



Industrial relations  
**Minimum wages in Austria:  
Setting, adequacy and policy debate**

*Minimum wages in 2020: Annual review*

**Author:** Christine Aumayr-Pintar (Eurofound)

**Research manager:** Christine Aumayr-Pintar

**Eurofound reference number:** WPEF20027

**Peer reviewer:** Franz Eiffe (Eurofound)

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*This report presents the results of research conducted largely prior to the outbreak of COVID-19 in Europe in February 2020. For this reason, the results do not fully take account of the outbreak.*

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**European Foundation for the Improvement of Living and Working Conditions**

**Telephone:** (+353 1) 204 31 00

**Email:** [information@eurofound.europa.eu](mailto:information@eurofound.europa.eu)

**Web:** [www.eurofound.europa.eu](http://www.eurofound.europa.eu)

## **Abstract**

Minimum wage setting in Austria takes place within sectoral collective agreements which are covering almost the entire Austrian employed workforce. There has been a tradition of intersectoral coordination of the lowest rates of nominal minimum wage rates within collective agreements. Social partners firmly defend this system and are against any attempts to introduce statutory minimum wages. While this has been proposed from within the political sphere on several occasions in the past, the debates tended to be short-lived. The reduction of in-work poverty has been one objective in the coordination policies on minimum wages and was debated alongside but addressed with a wider range of policy measures (tax reform, regulation of atypical work, etc).

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## Introduction

In her speech to the European Parliament and within the accompanying political guidelines for the Commission<sup>1</sup>, the president-elect Ms. von der Leyen has announced that within the first 100 days of her mandate, she will *'propose a legal instrument to ensure that every worker in our Union has a fair minimum wage' [allowing for] 'a decent living wherever they work'*.

More specifically, such a minimum wage *'should be set according to national traditions, through collective agreements or legal provisions'*. In this regard, the regulatory form and way of setting any minimum wage has been left open and delegated to the Member States. This respect of national traditions and the autonomy of the social partners was also supported by the statement that she was *'a firm believer in the value of social dialogue between employers and unions, the people who know their sector and their region best'*.

Against this background, the European Commission, DG EMP (unit A3) have asked Eurofound to compile three country reports on *'Minimum wages: Setting, adequacy and policy debate'* for Austria, Cyprus and Italy – each of which do not have a universal statutory minimum wage.

The following points should be covered:

- Brief characterisation of the existing institutions of wage setting and collective bargaining (Chapter 1).
  - What is the coverage of collective bargaining?
  - What percentage of workers are protected by wage floors, whether collectively bargained or statutory? How reliable is this information?
- What is known about the adequacy of existing wage floors? (See mainly chapter 2)
  - Does the Government (or do the social partners) monitor the coverage and adequacy of existing wage floors?
  - What is known about the low-wage sectors in these countries?
  - Whether, and how, existing wage floors contribute to providing adequate wage floors for low- income/ low-skilled groups, notably by reducing in-work poverty.
- Is there a debate in the country about introducing a statutory minimum wage? (Chapter 3)
  - What do social partners think about it?
  - What are the main arguments for and against?
  - Is it possible to assess some of these arguments in light of existing evidence from these or other countries? (Conclusions).

This report seeks to address these questions. It is mainly based on material from the Austrian national correspondent (Forba and University of Vienna) for Eurofound over the past decade, complemented with desk research and compiled by Eurofound between August – September 2019.

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<sup>1</sup> Von der Leyen, (2019), A Union that strives for more. My agenda for Europe. POLITICAL GUIDELINES FOR THE NEXT EUROPEAN COMMISSION 2019-2024

# 1 – Wage setting in Austria

## Brief overview of wage setting

In Austria, the conclusion of collective agreements is essentially confined to the private sector. For the public sector, there are de-facto negotiations between the unions and the public authority, but the outcome is then implemented by law, not by collective agreement. This section is mainly based on Eurofound's country profile for Austria (Adam, 2019a), if not mentioned otherwise.

## Actors

The main actors involved in collective bargaining are the sectoral trade union organisations affiliated to the Austrian Trade Union Federation (*Österreichischer Gewerkschaftsbund, ÖGB*) and the sectoral units of the Austrian Federal Economic Chamber (*Wirtschaftskammer Österreich, WKO*). Also other economic chambers (e.g. for agriculture, medical doctors or pharmacists) negotiate agreements in their domain. The Austrian Chamber of Labour (*Arbeiterkammer Österreichisch, AK*) as well as the Federation of Industries (*Industriellenvereinigung, IV*) have, according to their status as social partners the right to conclude collective agreements. The AK does not exercise this right but has waived it in favour of the trade unions. The IV can only conclude agreements in their domain but is mainly focused on lobbying and consulting activities. However, it regularly comments on bargaining processes and outcomes.

## Bargaining levels

Private sector agreements are negotiated, almost without exception, at **multi-employer sectoral level**. The unions for blue-collar workers and for white-collar workers usually form a bargaining community, so that the wage increases agreed upon are, in most cases, the same for both categories of employees. Most of the sectoral collective agreements cover the whole national territory and, in some cases, they are also concluded at the provincial (*Bundesland*) level. Only very few company-level agreements (*Firmenkollektivvertrag*) are negotiated<sup>2</sup>. They form the exception and are distinct from the works agreements (*Betriebsvereinbarungen*), which are negotiated at company level as well, but between works councils and management and do not cover pay. Collective agreements are legally binding.

The peak social partner organisations also have the capacity to conclude inter-sectoral general collective agreements (*Generalkollektivvertrag*), but they are extremely rare and of hardly any practical relevance: for example, a general collective agreement on the step-by-step implementation of the 40-hour working week was signed in September 1969, is formally valid and came into force with the implementation of the Working Time Act soon thereafter.

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<sup>2</sup> While such company level agreements are not part of the Austrian bargaining system, some legal entities were granted the right to conclude collective agreements. This includes, for instance, the public TV and radio broadcaster (ORF), the Federal Chamber of labour (AK) or the Federal public employment service (AMS).

## Articulation between levels

There is a clear division of responsibility between collective agreements concluded at sectoral level and works agreements concluded at company level. Whereas the core area of fixing the rates of pay and the maximum working hours is essentially reserved for the signatory parties of the collective agreements, the regulatory competence of the parties to works agreements is almost invariably confined to 'social matters', such as the introduction of computerised personnel information systems, fixing the starting and finishing times for daily working hours, or the scheduling of breaks.

The only pay-related matters that may fall within the regulatory scope of works agreements are pay entitlements for time spent attending works meetings (*Betriebsversammlungen*), profit-sharing schemes, occupational pension schemes and the like. This restriction is intended to ensure the precedence of the parties to collective agreements in the system of employment regulation as a whole. In the case of delegation clauses laid down in a collective agreement some negotiation capacities in terms of working time and – to a certain extent – also pay are delegated to the company level parties concerned, but solely within the framework set by the sectoral collective agreements.

## Bargaining and coordination

The major sectoral bargaining rounds in Austria take place in the autumn. Traditionally, the pattern-setting metalworking industry starts the autumn bargaining round in October. For several years, increasingly more collective agreements have also been negotiated in the spring, for example, in the electronics, chemical, textile and paper industries. Additionally, further sectoral collective agreements are also negotiated in between the spring and autumn rounds, giving rise to year-round negotiations.

Wage bargaining in Austria is **strongly coordinated** across the economy. This is because a practice of 'pattern bargaining' prevails, in which the metalworking industry takes on a leading role as the first major sector conducting wage negotiations in the annual bargaining process. The results have a considerable signalling effect for other sectors and are taken as a role model. In practice, though, they often mark one of the highest wage agreements compared to other sectors due to the relative strength of the metalworkers' trade unions. In addition, since the 1990s a policy of intersectoral coordination of minimum wage levels has been pursued (read more below).

Despite this high degree of bargaining coordination, Austria's collective bargaining system is not marked by centralised wage-setting.

## Collective bargaining coverage

Austria's collective bargaining coverage rate adjusted for public employees is estimated to be over 95%. This – by international standards – extremely high coverage rate is mainly due to the fact that almost all agreements are concluded by subunits of the Federal Economic Chamber of Austria (*Wirtschaftskammer Österreich, WKO*), to which membership is obligatory for all companies, with the exception of those in agriculture, the liberal professions and the non-trading public sector. This compulsory membership together with the existence of agreements for all sectors, is considered to be a 'functional equivalent' to extension mechanisms for collective agreements.

Legally, such an extension mechanism (*Satzung*) also exists in Austria, but it has limited practical relevance<sup>3</sup>. Another reason for the high reported collective bargaining coverage lies in the fact that collective agreements remain in force after the expiry period – until a new collective agreement or update, has been reached. As for wages, some collective agreements might not have been updated for some time – with implications for minimum wage levels and developments. The overall extent of this is unknown but does not appear to affect many agreements and workers.

## How minimum wages are set

Austria is one of the six EU Member States without a universally binding statutory minimum wage. As collective agreements are legally binding, the minimum wage rates within collective agreements are legally binding wage floors. Collective agreements typically include pay scales with basic minimum pay, which may be differentiated by various categories: including, for instance, blue and white-collar workers, function groups based on job families, seniority within the industry or with the same employer. Separate rates for apprentices and their year of employment are usually also included within the agreements. All rates are re-negotiated – if not annually – then in other intervals, depending on the specific sector, between the sectoral sub-units of the WKO and the relevant sectoral union, affiliated to the Austrian Trade Union Federation (*Österreichischer Gewerkschaftsbund, ÖGB*). Typically, a percentage increase is agreed, to be applied to the whole pay scale, occasionally this percentage can be higher for those at the lower end of the pay scale. Also lump-sum payments or fixed amounts per month may be added in addition.

## Intersectoral coordination of wage floors – a short history

Despite the absence of a universal statutory wage floor, since the beginning of the 1990s, the Austrian trade unions, supported by different governments, pursued an intersectoral minimum wage policy.

In 2003, the centre-right ÖVP/FPÖ coalition included in their government programme the proposal that monthly minimum wages should amount to at least €1,000 a month. This was met with mixed reactions from the social partners, both of which were protective about their own sphere of influence (Adam, 2003, more details in policy discourse section: 'The 2003 debate').

