



Industrial relations and social dialogue
**Austria: Working life in the
COVID-19 pandemic 2021**

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Introduction

At the onset of 2021, Austria was in a lockdown that had started due to the - then - highest infection rates since the beginning of the pandemic in autumn of 2020 (second wave). As the vaccination rate steadily increased (by around mid-2021, the offer of vaccines had finally met the demand, and thus most people in want of a COVID-19 vaccination could receive one by then), access to different areas of public life (tourism, cultural, leisure sector) became increasingly linked to vaccination and testing, with the "Green Passport" being introduced as proof of low epidemiological risk. Over the next few months it became clear that there was a strong minority of around a quarter to a third of the population who was not willing to get vaccinated - a high share in international comparison. Several measures were discussed to increase vaccination rates (e.g., making tests subject to a charge for the unvaccinated), which finally resulted in a general vaccine mandate coming into effect in February 2022. Despite this mandate, infection numbers were once again peaking to record-levels in the first quarter of 2022. Moreover, the lawmakers had decided not to execute penalties and in March, the legislation was temporarily suspended based on the fact that no overload of the health system was to be expected.

The economic and labour market situation was clearly strongly affected by the epidemiological situation in 2021. After a historic decline in economic output in 2020 (GDP decline of -6.7%), the economy recovered in the course of 2021 (as of 15 December 2021, an annual GDP growth of 4.1% is predicted, cf. Federal Ministry of Finance, 2021).

As far as the labour market situation is concerned, compared to 2020, the labour market has recovered significantly in all sectors, federal states and among all groups (females, males, younger, older, migrants, non-migrants). While in the first three quarters of 2021, the absolute numbers of people registered as unemployed or in training was still higher than in the respective months of 2019, this changed in the last quarter of the year; in December 2021, there were around 5,000 fewer people unemployed or in training than in December 2019. The unemployment rate (according to EU-LFS) has declined from 7.3% in January to 5.3% in November 2021 and lies markedly below the EU-27 average (6.5% in November 2021). At the same time, short-time work has been maintained especially in those companies and sectors that have been hit hard by lockdowns. The number of people on short-time work has declined over the course of 2021 and was far below the numbers of 2020. While in the first quarter of 2021, over 470,000 workers were registered for short-time work, the number declined sharply in the second half of the year; a relative increase was registered, however, for December 2021 with over 175,000 workers registered (amid a lockdown). As of November 2021, the state has spent over €9 billion on short-time work, and 1.29 million people have received short-time working benefits, according to the Ministry of Labour (Wiener Zeitung, 2021). The number of employed people has increased over the course of 2021, to 4.4 million employees in the third quarter of 2021 (and thus higher than in the third quarter of 2020).

Political context

In 2021, the federal coalition government, made up by the conservative People's Party ÖVP and its junior partner, the Green Party, started into its second year of cooperation. The political year was very turbulent and culminated in the resignation of chancellor Mr Sebastian Kurz of the ÖVP in October 2021, due to allegations of corruption and bribery and pressured by the Green Party. Mr Kurz' successor as chancellor became former exterior minister Mr Alexander Schallenberg. After seven weeks in office and upon Mr Kurz' complete withdrawal from politics, which included the resignation of chairman of the ÖVP, Mr Schallenberg resigned. Former interior minister Mr Karl Nehammer (of the ÖVP) was then sworn in as chancellor by the Austrian president on 6 December 2021.

Only two elections were held in 2021, the municipal and mayors' elections in the federal state of Carinthia in February (which brought no surprises, with the Social Democratic Party maintaining the first place) and regional elections in the federal state of Upper Austria in September. Especially the latter election sparked wide interest, as the newly founded party MFG, sceptical of COVID-19 vaccines and pandemic measures, made the cut to get into parliament with a share of 6.2% of the vote (4% needed), which had - even though Upper Austria has the lowest vaccination rate of all Austrian federal states - not even been expected by experts.

