs are likely to be passed on to the insured in the form of retentions, outpatient fees and cuts in medical services.

Apart from individual voices from the WKO, the business side, in particular the IV, tentatively welcomed the government proposal.

**Unilateral government actions – without social dialogue**

*Overall trend towards unilateral government actions under the ÖVP-FPÖ coalition government*

Even though, at least in formal terms, the Austrian social partner organisations still enjoy a privileged position when it comes to consultation procedures with regard to economic and social policy matters of national interest, de facto a clear caesura has taken place in effective social partner involvement since the inauguration of the current ÖVP-FPÖ coalition government in December 2017. In particular, organised labour regularly feels to be consulted, if at all, only for formal reasons (usually in the form of written consultation), while their views tend to be generally disregarded by the government.

With regard to the 2018 amendment to the Working Time Act, preliminary expert and social partner consultation did not take place at all. While organised labour felt completely overlooked by the government, the WKO indicated that despite non-consultation by the government it eventually was satisfied with the results of the working time reform.
Collective labour disputes in 2018

Changes in the regulation of collective labour disputes

No changes in 2018.

Selected major labour disputes of national significance

During the autumn 2018 bargaining round, the metalworking unions (GPA-djp and PRO-GE) organised a series of token strikes from 12 to 15 November 2018, in order to enforce their claims. More than 70,000 workers in about 240 metalworking companies participated.

On 26 November 2018, also the employees of the Austrian Federal Railways (ÖBB) went on strike for two hours. The transport and personal services union Vida called a strike when the annual collective bargaining negotiations in the railway sector seemed to be deadlocked.

In the private health and social services sector, thousands of employees followed a strike call of the GPA-djp and Vida unions on 14 February 2019 in order to support the unions’ demands for higher minimum wages (an increase of 6 percentage points) and a reduction of the weekly working hours from currently 38 to 35.

All these actions were stopped when the sectoral social partners continued their negotiations and eventually reached an agreement.

Overall, the confrontative policy of the current ÖVP-FPÖ government vis-à-vis the social partner organisations as well as the government’s tendency to have a sympathetic ear for business interests rather than those of organised labour has – since the beginning of 2018 – provoked the latter to increasingly resort to union combative measures, such as protests, demonstrations and even industrial action (which is unusual in Austria).

Working time 2018

Changes in the regulation of working time 2018

Legislation on working time duration or organisation

Amendment to the Working Time Act (Arbeitszeitgesetz) and the Act on Rest Periods (Arbeitsruhegesetz) (details see above).

Collective bargaining outcomes on working time duration or organisation

The legislative flexibilisation of the working time regime and the extension of daily and weekly working hours have prompted the social partners at industry level to negotiate new framework agreements with regard to working time regulation. For instance, in the pattern-setting metalworking industry, overtime premium for the 11th and 12th working hours a day and the hours exceeding 50 hours a week have been increased to 100%. Moreover, a paid in-work break of 10 minutes in case of extra-long hours exceeding 10 working hours a day has been introduced. Similar regulations have been agreed for other sectors and industries.
Major debates concerning working time duration or organisation
See infos provided above.

Health and well-being at work 2018

Physical working environment
No major developments in this area in 2018.

Psychosocial working environment
No major developments in this area in 2018.

Employment status 2018
No major changes in 2018 for: Self-employed; Fixed term contracts; Temporary agency workers; Posted workers; Seasonal workers; Zero hour contracts (Illegal in Austria).

‘Standard’ employment contracts
A harmonisation of employment regulations between blue-collar and white-collar workers agreed upon in 2017 partially came into force on 1 July 2018. Entitlements to continued remuneration in case of sick leave have now been harmonised, whereas harmonisation in other areas of employment regulation will follow step by step until 2021.
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The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its whose role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.