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<sup>3</sup> The official procedure is called an extension order (*Satzungserklärung*), whereby a collective agreement (or part of it) can be extended to include employment relationships of essentially the same nature which are not covered by an agreement. An extension order is issued by the Federal Arbitration Board (*Bundeseinigungsamt*) on application from an employer or employee organisation possessing the capacity to conclude agreements.



In 2007, Austria's social partners reached a so-called 'agreement in principle' on the implementation of an intersectoral minimum gross wage of €1,000 a month, with the aim of introducing this minimum wage in all sectoral collective agreements by 1 January 2009 at the latest. At the time, the Federal social partners announced their preparedness in 2007 to enforce the new minimum wage rate through a national general cross-sectoral agreement (*Generalkollektivvertrag*), should the sectoral social partners fail to implement it.

The agreement also included the creation of a 'special monitoring commission in order to observe the effective and timely implementation of the minimum wage provision', which, however, was not implemented.

The objectives of the social partners for introducing a minimum pay rate of €1,000 at the time were:

- tackling the incidence of the **working poor**, in particular among women, and attempting to counteract the trend of growing pay inequalities;
- creating incentives for employees to work in the lowest wage segment of the economy, thereby curbing undeclared work;
- demonstrating their capacity to use their powers appropriately in pay-related matters to thwart any advances of statutory pay regulation.

[Based on articles by Hofbauer and Adam (2009) and Adam (2007)].

In the second decade of the millennium as well, several intersectoral coordination attempts followed in the form of union demands<sup>4</sup> (see Allinger, 2016).

- In 2010, trade unions demanded a minimum wage of €1,300, which was implemented – among others - in the large, low-wage retail sector.
- In 2012, a minimum wage of €1,500 was demanded, which by 2015 had been implemented for about 80% of all employees (€1,500 gross income correspond to a monthly net income of just below €1,200) working full-time.
- In 2015, the unions have put forward a new demand in terms of increasing the minimum wage to €1,700. Especially female-dominated low-wage sectors are concerned by lower wages, so that women would greatly benefit from an increase.

The latest demands were supported by the grand coalition SPÖ/ÖVP government in 2017, under the Social Democratic Chancellor Mr. Christian Kern, who, in their updated work-programme, asked social partners to negotiate on the implementation of a minimum wage of €1,500 in all collective agreements. The social partners were asked to present an agreement by mid-2017, otherwise, the government announced to implement statutory regulations.

The peak social partner organisations<sup>5</sup>, as a consequence, have signed a basic agreement (*Grundsatzvereinbarung*) in June 2017, and thereby commissioned their sectoral subunits and trade unions to develop a roadmap for introducing a minimum pay of €1,500 for all employee groups, in order to avoid unilateral legislative initiative on that issue. In bargaining rounds in 2017 and 2018,

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<sup>4</sup> These demands were related to requesting a certain gross nominal monthly level, whereby this would be in most cases paid out 14 times per year, with the 13th and 14th salary containing tax reductions.

<sup>5</sup> Including in this case, those peak actors which are regularly involved in collective bargaining: The ÖGB, the WKO and the Chamber of Agriculture (LK, *Landwirtschaftskammer*), ÖGB, LK, WKO (2017).

the new minimum wage was implemented in a variety and multitude of sectors; in others, agreements on a gradual implementation by 2020 were made.

Similar to the agreement of 2007, the creation of an ad hoc Commission was announced, with representatives from the social partners and chaired by the Austrian Institute of Economic Research (WIFO). This Commission was going to be entrusted with the evaluation of agreement, and to propose – jointly with the social partners – further measures for the implementation. The basic agreement also refers to the readiness of the signed parties to sign a central agreement (*Generalkollektivvertrag*) or extension (*Satzung*), to ensure the implementation beyond end of 2019 – but only as a matter of last resort (see also Kurier, 2017a and AK and ÖGB, 2017).

In 2018, the ÖGB (2018) demanded – within its basic programme – the introduction of a collectively agreed gross minimum wage of €1,700 in all sectors and branches of the economy.

### Scope of the minimum wage

According to the basic social partner agreement of 2017, the €1,500 is the gross value of basic monthly pay, for the legal working hours. Additional and non-regular parts of the remuneration do not count towards this amount. Wage groups below this threshold are only permitted for apprentices, people in training and trainees.

This amount is – typically – paid out 14 times per year but may differ according to the collective agreement. When collective agreements are updated, they either stipulate whether the adaptation of the rates covers the collectively agreed pay scales only, or whether the agreed increase shall also be applied to the actual wages (*IST-Lohn*). The extent to which also actual wages are affected is unknown, but according to the ÖGB it is likely to be common practice, most sectors have a positive wage drift.

### Who is not covered by collectively agreed minima?

In principle those in liberal professions (doctors, lawyers,...) and farmers are not members of the WKO, but affiliated to their own chambers. However, some of these chambers have concluded collective agreements for their – employed – members (e.g. employed architects), or on behalf of their self-employed members once they employ staff (e.g. assistants for medical doctors or employees in farms).

Over the past few years, some hitherto uncovered sectors or organisations have been included, for instance: The Union of Private Sector Employees, Printing, Journalism, and Paper (GPA-djp) and the Transport and Services union (vida) negotiated the first-ever collective agreement for the 600 emergency and medical workers employed at the non-profit Samaritans' Federation<sup>6</sup>.

Not covered by collective agreements are also workers without a standard employment contract, such as those on a freelance contract<sup>7</sup> (*freier Dienstvertrag*) or a works contract (*Werkvertrag*). Self-employed – with some exceptions, such as freelance journalists – are also excluded.

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<sup>6</sup> Quarterly report for EurWORK, Q4, 2015.

<sup>7</sup> Freelance contracts are characterised by low or no personal dependence of the worker, they can hire their own substitutes, they are not part of the company's organisational structure, may use their own work-equipment and do not assume any responsibilities for the success. Works contracts, in contrast, are aimed at the provision of a defined service or piece of work, whereby the worker has to guarantee the success and has to use their own equipment.

The number of workers employed on freelance contracts has constantly declined over the past years: from 19.485 in 2012 to 14.087 in 2018, amounting to 0.4% of all employees in dependent employment (WKO 2019a).

## Recently debated changes to wage setting

Since the late 1980s a tendency towards ‘organised decentralisation’ of collective bargaining has been observed. As a consequence, the works agreement concluded between the two sides of industry at company level has been acquiring growing importance as an instrument for the regulation of terms and conditions of employment, as part of the generalised tendency towards greater flexibility, in particular in terms of working hours and – to a certain degree – pay.

In contrast to many other Member States, which did alter their wage-setting mechanism to various degrees over the past decade – as a response to the crisis, external pressure from lending countries, recommendations stemming from the European semester<sup>8</sup>, own governments or internal reasons – the Austrian wage setting system continued to remain rather stable (Eurofound, 2014 and Allinger, 2014). Only limited changes or debates were recorded, the main ones being:

- A break-down of the bargaining community on the employers’ side within the metalworking sector in 2012, triggered by employers’ endeavour for more flexible and differentiated sub-sectoral agreements. Instead of one overall sectoral agreement, six separate agreements are concluded. However, in practice the agreed changes remain to be very closely aligned.
- An intensive debate between employers’ associations and the unions started in the second quarter of 2015 regarding opt-out clauses of collective agreements. The general secretary of the Federation of Austrian Industry (*Industriellenvereinigung*, IV) opened the debate calling for an ‘opt-out clause’ similar to the German model. This means that employers and works councils on company level are entitled to negotiate agreements which allow pay levels below the collective agreement on sector level. The debate was short-lived, without any further reported changes<sup>9</sup>.
- In 2016, a proposal from the director of the Institute of Advanced studies, (*Institut fuer Höhere Studien*, IHS) that social partners could agree on the creation of a low-wage sector – based on the German Hartz-IV labour market reform – to combat the increasing and sluggish (long-term) unemployment levels. This was met with fierce criticism from trade unions and the Chamber of Labour, AK<sup>10</sup>.
- Finally, there was a short-lived debate in 2017 on the introduction of a statutory minimum wage, following the ‘threat’ by government to introduce a legally binding floor, should the social partners not agree on a coordinated minimum level within collective agreements. (This debate has been referred to in the section on intersectoral coordination of wage floors above and will be presented in greater detail in chapter 3 on policy debates).

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<sup>8</sup> Austria has not received any country specific recommendations on wages, other than the repeated recommendation to reduce the tax-wedge for low income earners and to improve their labour market participation.

<sup>9</sup> Austrian quarterly report for EurWORK, Q2 2015.

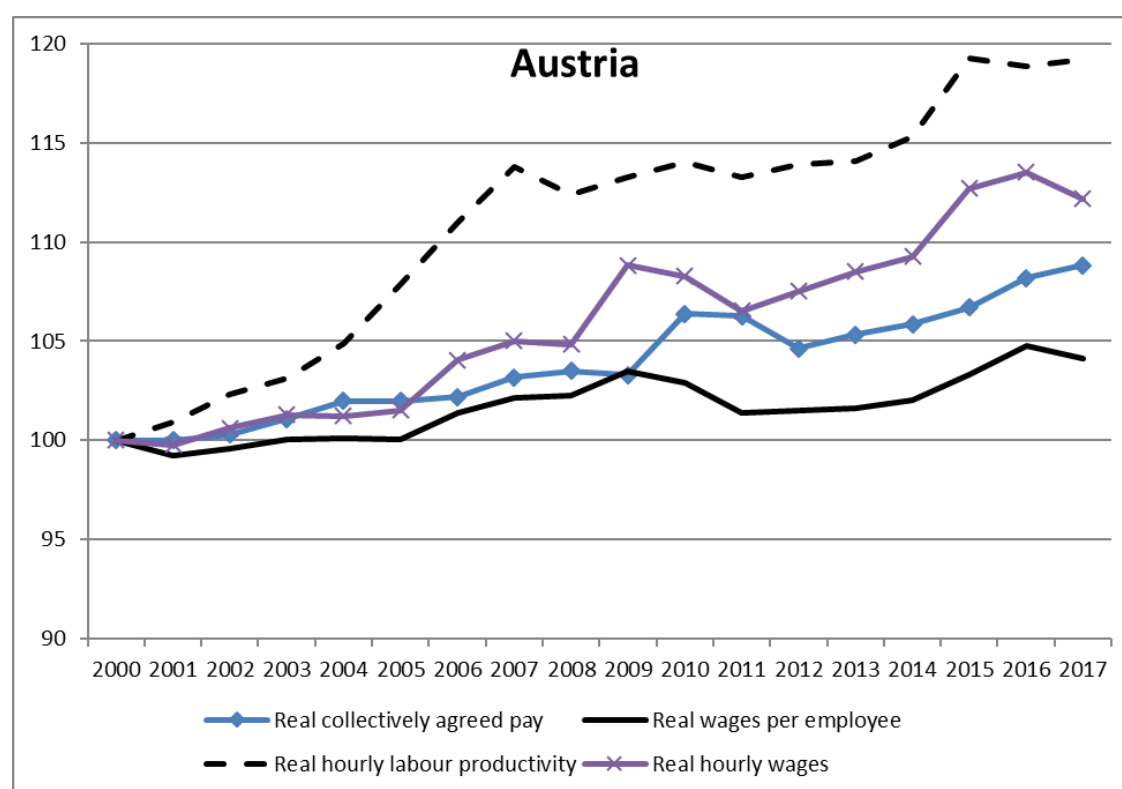
<sup>10</sup> Austrian country update for EurWORK, Q1 2016.