Due to the turbulent political situation, the management of the Corona-pandemic suffered. Over the course of the summer, the ÖVP followed the discourse of 'having mastered the pandemic', including a poster campaign, which – as some experts argue – may have led parts of the population into becoming less cautious. In autumn, when infection rates increased again (fourth wave), and many experts called for stricter measures, a further lockdown was only implemented when due to high hospital and ICU occupation rates, triage was already implemented in two federal states (Salzburg and Upper Austria). While in the first year of the pandemic, decisions taken at the national level were mostly supported by the nine federal states, this somewhat eroded in the course of 2021 with a regionalisation of the crisis management. The federal state governors increasingly replaced the federal government as decision-makers. The capital and regional state of Vienna, for example, had increasingly implemented stricter regulations than the federal government's provisions would foresee.

Governments and social partners response to cushion the effects

The government prolonged several measures aimed towards mitigating the effects of the crisis that were already implemented in 2020 in the course of 2021. Other measures (temporarily) ran out around mid-2021, when infections were at a low level, of which some were re-instated again once infection numbers increased in late 2021. In addition, several new measures were implemented. The social partners were involved in the design and implementation of various policy measures, most importantly in the adaptation of the COVID-19 short-time work scheme.ⁱ This measure has been widely used and was adapted several times; in mid-2021 ("phase V"), two different models were differentiated, one for those companies which had been hit especially hard by the pandemic and its related measures (e.g. night gastronomy), and the second model (transition model) for all those companies which had still been negatively affected by the pandemic and had to shorten employees' working hours.

Measures to prevent social hardship, which were mostly implemented at the very onset of the pandemic, were not further prolonged with the exception of the re-instatement of an agreement not to cut power in case of payment difficulties in late December 2021, triggered by the soaring energy prices.ⁱⁱ No new such measures were implemented in 2021.

Most of the measures prolonged in 2021 focused on supporting businesses. Access to finance for tourism companies,ⁱⁱⁱ bank guarantees,^{iv} company subsidies for fixed costs^v and the support fund for non-profit organisations,^{vi} all measures that had been implemented early in the pandemic, were prolonged. In addition, support measures for businesses which had been implemented in late 2020 (amid the second lockdown in the country), were also by and large extended. Those measures include a loss compensation scheme,^{vii} a lockdown turnover compensation^{viii} and a cancellation bonus.^{ix}

Many new measures were implemented in 2021 with regards to the adaptation of the workplace and protection of workers. Most importantly, legislation on telework came into effect in April (home office regulation^x). Home office work is to be agreed upon between employee and employer and the legislation essentially regulates issues such as the provision of equipment (or reimbursement if privately owned equipment is used) and liabilities in case of a work accident. The social partners were strongly involved in the preparation of the legislation. The social partners also concluded the first general collective agreement in over 40 years, relating to Corona measures^{xi} (i.e., testing for specific professional groups and breaks from wearing facial masks). The special protection for COVID-19 risk groups at work^{xii} first expired by the end of June 2021 but was prolonged upon increasing infection numbers in autumn again. All those workers receiving a specific COVID-19 risk certificate are to jointly consider with their employers whether special protective measures are possible in the workplace; if none can be implemented, home office can be used, and if this is not possible either, workers belonging to the risk group are entitled to paid leave from work. The most far-reaching measure implemented in November 2021 relating to the protection of workers was the "3-G-rule" at the workplace,^{xiii} meaning that employees and employers (owners) are allowed to enter places of work where physical contact with other people (e.g. clients, colleagues) takes place only if they are either vaccinated ("geimpft", tested ("getestet") or have recovered ("genesen") from

COVID-19 (with the 3 G's standing for the respective first letters). The social partners negotiated this measure with the health and labour ministries.

No new measures relating to income protection were implemented in the course of 2021, but when a lockdown was implemented in late 2021, the hardship case fund^{xiv} was re-instated, the bridging fund for artists^{xv} was increased and the special subsidised care time for working parents and carers^{xvi} was prolonged (in case dependents are quarantined or in case of school closures, etc.).