## 2 – Pay developments and low pay

### Real wage developments and negotiated pay

The most recent Eurofound (2018) report on developments in collectively agreed wages shows that Austria saw a growing gap between wages and productivity developments, which was widening already in the early 2000s. This was more pronounced in terms of wages per employee than hourly wages, and due to a growing difference between real hourly wages and real wages per employee. The growth of real wages per employee stayed behind the negotiated increases in the post-crisis period. In contrast to Germany, however, there was a positive drift between hourly wages and negotiated pay, and collective bargaining coverage remained high and stable. Moderate collectively agreed increases over time – particularly following the years of recession, combined with growing unemployment and increased competition in lower paid parts of the economy – appeared to be driving continuing non-alignment.

Figure 1: Actual wages, negotiated wages and labour productivity in real terms, selected countries, 2001–2017. Index: 2000=100.



Note: authors calculations based on AMECO and Eurostat (Nominal hourly labour productivity – HVGDPH; Nominal compensation per employee – HWCDW). Collectively agreed pay from Statistik Austria, Tariflohnindex.  
Source: Eurofound (2018).

A recent study by Eppel, Leoni and Mahringer (2017) took a closer look into the role segmentation played in the Austrian labour market for wage developments: It distinguished between workers within so called '*instable*' employment relationships (e.g. seasonally employed or those with interruptions) and those within 'stable' employment (i.e. all year round, without interruptions). The proportion of the segment of 'instable employed' has increased since the economic crisis of 2009.

While the median real gross wages have increased by 6.2% between 2000 and 2015 overall, the increase among the stable employees was over 7% and **for unstable employed, real wages stagnated** (plus 0.3%). The sluggish wage development in this group, together with their raising proportion in overall employment affected the overall wage development in the Austrian economy. While the wages of those in stable employment grew about in line with negotiated wages, the wages of those in instable employment lagged and did not benefit from the negotiated increases: the 'traditional' Austrian wage setting within collective agreements is challenged in this regard. While those in stable positions get pay rises via the annual update rounds – partially even for the overpayment (IST-Loehne) on top of the negotiated rates, or also when they advance in their seniority<sup>11</sup>, those with interruptions tend to 'start from scratch'.

#### **Instable employment in Austria**

The proportion of 'instable employed' has increased since the economic crisis of 2009, with over one third of employees falling into this category and the highest shares of 'instable' employees were recorded in agriculture, tourism, other services, arts, entertainment and recreation as well as in education.

Instable employment is more prevalent among younger workers (up to 25 years), and the low-skilled, as well as among non-nationals:

The composition of the two labour market groups has changed within the last 15 years particularly to the labour market opening for nationals from central and Eastern European countries in 2011 and 2014. While in 2000 the share of foreign workers within a stable employment relationship was 53%, it decreased to 44% in 2015. The highest shares of instable employment relationships were found among workers from the new Central and Eastern European Member States. At the same time, almost three quarters of Austrian employees (72%) had a stable employment relationship in 2015, which had increased even from 2000 (68%).

The study shows that the pay gap between foreign and nationals increased from 12.3% in 2000 to 22.1% in 2015: More foreign employees work in instable employment, but they also earn less than nationals when in stable employment.

From: Eppel, Leoni and Mahringer (2017)

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<sup>11</sup> Seniority entitlements within collective agreements continue to be prevalent in Austria and seniority pay is common: the 'aggregated wages-earnings profiles in Austria are in an EU wide comparison relatively steep (compare Eurofound, 2019b, p. 10 -11)

## Low levels of pay in collective agreements

Eurofound (2019) includes an overview of collective agreements with lowest agreed pay rates (p.11) as well as a listing of the lowest collectively agreed rates in the largest five agreements. In Austria these are believed to be the following.

Table 1: Collective agreements with lowest agreed pay rates

Collective agreement	Minimum rate applies to	Estimated number of workers covered in the agreements/earning the minimum rate	Normal working time (per week)	Nominal minimum wage, gross	Converted * (per month)
Florists, blue-collar workers	Unskilled workers	4,500/n.a.	40	€1,252 per month	€1,461
Taxi drivers, blue-collar workers	Taxi drivers	11,000/11,000	40	€1,235 per month	€1,441
Cinemas in the Tyrol region	All employees: demonstrators, cashiers, ushers etc.	n.a. (in total 8,000 employees in Austrian cinemas)	40	€1,029 per month	€1,201
Dispatch department workers	Postman/postwoman for newspapers Blue-collar	n.a./n.a.	36	€217.42 per week	€1,090
Furriers, glovers and tanners etc.	Blue-collar workers	n.a./n.a.	40	€7.58 per hour	€1,445

Source: Eurofound (2019a), based on collective agreements, quoted in table A2.

Table 2: Lowest pay rates in the five largest collective agreements

Collective agreement	Nominal minimum wage	Converted* (per month)
White-collar workers in commerce	€1,572 per month	€1,834
Blue-collar workers in commerce	€1,535 per month	€1,791
Metalworking industry	€1,915 per month	€2,234
Construction industry and trades	€11.09 per hour	€1,874
Blue-collar HORECA workers	€1,500 per month	€1,750

Note: All reported nominal pay rates are gross, relate to unskilled workers and are paid out 14 times per year. The column converted indicates the equivalent of 12 payments per month.

Source: Eurofound (2019a), based on collective agreements, quoted in table A2.

## Low paid workers, low paid sectors

According to the most recent annual income report by the Austrian Court of Auditors (2018), the median annual gross basic wage was € 41,510 for an employee working full-time all year round.

The lowest median basic wages were recorded in the accommodation and food services (€25,056) as well as in the administrative and support service activities (€31,830). Equally relatively low – below 90% of total median wages – are those of workers in water supply; sewerage, waste management and remediation activities (€36,135) and other service activities (€36,176).

Since 2011 the figures from this series of reports point towards a small compression between the sectors, with the median wages in several of the lowest paid sectors wages growing somewhat faster than the average.

Table 3: Median annual basic wages and salaries per full-time, year-round dependently employed worker (excluding apprentices) in 2011 and 2015 (in EUR)

		2011			2017		
NACE Sector		Men*	Women*	Total**	Men***	Women***	Total****
<b>B</b>	Mining and quarrying	42,209	39,853	41,869	48,326	50,843	48,553
<b>C</b>	Manufacturing	39,648	28,419	37,548	45,350	34,082	43,327
<b>D</b>	Electricity, gas, steam and air conditioning supply	58,956	43,972	56,770	65,842	49,653	63,760
<b>E</b>	Water supply; sewerage, waste management and remediation activities	32,828	29,451	32,437	36,369	34,204	36,135
<b>F</b>	Construction	33,763	30,095	33,503	37,867	35,444	37,708
<b>G</b>	Wholesale and retail trade; repair of motor vehicles and motorcycles	34,214	26,205	30,920	38,978	31,258	35,820
<b>H</b>	Transportation and storage	34,932	31,237	34,448	39,071	35,172	38,540
<b>I</b>	Accommodation and food service activities	22,990	20,049	21,195	26,340	23,891	25,056
<b>J</b>	Information and communication	53,372	41,101	50,050	60,151	46,139	56,516
<b>K</b>	Financial and insurance activities	61,350	42,583	52,836	68,614	50,875	61,488
<b>L</b>	Real estate activities	43,528	29,677	34,811	48,851	36,444	41,420
<b>M</b>	Professional, scientific and technical activities	48,424	33,180	40,284	55,725	39,098	47,431
<b>N</b>	Administrative and support service activities	29,254	24,170	27,570	33,360	28,387	31,830

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

<b>O</b>	Public administration and defence; compulsory social security	44,994	40,311	42,583	50,611	45,715	48,117
<b>P</b>	Education	48,940	33,962	40,378	52,060	38,311	44,333
<b>Q</b>	Human health and social work activities	36,881	31,009	32,825	42,086	36,668	38,383
<b>R</b>	Arts, entertainment and recreation	36,364	28,509	33,126	40,702	33,421	37,668
<b>S</b>	Other service activities	38,459	23,712	29,889	43,571	28,884	36,176
	TOTAL, including NACE A, T and U.	38,776	31,598	36,273	43,838	36,985	41,510

*Note: The annual wage is generally based on 14 monthly payments, but exceptions may occur. \* Table 31, p. 63 (Court of Auditors 2012), \*\* Table 29, p. 60 (Court of Auditors 2012), \*\*\* Table 43, p. 109 (Rechnungshof 2018), \*\*\*\* Table 41, p. 105 (Court of Auditors 2018).*

*Source: Court of Auditors (2012 and 2018).*

## Monitoring the adequacy and coverage

Does the Government, or do the social partners monitor the coverage and adequacy of existing wage floors? There are several answers to this question. Due to the almost complete coverage of workers with collective agreements, the monitoring of wage floors departs from identifying, which agreements stipulate rates below a certain wage floor. This, together with studies that monitor the number and characteristics of workers below a certain wage floor, are semi-ad hoc, that is, they are compiled in the context of policy debates on inter-sectorally coordinated minimum wage levels, which do happen regularly.

In addition, there are 'Income reports' (*Einkommensbericht*) by the Austrian Court of auditors, providing information on the average incomes of the population at large. (The latest version is Court of Auditors, 2018). These reports are compiled in annual intervals, alternating between a 'general' version and a public sector edition, every second year. The general report pulls together income and employment data from several sources and presents them by industries, professional groups, gender and functions. Additionally, it provides data on employed and self-employed persons and data from the fields of agriculture and forestry as well as on the income of pensioners. It does, however, not analyse or present data on collectively agreed pay and how actual wages relate to them and it also does not make any references to the sectorally coordinated minimum wage floor.

Statistics Austria compile regular statistics on poverty, including in-work poverty, based on and following EU – SILC definitions and ad-hoc studies based on these data for government (e.g. among the latest are Statistik Austria, 2017 and 2018).



## Coverage

There is no fully comprehensive archive of collective agreements in Austria, which would also include information on the number of workers covered. Both social partners (ÖGB and WKO) maintain websites of all texts of collective agreements, but no extraction of quantitative data is available<sup>12</sup>. The National Statistics Institute (*Statistik Austria*) compiles on an annual basis the Index of collectively agreed wages (*Tariflohnindex*), a series of average collectively agreed wage changes and for sectors. However, this is only based on a sample of agreements.

The monitoring of which agreements fall below a certain proposed or inter-sectorally coordinated wage floor – is done ad hoc or on the basis of ‘examples’ (e.g. as in AK and ÖGB, 2017 or Eurofound, 2019 – read more below in the section – ‘Low paid workers, low paid sectors’).

### **Collective bargaining coverage:**

The ÖGB refers to 98% coverage, based on ‘estimates’, which deduct the estimated amount of non-covered segments from all. Among the 2% non-covered workers are those, where the employer does not belong to an association of the WKO, or does not conclude a collective agreement. These are, for instance, companies offering leisure time activities (e.g. fitness gyms) or companies in commercial advertising and marketing (with the exception of Vienna). In addition associations and funds are also not covered, if they do not belong to any voluntary association which concludes collective agreements. Even those employment contracts are however not fully unregulated, as company level pay regulations also exist. These do not have the legal force of a collective agreement, but they do result in uniform pay systems.

Regarding the reliability of the data: this question is probably less relevant for the case of Austria: Whether 97%, 98% or 99% of employees are covered is in the typical margin of error for such estimates – not-least because employment figures themselves fluctuate seasonally over the year. The trend has been upward, with additional (smaller) groups of workers having been included.

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<sup>12</sup> [www.kollektivvertrag.at](http://www.kollektivvertrag.at) is maintained by the OGB and the WKO also maintains a similar page: [www.wko.at/service/kollektivvertraege.html](http://www.wko.at/service/kollektivvertraege.html).

## Workers below minimum wage floors

The number of workers falling below certain minimum wages floors has been covered in a number of ad-hoc studies over the years, usually in the context of trade union demands or policy debates around an inter-sectorally coordinated minimum wage. These were either pre-dating such agreements or post-hoc evaluations of the implementation of agreed floors.

Table 4: A history of estimates of the number of employees below a given wage floor

Year of data	Findings/reported in	Datasource/ Original source
1989	In 1989, more than 430,000 full-time employees earned less than the proposed minimum wage at that time of <b>€735</b> . (Hermann, 2009).	n.a.
1993	In 1993, this number decreased to 110,000 workers, which is attributed to the success of the minimum wage policy (Hermann, 2009).	n.a.
2001	In 2001, the number of employees earning less than €1,000 (gross) per month amounted to about 70,000 to 80,000 full-time employees and more than 500,000 part-time employees. Expressing all full-time jobs and part-time jobs in terms of full-time equivalents, some 314,000 people had a gross income of <b>less than €1,000</b> monthly in 2001, which is about one 10th of all employees in Austria.	Statistik Austria, 2003
2007	The social partners estimated that, in 2007, between 20,000 and 30,000 employees were earning a gross wage <b>lower than €1,000</b> a month – although these figures contrast with data provided by Statistics Austria (Statistik Austria), adjusted for working time, which indicate that more than 100,000 workers earned below this amount in 2007 (Hofbauer and Adam, 2009).	WKO and ÖGB (no further info).
2007	In 2007, more than 100,000 workers earned below <b>€1,000</b> . Taking into consideration that workers in Austria get 14 monthly wage instalments a year, this minimum wage agreement amounts to a total of €1,167 a month. This means that the minimum wage in Austria in 2007 reached 64% of the equivalent median wage of €1,850 (own calculation based on Statistics Austria data, 2009), which is already slightly below the low pay line (two thirds of the median wage) (Hofbauer and Adam, 2009, Allinger 2016).	Statistik Austria, 2007 (no further info on publication).
2014	The study shows that 344,000 fulltime working employees in Austria still earn <b>less than €1,700</b> gross (€1,310 net) a month. Almost 244,000 of those employees even earn <b>less than €1,500</b> . More than half of the 344,000 fulltime working employees in 2014 were women (53%). There are large regional differences: in Vienna, comparatively few women earn low wages, which has to do with the large importance of the (better paid) public sector; in Salzburg, on the other hand, with a large	Study conducted by Statistik Austria (2016) for the Upper Austrian Chamber of Labour (AK); <a href="#">Press conference</a> (the study is not publicly available).

	tourism and retail sector, fulltime working women are over-proportionally affected <sup>13</sup> .	
2016	Around 435.000 employees earn less than €1,600 monthly (€9.51 per hour), based on EU – SILC 2015.	Figures tabled by MP Schatz, 1860/A(E) in a motion for resolution to the parliament.
2017	<p>Based on an extrapolation of EU SILC data of 2015 to the year 2017, the authors estimate in a micro-simulation model that 9.1% of dependent employees (full-time, part-time and between 16-64, excluding apprentices and freelancers) would be affected by the introduction of a minimum wage of <b>€1,500</b>. These are 291.000 persons, two thirds of which are women. 13% of women employees versus 6% of male employees would be affected. Those affected, would see an average increase of €1,26 (+17%) per hour. The youngest age cohort (16-24 years) would be most affected: 20% within this cohort would see a rise. Also, the low-skilled workers (with at most a completed compulsory education) would be affected (25% among them). Among those having at most vocational training (10%), a completed special or commercial school (7%) or a vocational higher school (5%), much less workers would be affected. Part-timers (10%) will be affected more than those in full-time employment (8%), workers with fixed-term contracts (17%) more than those on open-ended contracts. Those being marginally employed (<i>geringfügig Beschäftigte</i>) will see the greatest impact proportionally (63%) (though their overall numbers are low). More than two thirds of the impacted employees work in the Commerce and the gastronomy (35%).</p> <p>Similar simulations for a level of <b>€1,700 gross per month</b> would affect 548.000 employees (17.2%). Impacts according to age and level of education are comparable for the lower estimates. Those in ‘<b>instable</b>’ employment would benefit much more from a minimum wage than those in stable employment relationships.</p>	Ederer et al (2017), p. 353.

<sup>13</sup> Austrian country update for EurWORK, Q2 2016.

## Estimating the effects of a universal wage floor

In the context of the 2017 policy debate on a minimum wage level of €1,500 or €1,700, researchers from the WIFO (Ederer et al, 2017) undertook simulations for both levels of minimum wages in a two-staged study: First a microsimulation estimating the number of affected workers and their characteristics based on EU-SILC (see table 4). According to their estimates, a level of **€1,500** (or a level of €1,700) would affect **13.6%** (or 21%) of **households with at least one person in stable employment**. The lowest household income decile would be most affected (40% among them would benefit), but also the second (20%), third and fourth deciles (each 15%) would benefit. For a minimum wage of €1,700 the estimated proportions rise accordingly (53% in the first decile up to 21% in the 4<sup>th</sup> decile). In terms of income distribution, the introduction of a minimum wage would have only a small measurable impact in terms of the GINI coefficient, which would decline from 0,280 to 0,279 or 0,278 respectively when all households are considered. The impact increases slightly when looking only at the group of households with at least one person in 'stable' employment.

In a second step, the authors used the result of the microsimulation in a macrosimulation based on the WIFO Macromod model, which also includes taxation and transfers, to estimate economy-wide income effects<sup>14</sup>:

- A gross monthly minimum wage of €1,500 (€1,700) would raise the income of employees by €910 mio, +0.7% (€1.772 mio. +1.4%).
- Households within the lowest income terciles benefit most (50%/47% of the raise go to them), but also some in the second (32% or 34%) and third income deciles (18% for both scenarios) benefit.
- The macro-economic income effects would be overall small in both scenarios, as the various indirect impacts (e.g. higher earnings, change of prices, reduction of consumption due to higher prices...) cancel each other out -after about 5 years.
- The lowest earning segment, however, would continue to benefit over the whole 5 year period and also the unemployment rate remains rather stable in both scenarios.

In February 2017, Agenda Austria (2017), an independent association, with ties to employers and companies via their membership structure - published a policy brief on 'Why a minimum wage poses more problems than it solves'.

- It estimated that a minimum of 4,000 jobs could be lost, three quarters within the manufacturing sector and one quarter in the commerce sector.
- Furthermore, it argued that due to spill-over effects of the minimum wage raise to other wages, 20,000 jobs would be endangered;
- argued that a minimum wage would be too rigid, as it would not allow to adapt wages to a low business cycle or crisis in a specific sector, while sectoral collective agreements would be better suited to do so.

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<sup>14</sup> This includes the direct effects of the nominal raise, as well as indirect effects via changes in prices, which lower the real value; the impact of the progressive social security, taxation and transfers; effects on consumption and exports

- Should the political objective be to support household at-risk of poverty, a more efficient solution would be to reduce social security contributions or increase social transfers for these groups. Minimum wages could cost jobs and aggravate the problem.
- A minimum wage of €1,500 would increase private consumption effects by 0.2%.

## In-work poverty

According to Allinger (2016) research in Austria on working poor is almost exclusively based on SILC data. Therefore, and due to the general conformity with Eurostat definitions, the Eurostat definition is also used in the national context for defining in-work poverty. Statistics Austria annually provides a detailed report on the latest SILC data, whereby the complete list of annual reports, can be found on their website<sup>15</sup>. The latest data from Statistik Austria (2018, p. 128) shows that **around 8%** of those being employed for more than six months, live in a household below the poverty threshold and are therefore considered 'working poor'.