With the pandemic going into its second year, measures targeted towards promoting the economic, labour market and social recovery were implemented (some of which already in late 2020). Those were the Corona Job offensive^{xvii} in connection with the COVID-19 education bonus^{xviii} and the "Springboard" initiative,^{xix} which targets specifically long-term unemployed people via work training and subsidies for wage costs.

In general, the government's funding for COVID-19 support measures is considered quite generous, especially for businesses. In early 2022, when updated figures from the European Commission's Financial transparency system were made available, it became evident that overfunding occurred to a certain degree, also in sectors that were not as heavily concerned by the pandemic (Der Standard, 2022). For short-time work alone, the government spent €9 billion for almost 1.3 million workers, as of November 2021 (Wiener Zeitung, 2021). An analysis by the social-liberal think tank Momentum from June 2021 shows that of all (by then) already issued and planned future Corona aids between 2020 and 2024, around 56% go to companies and farmers, around 34% to employees and families and 10% to others, including the public sphere and climate protection (Momentum, 2021).

Adapting to the pandemic and the return to work: Policies and debates

New occupational health and safety rules

The recommendation to work from outside businesses was already in place at the onset of the pandemic and was again resorted to in the second infection wave in late 2020/early 2021, regulated via the Second COVID-19 Protective Measures Ordinance (in effect from 7 December 2020 onwards). Upon replacement of that ordinance by the Third COVID-19 Protective Measures Ordinance on 17 December 2020, tests for personnel working in hospitals (once a week) and nursing homes (twice a week) became obligatory. Furthermore, employees in hospital and nursing homes had to wear facial masks and those in nursing homes with direct customer contact became obliged to wear masks of a higher quality (FFP-2 masks).^{xx} On 8 February 2021, with the Fourth COVID-19 Protective Measures Ordinance coming into effect, the minimum distance to be kept between people was increased from one to two meters. Tests in nursing homes became mandatory every three days and other professional groups with client contact were to be tested every seven days (e.g., teachers, kindergarten pedagogues, workers in logistics where the distance cannot be maintained, hospital employees) to be allowed to make entry into the place of work. In parallel to this legislation, the social partners concluded a general collective agreement on Corona tests for employees (see above). If tests were not conducted, an FFP-2 mask was to be worn mandatorily. Tests are generally free of charge for all people living in Austria, and the government has paid an estimated €1.6 to 1.8 billion for them in the course of 2021, making Austria one of the countries administering extremely high numbers of tests, including mandatory tests also in schools.

If employees who are mandated to be tested or wear masks refuse to do so, their employment relationship can be terminated, as the mandate is included in legislation. There are several cases of teachers or health personnel who have been let go. In a case that was brought before court, a registered nurse working as area manager in a nursing home refused to be tested regularly (irrespective of symptoms) due to his perceived doubt on the usefulness of the test. Thus, the employer terminated the employment relationship in November 2020, and this was approved in a trial by the Supreme Court (Linzer Institut für Gesundheitssystem, 2021).

Between May and July 2021, infection numbers fell, and the vaccination campaign progressed, so that several measures were eased. The "Green Passport" in connection with a "3-G-rule" (details on both measures see above) for the leisure and cultural sectors including gastronomy were introduced. The mask wearing mandate was partly abolished if a "3-G" proof could be provided. The 3-G-rule also applied at nursing homes or hospitals, where testing rules were loosened (no test requirement if "2-G" proof, i.e., vaccination or recovery could be provided), but facial masks (not necessarily of FFP-2 quality anymore) were maintained. In September, upon the start of the school year, when infection numbers were rising again, the FFP-2 mask mandate was reintroduced in public transport, supermarkets, and drug stores. Also, the 3-G proof in certain areas was increasingly replaced by 2.5-G rules (only a PCR test was accepted as a test proof) or 2-G rules, restricting various areas of public life for those who had remained unvaccinated, culminating in a lockdown for unvaccinated people from 15 November onwards, which was lifted on 31 January 2022. The 2-G rule is to expire for retail on 12 February 2022, and from 19 February onwards, the 3-G rule will apply

again in tourism (hotels, gastronomy), which is somewhat counteracting the vaccination mandate coming into force on 1 February 2022.