In addition, the Working Climate Index (*Arbeitsklimaindex*), a regular national survey on working conditions by the Upper Austrian Section of the Chamber of Labour (*AK Oberösterreich*), regularly asks employees on their **subjective perception of whether or how well they can get by with their wages**. This is somewhat equated with working poor, and usually confirms Statistics Austria (i.e. also SILC) data. A regional analysis of the Working Climate Index in regard to working poor in Vienna (Schönherr et al, 2011, pp 20-21) was conducted, which calculated the rate of working poor to amount to stand at 12% in Vienna and as compared to 10% in Austria.

Furthermore, a regional study on working poor in Vorarlberg was conducted, using SILC data. This report also refers to the potential of raising sectoral minimum wages in low-paid sectors – as one policy measure to reduce the number of working-poor, but doesn't analyse it further (Häfele and Greussing, 2010, pp 70-74).

Ederer et al (2017) also looked at the effects on at-risk of poverty and on in-work poverty of the **increase of minimum wages** to €1,500 or €1,700 respectively: As the at-risk of poverty threshold of 60% of median incomes is a relative measure, the increases of the minimum wage would increase the proportion of those at risk of poverty (from 13.09% of total population to 13.33% or 13.23%). The **number of working poor** (employed, at risk-of poverty) on the other hand would decline from 269.000 to 268.000 or 264.000 persons (-800 or -5,000 workers). These effects would be stronger, if the risk-of poverty threshold were to remain constant.

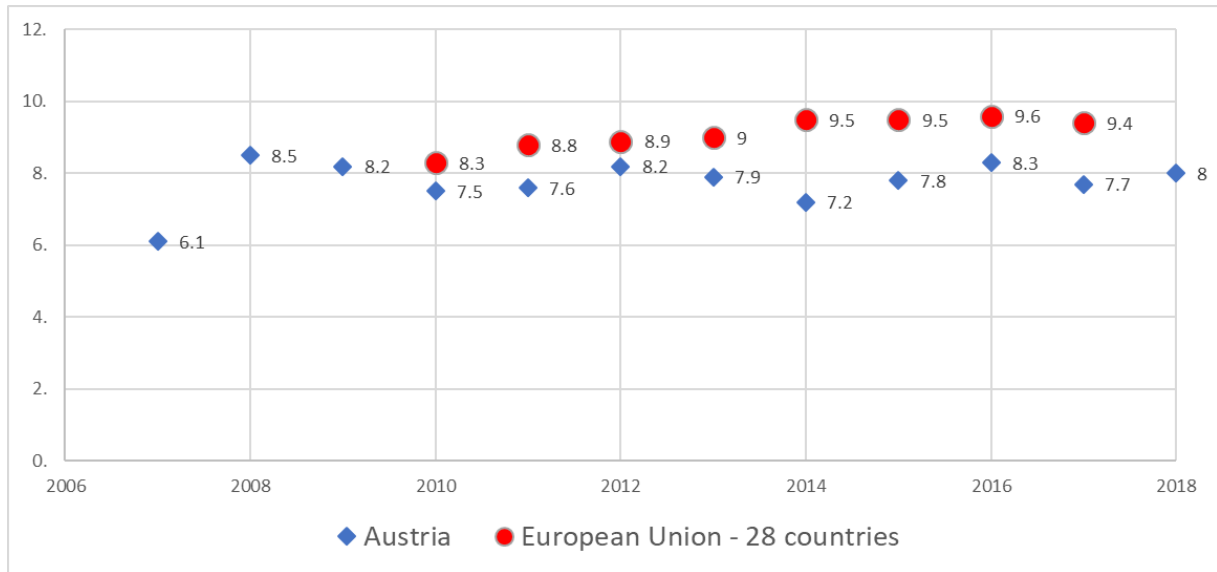
In comparison to the EU average, in-work poverty rates in Austria are somewhat lower, fluctuating between around 7.2-8.5 over the past decade, with no immediately noticeable pattern linked to the economic crisis. Similar to the EU average, in-work poverty is more prevalent among the non-salaried workforce in Austria, but the degree is significantly lower (i.e. 14.4% in total in Austria versus 22% in the EU). Hence the lower than average in-work poverty rates overall in Austria, are the result of a comparatively lower degree of in-work poverty among the self-employed or other non-

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<sup>15</sup> [http://www.statistik.at/web\\_de/frageboegen/private\\_haushalte/eu\\_silc/index.html](http://www.statistik.at/web_de/frageboegen/private_haushalte/eu_silc/index.html)

salaried employees. In contrast, the Austrian in-work poverty rates exceed the EU average in the segment of male employees<sup>16</sup>.

Figure 2: In-work at risk of poverty 2006 – 2018, Austria and EU28



*Note: Individuals who are classified as employed according to their most frequent activity status and are at risk of poverty.*

*Source: Eurostat, TESP070 based on EU-SILC.*

<sup>16</sup> One possible explanation for this could be the high prevalence of male single earner households or male breadwinner family models, with low hours of part-time work among women in Austria.

Table 5: In-work poverty by gender and employment type, 2009-2017

		2009	2010	2011	2012	2013	2014	2015	2016	2017
	<b>Total</b>									
<b>Self-employed*</b>	Austria	14.1	12.4	13.2	11.0	13.9	13.2	12.3	14.5	14.4
	EU28	-	20.9	22.4	21.7	22.1	22.9	23.1	23.4	22.2
<b>Employees</b>	Austria	7.4	6.8	6.7	7.8	7.2	6.4	7.3	7.5	6.9
	EU28	-	6.3	6.7	6.9	6.9	7.4	7.3	7.4	7.4
	<b>Females</b>									
<b>Self-employed*</b>	Austria	12.3	12.1	9.1	10.5	14.2	12.0	11.7	17.2	14.3
	EU28	-	19.9	21.3	20.5	21.1	21.3	21.2	22.5	21.9
<b>Employees</b>	Austria	6.7	6.3	6.3	7.0	7.1	5.6	6.8	7.0	6.8
	EU28	-	6.3	6.9	7.0	7.0	7.6	7.3	7.5	7.5
	<b>Males</b>									
<b>Self-employed*</b>	Austria	15.2	12.5	15.6	11.2	13.7	13.8	12.6	13.1	14.4
	EU28	-	21.4	23.0	22.3	22.6	23.7	24.1	23.9	22.3
<b>Employees</b>	Austria	7.9	7.2	7.1	8.4	7.3	7.0	7.7	7.9	7.0
	EU28	-	6.2	6.5	6.8	6.8	7.2	7.4	7.3	7.3

Note: In-work at-risk-of-poverty rate by age and sex - EU-SILC survey. \*Self-employed = 'Employed persons except employees' in Eurostat data.

Source: Eurostat, [ilc\_iw01], Last update: 27-08-2019

Krenn (2009) already commented on the relatively low degree of in-work poverty among the Austrian self-employed and suggested it could be an effect of the various efforts during recent years to provide full social protection cover to self-employed persons who are in fact economically dependent workers. While in the first decade of the millennium, atypical employment, in particular new forms of self-employment had been on the rise due to increased de-regulation of employment contracts, the social protection of these workers was secured through legal amendments mainly initiated by the trade unions and Chambers of Labour (AK)<sup>17</sup>. In Austria, all forms of atypical employment are subject to social insurance contributions, covering health services, work accidents and public pensions; individuals working under free service contracts also contribute to the unemployment insurance. Nonetheless, all of these atypical forms of employment reveal a

<sup>17</sup> Fink et al (2006) also saw Austria in an international vanguard position regarding the inclusion of new forms of self-employed into social protection.

significant lack of employment rights that are usually linked to standard employment contracts, such as collective agreement coverage and working time regulations (see also: Adam, 2008).



## 3 - Policy debates and responses

### Introducing a statutory minimum wage

The question of moving from the existing system of collectively agreed sectoral minima to a statutory minimum level has been proposed and debated on some occasions in the new millennium, but the debates were relatively short-lived and the legislator has refrained from introducing a statutory minimum wage thus far, relying on the social partners' proven capacity to negotiate wage accords largely safeguarding from in-work poverty (Adam, 2019b).

The focus of these debates was rather on agreeing on a specific minimum level and on how to ensure that this level will be implemented within all sectoral agreements. Other related policies with the potential to affect net-take home pay or to ensure a greater coverage were discussed alongside minimum wages. The common denominator of the main actors is to stick with the present status quo.

The intersectoral coordination of minimum wages within sectoral agreement originated from trade union demands and campaigns. It received government's support on two occasions: in 2003 from the centre-right ÖVP/FPÖ coalition and in 2017 from the SPÖ/ÖVP grand-coalition.

In both cases, the support was grounded in pre-election promises – addressed to potential voters of the FPÖ<sup>18</sup> and the SPÖ<sup>19</sup>.

### The 2003 debate – triggered by electoral promises

The ÖVP/FPÖ government's 2003 programme's section on 'labour and social affairs' stipulated, that every worker employed in a full-time job should receive at least a monthly level of €1,000. In the programme, government **call on**<sup>20</sup> the social partners to include this level in the **relevant agreements**, while ensuring that jobs in 'sensitive' sectors are safeguarded. While the governmental programme did not stipulate this, statements made repeatedly by some government representatives suggested that this minimum rate of pay should be established by a national cross-sectoral agreement (*Generalkollektivvertrag*), concluded by the top-level organisations of the two sides of industry – an instrument which has rarely been applied by Austrian social partners and never in the area of pay.

#### Social partners views

**The social partners wanted to maintain control over pay and saw any statutory pay regulation as an interference with their domain.** Nevertheless, they differed widely on the question of a collectively agreed cross-sectoral minimum wage:

The ÖGB has called for a general €1,000 minimum rate of pay since 1999 but has always sought to rely on collective bargaining rather than seeking any statutory pay regulations, in order to preserve

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<sup>18</sup> In the 2002 election campaign, the FPÖ proposed a national general agreement on minimum wages.

<sup>19</sup> In the general elections of 2013, the SPÖ argued for a minimum wage level of €1,500 and the FPÖ for a level of €1,600 gross (ORF, 2013).

<sup>20</sup> The original text uses the German term '*fordern*', which could be also translated with 'demand' or 'require'.

its bargaining domain. It regarded the very low wages below €1,000 for a full-time job as inadequate and continued to seek a cross-sectoral minimum wage of €1,000, since the minimum pay rate was still lower than this level in some sectors (e.g. agriculture, hotel and catering, textiles and leather production, and public and private services at the time).

The employers' side – despite being more closely linked to the ÖVP – rejected the initiative more vehemently. It seemed that this issue had not been clarified within the coalition parties, since several business-linked representatives of the ÖVP also expressed reservations. Business had always argued that minimum wages distort the operation of the labour market. The government programme's point that the implementation of a minimum rate of pay should not endanger employment in poorly performing sectors appears to be an attempt to accommodate business interests.

#### Political discourse

On the political side, there was some disagreement among the opposition parties: the basic idea of a cross-sectoral minimum wage of €1,000 a month had been supported by the SPÖ (the largest opposition party during this period), while the Green party voiced an opposing view: it considered the rate of €1,000 too low and **called for a statutory minimum** monthly rate of pay fixed at €1,100, with a **flexible adjustment to the annual inflation rate**. They also opposed the idea of regulating minimum pay by a national cross-sectoral agreement, since even such an agreement would not cover all employees (e.g. those employed by employers which are not members of the WKÖ). Karl Öllinger, an expert in social affairs for the Greens, questioned the official figure of 70,000 to 80,000 full-time workers who are paid less than €1,000 per month. According to his estimates, the actual number is about 200,000 full-time employees. Therefore, the minimum rate of pay should be fixed by law, since the social partners are argued to have failed to arrive at minimum wage rates which prevents growing numbers of 'working poor' (based on Adam, 2003).

#### The 2017 debate and agreement in the shadow of the law

Over the next decade, from time to time the debate about a possible introduction of a statutory minimum wage popped up. In particular, the Green party – in line with their basic programme of 2001 - have advocated during the recent years<sup>21</sup>, in order to compensate for shortcomings of the collective bargaining system in terms of securing a decent income. The latest one of 2016, was connected to the recent introduction of the German minimum wage of 2015. It asked for an hourly rate of (€9.51 in 2016), which would be equal to at least two thirds of the gross median hourly pay rates of all full-time employees, to be updated in line with the increases of the negotiated wages.<sup>22</sup> The proposal was rejected in parliament by the two government parties (SPÖ/ÖVP) and considered a social partners' domain.

The last important initiative on establishing a statutory minimum wage/an intersectorally coordinated minimum level, was however, made soon afterwards: in 2017.

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<sup>21</sup> Motion for resolution within the Parliament [815/A(E) XXIV. GP] was tabled by MP Öllinger, requesting a statutory rate of €7.40 per hour (€1,300 monthly).

<sup>22</sup> E.g. Entschließungsantrag, [Motion for resolution within the Parliament [1860/A(E) 1 von 2, 12.10.2016 (XXV.GP)] was tabled by MP Birgit Schatz.

The grand coalition government, led by Chancellor Christian Kern of the Social Democratic Party (SPÖ), in January 2017, announced in their updated work programme for 2017/2018 their intention to introduce a statutory minimum wage unless the social partners manage to establish a collectively agreed gross minimum wage of €1,500 within the next one or two years. While in contrast to the 2003 governments' initiative, the possibility for resorting to a legal measure was clearly indicated, the overall approach in the governments' programme – appeared to be more respectful of the social partners role<sup>23</sup>:

*'Government works jointly with the social partners on the implementation of a staged plan to introduce a comprehensive minimum wage of at least €1,500 until the 30.6.2017. In parallel, a legal proposal will be prepared in the first semester of 2017. Should there be no joint solution to the question, government will decide on their own proposal.'*

(Austrian Government, 2017).

Reactions to this initiative were mixed:

On the political side, the SPÖ prided themselves that the programme reflected to a great extent their own demands (SPÖ, 2017).

The peak level social partners took up the ball and agreed upon commissioning their sectoral subunits and trade unions to develop a roadmap for introducing a minimum pay of €1,500 for all employee groups by the end of 2019, in order to avoid unilateral legislative initiative on that issue (ÖGB, LK and WKO, 2017, signed on 29 June 2017).

An article from the daily newspaper der Standard (Sator and Laufer, 2017) provides some interesting background information on how this agreement was reached, declaring it a 'victory for organised labour', while the employers (WK, IV) were outraged. Important to mention in this context is that the negotiations on the minimum wage agreement were held in parallel to negotiations on working time-flexibility. While employers agreed on the minimum wages – to avoid statutory regulation - there was no agreement on the working time regulation. This was criticised by employers internally: the article quotes Mr. Knill, head of the subdivision of the metalworking sector at the WKO, questioning why one agreement was signed but not the other, while also stating that this was 'the end of social partnership' as he knows it.

A similar tone came from the Federation of Industries<sup>24</sup> (*Industriellenvereinigung IV*), whose president Georg Kapsch criticised the unions for continuously 'blocking every change' and challenging them for having a one-sided understanding of partnership. The minimum wage agreement would cost employers €900 million. He argued that social partners should not act as co-legislators (IV, 2017ab).

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<sup>23</sup> Note in this context, that the programme used a similar approach for the area of 'working time flexibility', in which it asked social partners to agree on new rules around maximum working time duration and flexibility. In contrast to the minimum wage, social partners did not agree in this area. As a result the next government (right wing OVP/FPO coalition) introduced legislation, which was met with great resistance by organised labour in 2018/2019.

<sup>24</sup> The IV, representing industry are a voluntary membership-based organisation. They are part of the Austrian social partners, participate in social dialogue, but do not take part in collective wage bargaining.

### Employers views and arguments

In a position statement of July 2017 (WKO, 2017), shortly after the agreement had been reached, the *Wirtschaftskammer* argues that Austria does not need a statutory minimum wage, because of the following reasons:

- The level of €1,500 - equivalent to €1,750 per month based on 12 monthly payments, compared to other EU countries, is already very high – in the EU only below Luxembourg, but higher than Germany's;
- the nearly complete collective bargaining coverage (99% - referring to OECD data);
- the possibility to regulate minimum pay rates across the whole pay scale, also for qualified or experienced workers, within collective agreements;
- social partners in their wage policy respect the competitiveness and avoid detrimental effects and job losses, such as those witnessed by some of the EU countries in crisis.
- Collectively agreed pay rates have overall witnessed real increase – even in the years of crisis. The fact that real incomes developed only moderately is due to increase of part-time employment rather than due to wage policy.
- Wage policy should not become the pawn of politics.
- A higher minimum wage of €1,700 would destroy jobs, and particularly hit low performing sectors, such as hairdressing, or the low-qualified and youth.

### Trade unions views and arguments

The employee's side partially agrees in their arguments against any statutory solution with the employers, as regards the advantages of sectoral bargaining, as outlined in the ÖGB's basic programme of 2018 (ÖGB, 2018):

- The prevailing system ensures uniform sectoral standards and are regarded as an instrument against wage dumping. A regular update of sectoral agreements is important.
- They fear that a universal statutory wage floor could reduce employers' incentive to also regulate higher level of pay within collective agreements, thereby reducing the social partners' role in considering macro-economic and sector specific developments.

In addition, they stress that it is important to ensure that the statutory membership of companies to any of the WKO's sectoral units is here to stay. They also voice the concern that statutory minimum wages could become more dependent on parliamentary majorities and the government in place, thus more prone to be influenced by day-to-day politics.

The Austrian chamber of labour, AK, which is practice not participating in collective bargaining (but could do so), is supporting the ÖGB in their argumentation (compare Resei, 2017 and Mueller, 2017, both in AK and ÖGB, 2017).

## The follow up of the agreement

According to the ÖGB, roadmaps were included in several sectoral collective agreements which were falling under the threshold, such as, for instance, the one for hairdressers (see Table 7 in annex). According to this agreement, the wages of semi-skilled hair-dressers will be raised from €1,410 in 2019 to €1,501 in 2020. Hairdressers with a completed vocational training (or equivalent) will in their first year of employment, be entitled to a minimum wage of €1,500 in 2019 and to €1,530 in 2020).

In other agreement(s), the agreed plans include a staged increase up to €1,500 until a later stage than beginning of 2020. Looking into those agreements reported in section (2- Low levels of pay in collective agreements)

For instance:

- employees in **cinemas** in some regions<sup>25</sup> of Austria have a gross monthly wage of €1.228 in 2019, to be increased up to €1,500 in **2022**, according to the latest collective agreement of April 2019.
- Semi-skilled florists and worker in flower retail without a completed vocational training (Lehrabschlussprüfung, but not in training any more) will have their monthly minimum wages increased from €1.335 in 2019 to €1,500 in **2021** (see Table 8 in annex).
- Taxi drivers in Austria will have their minimum wages increased from €1.285 in 2019 to €1,500 from end of 2020 onwards. Regional collective agreements may include more favourable terms (Vida and WKO (2019b).

No such updates could be found for the agreements with the lowest rates: Cinemas in the Tyrole or [Salzburg](#), [dispatch workers](#) (*Expeditarbeiter*) and for [furriers, glovers and tanners](#).

The 2017 social partner basic agreement also included the set-up of a monitoring commission in 2020. To date no plans for or other information concerning this commission was available according to the ÖGB. The WKO stated in a reply to a request from the author that there was no need to establish such a commission, as the agreed level of the minimum wage will be implemented by 2020.

## What next?

Again, the pattern of the most recent political debate, resembles those of the past:

On 27 March 2019, the Party Liste Jetzt (a split off party from the Greens, who are – at the time of writing not represented in the Austrian Parliament), tabled another motion<sup>26</sup> in which it requested the introduction of a **statutory** minimum wage of at least €10 per hour (€1,750 monthly). They based their request on the findings of the latest income report, which showed that the lowest income decile was affected by decreases in real income between 1998-2017, partially due to an increase of part-time work, but also due to insufficient changes of gross wages. They stress the inadequacy of the current system to guarantee such a sufficient level and argue that also the – small – share of hitherto non-covered workers engaged in new forms of work, including platform and crowd-workers, mini-jobbers are expected to grow in future.

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<sup>25</sup> Lower Austria, Burgenland, Vorarlberg.

<sup>26</sup> Motion for resolution [160/UEA XXVI. GP], tabled by MP Rossmann, 27 March 2019.

The motion was supported by members from the Social Democrats<sup>27</sup> and Liste Jetzt, but rejected by members from the government parties (ÖVP/FPÖ) and the liberal NEOs with a majority.

In the region of Burgenland, which is in 2019 under the governance of an SPÖ/FPÖ coalition, the governor announced the introduction of a minimum level of €1,700 among all economic activities which are in their sphere of influence.

The latest demand for a minimum level of €1,700, tax free, was voiced by the leader of the Social Democrats, Ms Pamela Rendi-Wagner, in the context of the upcoming parliamentary elections in September 2019. This should be implemented via a collective agreement (Der Standard, 2019).

## Other policies affecting minimum wages or in-work poverty

To complete the paper, it is important to note that the debates and policy actions around low paid work and in-work poverty did not focus on the level of (gross) minimum wages only. There are several other, partially complementary policies, which have been debated or implemented over the course of the past years, with a more indirect impact on the adequacy of minimum wages.

Note in this context that Austria has – in various years – been given the country specific recommendation within the EU semester to *‘reduce the tax-wedge, especially for low income earners, by shifting the tax burden to sources of revenue less detrimental to growth.’* It has also been recommended several times to improve the labour market situation of women and of migrant workers and to reduce the gender pay gap.

The policy priority has been to bring those out of employment into employment, suggesting that employment is an effective means against poverty (even if this objective cannot be met in certain cases, e.g. single earner household with children in low wage jobs, or low work intensity). At the same time, some improvements for low-wage earners (i.e. increase of negative tax, lower tax levels for low incomes) have been implemented, which contribute both towards reducing the number of working poor and towards improving employees' living standards (Allinger, 2016).

## Changes to taxes and social security contributions

People earning below a certain income threshold are exempt from paying income tax, but have to pay social security contributions.

Since the mid-1990s, a so-called ‘negative’ tax exists in Austria which is a kind of transfer payment for low income earners: Workers who do not pay taxes have the possibility to be refunded by the state for a specific share of their social insurance contributions, up to a maximum amount per year, which can be increased for those commuting to work.

Only employees – precisely those who pay social insurance contributions – are entitled to this ‘negative tax’. Those who are defined as so-called ‘free service contractors’ or the ‘new self-employed’ do not have access to this arrangement.

Austrian government (2019)

In 2016, a tax reform was implemented, reducing the tax burden on all, but particularly the low incomes. It was agreed upon in parliament in mid-2015, implemented by the grand Coalition government (SPÖ/ÖVP). This decision was made after an intensive campaign of more than 1.5 years from organised labour (ÖGB and AK), under the slogan ‘*More money in the wallet*’<sup>28</sup>.

The main changes are the following:

- the initial income tax rate was reduced from 36.5% to 25%
- instead of the formerly only three tax levels, there are now six tax levels, which means that the difference between them is somewhat less pronounced
- the top tax rate has been increased to 55%, for income of EUR 1 million a year upward
- people with small incomes (up to €11,000 a year) do not pay income tax and receive an annual negative tax refund of 50% of their social security contributions, up to €400 a year (before the tax reform, it was up to €110 and 10% until 2014).

Table 6: Austrian tax model and income thresholds, pre- and postreform

Old tax model, until 2015		New tax model (from 2016 onwards)		Proposed model for 2019/2020
Annual gross income	Tax rate	Annual gross income	Tax rate	Tax rate
€0 to < €11,000	0%	€0 to < €11,000	0%	0%
€11,000 to < €25,000	36.5%	€11,000 to < €18,000	25%	20% (2021)
€25,000 to < €60,000	43.2%	€18,000 to < €31,000	35%	30% (2022)
		€31,000 to < €60,000	42%	40% (2022)
€60,000 or more	50%	€60,000 to < €90,000	48%	48%
		€90,000 to < €1 mio	50%	50%
		€1 mio or more	55%	55%

Source: Allinger (2016) and WKO (2019b).

Another fiscal reform was the introduction of the so called Family bonus (*Familienbonus*) by the ÖVP/FPÖ government, to be implemented from 2019 onwards. This is an additional tax-free allowance for families with children, whereby an annual amount of up to €1,500 can be claimed back via the annual tax declaration. Opposition parties have criticised that it benefits families on a higher

<sup>28</sup> Quarterly report for EurWORK Q1 2015.

income more, as it is linked to income tax. Low paid workers paying no or only low income taxes do not benefit to the same extent.

A further tax-reform was planned by the ÖVP/FPÖ government and presented<sup>29</sup> to the parliament in May 2019 for 2019/2020. Most proposed changes related to companies, but the package also included further reductions of the income tax, starting in 2021 with the lowest earners. The tax rate would be reduced from 25% to 20% for the lowest tax threshold in 2021 and in 2022 for the subsequent income brackets up to €60.000. Following the break-down of the government coalition and the establishment of a ‘technocratic’ interim government, there was uncertainty about the future of the tax reform. Reducing the tax burden on low-paid workers remained in the focus, and so both the former coalition parties as well as the SPÖ tabled further initiatives for parliament to reduce social security contributions for low paid earners.

### Regulating atypical work

Krenn (2010) reported that trade unions at the time campaigned to harmonize atypical (non-) standard forms of employment with the regular dependent employment, in particular in terms of pay. While those in non-standard employment in Austria are well-covered in terms of social security, other aspects of the employment relationship, such as pay and holiday entitlements, are still different to the standard employment contract.

In 2016 several changes in labour law came into effect. They mostly relate to improvements for employees and are valid for new employment contracts (i.e. signed from 2016 onwards). Among the most important changes – next to the above reported tax reform, was also a change affecting ‘**all in-contracts**’. These contracts are inclusive of overtime and were originally used among managers only, including lump-sums for any over-hours. Over time, they were found to be increasingly used for other employment groups (without managerial tasks), so that according to a study conducted by the Chamber of Labour (AK) and the Austrian Trade Union Federation (ÖGB), even 19% of workers with a low income (below €1,300 gross monthly income) had an all-in employment contract or all-in overtime arrangement. From 2016 onwards, the basic salary for normal working hours must be disclosed, which provides more transparency (Allinger, 2013 and Hermann, 2015).

### Needs-based basic income scheme

The main focus of attention by the government in the field of poverty has been the proposal to introduce a ‘needs oriented basic cover’ scheme (*Bedarfsorientierte Mindestsicherung*), which guarantees a minimum gross income for all people who are impoverished and willing to work. This income would be revaluated annually (Adam, 2008). The Austrian government has decided to introduce this ‘needs oriented basic cover’ scheme by 1 September 2010, with a monthly net income of €733 at the time, 12 annual payments<sup>30</sup>. While the scheme is mainly addressed at people out of employment, it also covers the ‘working poor’. Until the introduction part-time workers who earned less than a reference rate (equal to the minimum pension, which in 2007 was €727) got an

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<sup>29</sup> Steuerreformgesetz I 2019/20 – StRefG I 2019/20 (147/ME).

<sup>30</sup> ‘*Bedarfsorientierte Mindestsicherung*’. In 2018 the amount was €838 for a single adult, or €1.242 for persons in partnership, not increased since 2015.



equalisation supplement through social assistance funds in a simple procedural manner. Under the 2010 'needs oriented basic cover' scheme, a comprehensive means test is foreseen to receive the equalisation supplement. This fails to meet the objective of a less bureaucratic increase in the household income of the working poor and represents a less favourable scenario compared with the current regulation (Krenn, 2010).

In 2016, people working very low hours or receiving very low wages, were generally eligible to a top up in addition to their employment income to the level of the minimum income (€837.76 per month for a single person in 2016). Nonetheless, the minimum income level lies well below the EU-SILC definition of 60% of the median income in Austria (which stood at €1,163 a month for a single person household in 2015).

In 2017-2018, the Coalition government ÖVP/FPÖ reformed this instrument<sup>31</sup>. The single adult rate was increased to €863 monthly, to be paid 12 times per year. This may not be topped up by the federal provinces, whereas they can adapt provisions for rents. Larger families – with a higher likelihood to fall among the working poor – were more affected by the reform as the amounts to be paid out per child decrease with the number of children.

### Increasing working hours

Since 2016, an **information obligation** on full-time positions for **part-time employees** is in place, enabling workers on low hours to apply for a higher work intensity position first. When an employer plans on announcing a full-time position or a position with a higher number of hours, the employer's part-time employees are to be informed beforehand. Such, internal employees wanting to increase their working hours are made aware of a job opening and can apply first.

The number of **institutional childcare places** has increased substantially in the last decade, allowing more parents (i.e. mostly mothers) to take up work, thus contributing towards reducing the at-poverty risk of households with children.

### Improving transparency and compliance

In addition to the above reported transparency that normal working hours must be enclosed in works contracts, the changes of labour legislation in 2016 also newly included that the **receipt of payrolls** may be legally enforced. Employees have a claim by civil law for a copy of their registration with social security, as well as for the receipt of a written monthly payslip, including the remuneration as well as possible compensation for allowances.

For **posted workers**, in 2011, an enactment to the Law against wage and social dumping (from May 2011) was released: It eased penalties for companies which violated the law to a relatively low extent. For example, if the payment below collective agreement level does not exceed 10% (of a monthly wage) a punishment can be avoided by paying the difference to the worker. Another update was made in 2016/2017, transposing the enforcement directive (2014/67/EU): Cross-border administrative prosecutions (on the grounds of wage dumping and related matters) for employers posting workers to Austria will be accelerated, to facilitate the enforcement of penalties. In the

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<sup>31</sup> The most controversial part of the reform was the attempt to reduce payments for people who have worked less than 5 years in Austria, incl. those who had been granted asylum.

construction sector, there is now a customer liability (for both private and public sector customers) in order to secure wage entitlements for posted employees. This enables posted workers to claim wage differences both from their (foreign) employer, and from their (Austrian) customer<sup>32</sup>.

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<sup>32</sup> Based on quarterly report for EurWORK, Q2 2015 and country updates for Q1 2016 and Q1 2017.

## Conclusion

### Intersectoral disparities despite high bargaining coverage

Due to a nearly complete coverage of employees with collective agreements in Austria, the relevant question for any minimum policy is partially more comparable to countries with a statutory minimum wage rather than to countries with sectorally agreed minima without complete coverage: It is predominantly about ensuring a certain level of agreed increases across all sectors and regular update of such increases in line with wage and productivity developments. Austria saw relatively moderate increases of collectively agreed pay over time – in comparison to the growth of hourly labour productivity and real hourly wages – particularly following the years of recession, combined with growing unemployment and increased competition in lower paid parts of the economy.

Despite an encompassing collective bargaining coverage, there is a great degree of inter-sectoral variation in pay and the Austrian economy continues to have low pay in some industries. The objective of safeguarding jobs and employment was more prominent in public debates and bargaining, than any aims for a more egalitarian pay structure.

### A history of strong, yet protracted intersectoral wage floor coordination

There is intersectoral coordination of wage floors already since the 1990s between the peak social partners – but it takes time until such changes manifest themselves across the board. By the time demands for a specific nominal level are supported, a common wage floor has been agreed at peak-level and until the new level has ‘trickled across’ all collective agreements, a number of years will have passed and inflation will in practice have diminished the real value of the original demand. By that time, usually new demands for an increased rate are already present in the public debate.

The latest intersectoral agreement of 2017 between social partners on a coordinated minimum wage level of €1,500 – supported by the former grand coalition as ‘bargaining in the shadow of the law’ – stirred up great disappointment among the employers and further impact on the climate of social partnership, as in parallel negotiations on working time flexibility the unions did not agree on employers demands. [Legislation on the latter issue then followed by the new right-wing and more employer-oriented government in 2018/2019].

### Social partners are against any form of minimum wage legislation

Both sides of industry are wary about any attempts or proposals to regulate minimum wages via legislation. Until now, the peak level social partners have also refrained from concluding an inter-sectoral general collective agreement on minimum wages (*Generalkollektivvertrag*), which would exert an immediate effect, but have opted for a softer approach and concluded a ‘Basic agreement’ (*General – or Grundsatzvereinbarung*) in 2017 in which they voluntarily commit themselves to coordinate the level with their members. Both – possible legislation and the inter-sectoral collective agreement – have been presented as external threat or tool of last resort should sectoral actors not implement a certain threshold.

In their general argumentations, both sides of industry alike object any statutory regulation, and refer to the superiority of the sectoral bargaining system due to: the possibility to tailor pay levels and changes to sectoral specificities and productivity developments; the possibility to react more

quickly to economic downturns which might affect sectors differently; the lower level of political intervention in the case of bilateral sectoral negotiations. Trade unions emphasize the possibility to regulate pay across the whole pay scale and the importance to maintain the legal requirement for companies to be member of the WKO. Employers stress the comparatively high level internationally as well as the high level of social security contributions and taxes and the need to safeguard jobs in low-performing sectors.

### **Mixed and changing support for universal wage floors from the political side**

In the political domain – within parliament and governments – the only party who has called for and tabled proposals for a statutory minimum wage continuously over the past 20 years are the Greens. The position of the Social democrats (SPÖ) seems to have somewhat shifted over time: From rejecting such requests by specifically referring it to the social partners (e.g. 2009), to ‘threatening’ with possible legislation in 2017, to the support of similar motion for a statutory rate in parliament in 2019, back to stressing the social partners role in the current election campaign. The position of the FPÖ is also ambiguous and has changed over time: mainly rejecting the initiatives, but during 2003 there was a governmental ‘request’ to social partner to agree on a coordinated minimum level, which mainly stemmed from their electoral promises. Within the Conservative (ÖVP) there are mixed views, with sub-organisations representing women and employees occasionally having voiced their preference for a statutory minimum wage, while other parts which are more closely affiliated to employers and their organisations have rejected it.

### **Monitoring in-work poverty and minimum wages**

There is a regular monitoring of the number of working poor in place, based on EU-SILC and there are also regular reports on income developments – from the government’s sphere. In addition, there are ad hoc studies on the impact of certain levels of minimum wages by social partners, next regular reports from governments on the development of incomes. Collectively agreed pay and how it relates to actual wage changes and which workers or sectors are covered is much less researched. Equally the interaction between the two spheres: what role do collectively agreed minimum wages or actual wages play for reducing in-work poverty has – to the authors best knowledge – not been scrutinised to date - at least not on a regular basis.

Several research findings have pointed to the high sectoral differences in pay in Austria - deriving not-least from the sectoral bargaining – exerting an impact on in-work poverty. The new millennium was also characterised by an increased labour market segmentation, with concentration of foreign workers – particularly after the EU enlargement and opening of the labour – in low paid sectors. Pay developments in this segment since the 2000s were modest, behind negotiated increases and exerted an impact on overall development of real wages. The ability of the traditional wage policy to address such developments has decreased, as it is set-up for ‘stable’, non-interrupted employment contracts at the same employer or within the same industry.

Debates on minimum wages do include elements of the in-work poverty discussion. As objective within the latest social partner agreement, that minimum wages should be high enough to avoid in-work – poverty, as well as in impact assessments. Other policies to reduce in-work poverty have also been implemented over the past years, most of them with a fiscal focus, in particular the tax reform of 2016.

## Assessment of the arguments

The Austrian way of wage and minimum wage setting has some specificities which distinguish it from other EU countries without statutory minimum wages: One – unique – core element is the compulsory membership of all enterprises to the Federal Economic chamber next to comprehensive bargaining, leading to a nearly full collective bargaining coverage without any further practical need for extension. The number of bargaining actors is comparatively low and there has been a ‘tradition’ since the 1990s among social partners to coordinate<sup>33</sup> a universal wage floor inter-sectorally. Against this context, and together with the fact that sectoral agreements are legally binding<sup>34</sup>, the repeated claim by both sides of industry that no statutory regulation is required (and that they themselves have not resorted to concluding a general cross-sectoral agreement) are understandable: The Austrian system of minimum wage setting seems to be working well and in terms of its encompassing nature also more closely resembling that of countries with a universal statutory floor – yet with the advantage of being more differentiated, nuanced and reactive to sectoral and regional needs. While the process of updating and adapting the lowest rates within many smaller collective agreements may appear to go slow at times, the ‘support’ from the political spectrum, repeatedly nudging the social partners into agreeing on a certain level – has been a permanent driving factor in the past well. As in other countries<sup>35</sup>, there is fear among the social partners that a statutory rate would undermine their ability to agree rates across the whole pay scale (trade unions concern) and to (not) adapt rates flexibly according to sectoral needs and over the course of the business cycle (employers concern). As long as this model continues to be in place and alive, there seems to be no immediate need to change.

On the other hand, there are also threats to and weaknesses of the system:

The Austrian social partnership has also frequently been considered as being under pressure – most recently in the short period of the centre-right wing ÖVP-FPÖ Coalition (2017-2019), which made some attempts to weaken the role of social partners. This was partially also supported by employers – particularly the Federation of Industry, who do not want to see social partners as co-legislators.

The Austrian labour market is getting increasingly segmented – particularly between those in ‘stable’ and ‘instable’ employment. Among the latter are particularly foreign workers, most of which from the Member States joining the EU after 2004. Workers in instable employment relationships, while still covered by collective agreements, benefit less from the system as some agreements include seniority entitlements or as workers accumulate increases on top of the agreements over the course of the years, if they stay with the same employer.

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<sup>33</sup> Italy which has very high bargaining rates as well and nearly all workers covered through national agreements, does not have such a tradition of intersectoral coordination.

<sup>34</sup> This is in contrast to Cyprus, where only half of the workforce is covered by collective agreements, which are not legally binding.

<sup>35</sup> Particularly the Nordic member states: Sweden, Finland and Denmark.

## Abbreviations

	National term	English
<b>AK</b>	Arbeiterkammer	Chamber of Labour
<b>FPÖ</b>	Freiheitliche Partei Österreichs	Freedom Party of Austria
<b>GPA-djp</b>	Gewerkschaft der Privatangestellten, Druck, Journalismus, Papier	Union of Private Sector Employees, Printing, Journalism, and Paper
<b>IHS</b>	Institut für Höhere Studien	Institute of Advanced Studies
<b>IV</b>	Industriellenvereinigung	Austrian Federation of Industries
<b>JETZT – Pilz List</b>	JETZT – Pilz Liste	‘NOW’: the list of party founder Peter Pilz. Formerly know as Peter Pilz list.
<b>NEOS</b>	Das Neue Österreich und Liberales Forum	The New Austria and Liberal Forum
<b>ÖGB</b>	Österreichischer Gewerkschaftsbund	Austrian Trade Union Federation
<b>ÖVP</b>	Österreichische Volkspartei	Austrian People’s Party
<b>SPÖ</b>	Sozialdemokratische Partei Österreichs	Social democratic party of Austria
<b>vida</b>	Verkehrs- und Dienstleistungsgewerkschaft	Union of Transport and Services
<b>WIFO</b>	Wirtschaftsforschungsinstitut	Austrian Institute of Economic Research
<b>WKO</b>	Wirtschaftskammer Österreich	Austrian Federal Economic Chamber

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<b>Austria: Latest working life developments – Q1 2016</b>	+ unpublished Quarterly report for EurWORK.	Allinger, Bernadette, Forba
<b>Austria: Latest working life developments – Q2 2016</b>	+ unpublished Quarterly report for EurWORK.	Allinger, Bernadette, Forba
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## Annex

Table 7: Collective agreement for hairdressers – example for a roadmap towards €1.500

	Monthly minimum wages for ...	1 April 2019 - 31 March 2020	1 April 2020- 31 March 2021
1.	Semi-skilled hairdressers (without completed apprenticeship, but not in vocational training anymore).	€ 1.410	€ 1.501
2.	First year of employment for trained hairdressers	€ 1.500	€ 1.530
3.	Second and third year of employment	€ 1.530	€ 1.561
4.	Forth and fifth year of employment	€ 1.570	€ 1.601
5.	From sixth year of employment onwards	€ 1.691	€ 1.725

*Note: According to the 4-year agreement, minimum wages for the group of semi-skilled hairdressers will be increased by 31% until 2020. Separate rates apply for apprentices, according to their year of employment.*

*Source: Vida and WKO (2019).*

Table 8: Collective agreement for florists and workers in flower retail – example for a roadmap towards €1.500

	Monthly minimum wages for ...	1 February 2019 - 31 January 2020	1 February 2020 - 31 January 2021	1 February 2021 - 31 January 2022
1.	Florist in first and second year of employment	€1.380	€1.475	€1.570
2.	Florist after the second year of employment	€1.520	€1.580	€1.640
3.	Florist with completed master training	€1.680	€1.740	€1.800
4.	Florist – ‘Erste Kräfte’	€1.635	€1.667	€1.700
5.	Skilled worker without vocational training, non-skilled workers, assistants in retail.	€1.335	€1.420	€1.500

*Note: Separate rates apply for apprentices, according to their year of employment.*

*Source: Vida and WKO (2019).*

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