On 1 November 2021, the “3-G-rule” at the workplace came into effect via the third COVID-19 Measures Ordinance (see also above). It states that workers, owners, and operators may only enter workplaces where physical contact with other people cannot be ruled out if they have a “3-G certificate”, which means they need to have proof of either being vaccinated, cured or tested. Until 15 November, wearing an FFP-2 face mask as an alternative to providing 3-G proof was accepted. Mobile care workers may only enter external places of work (i.e., mostly their clients’ homes) if – in addition to presenting a 3-G certificate – they wear facial masks in closed rooms when in contact with clients. The same applies to workers in nursing homes and hospitals. Business owners of a place of work with more than 51 workers need to appoint a COVID-19 officer and prepare and implement a COVID-19 prevention concept. Two weeks later (upon rising infection numbers), the regulations were once more tightened. In night gastronomy, nursing homes and hospitals, a 2-G rule applies (vaccinated or cured). If such proof cannot be presented, proof of a negative result of a molecular biological test for SARS-CoV-2 must be presented. The test is only valid 72 hours. In addition, an FFP-2 mask must be worn in the case of direct contact with customers.

On 19 November, the federal government announced the introduction of a general vaccine mandate (thus hoping to increase the vaccination rate among the population), which came into force on 1 February 2022. It made Austria the first country within Europe to introduce mandatory vaccinations (from age 18 onwards), with fines ranging from €600 to €3,600 for people who are not vaccinated (to be enforced from mid-March onwards). However, before any fines had been issued (and ironically on the day of highest infections thus far), on 9 March, the federal government suspended the legislation temporarily, arguing with the inappropriateness of such a severe measure at this point in time, since no acute overload of the health system with COVID-19 patients is expected. After three months, the situation should be re-evaluated with a possible re-instatement of the legislation before an expected autumn infection wave.

On 12 December 2021, the Sixth COVID-19 Protective Measures Ordinance came into effect, awaiting that the Omicron wave would hit Austria strongly. It includes a recommendation for home office work, provided that this is possible, and the employer and the employee agree. Furthermore, FFP-2 masks are to be worn when entering the place of work, unless physical contact with people not living in the same household is excluded or the risk of infection can be minimised by other appropriate protective measures. Also, from 11 January, FFP-2 masks were made mandatory outdoors if the 2-metre-distance to other people (not applying to close relatives) cannot be maintained. The Ordinance expired on 30 January 2022.

New working arrangement policies

Legal regulations for telework came into effect on 1 April 2021, following the wide-spread use of home office during the COVID-19 pandemic. According to the legal regulations, the work must be performed in the home of the employee, thus the terminology used in Austria refers to home-office work (also in the legal context). Besides the main place of residence, the home can also be a secondary residence, or the residence of a close relative or partner (the respective address(es) must be provided to the employer).

The legislation is not a stand-alone law, but several pre-existing laws were amended with clauses on home-office work (Employment Contract Law Amendment Act, the Labour Constitution Act, the Employee Liability Act, the Labour Inspectorate Act 1993, the General Social Insurance Act, the Civil Servants' Health and Accident Insurance Act and the Income Tax Act). It applies to private-law employees and was developed following extensive bi- and trilateral negotiations with the social partners, which started in September 2020, due to a lack of specific legislation and when it became apparent that businesses and workers would rely on telework also in the long term. Following the negotiations, the government installed the legislation based on the social partner agreement (with amendments).

Home office work is to be agreed upon between employer and employee (in writing), i.e., there is no unilateral obligation or right to do work from home, but home office is voluntary (from both sides). Also, both sides (i.e., employer and employee) have unilaterally the right to withdraw from a home office agreement; the agreement can also be terminated in case of important reasons (e.g., change in family situation, living situation). The notice period is one month (at the end of the month).

In general terms, the legislation was developed to provide a legislative framework, including amending liability (for damages caused and in case of work accidents), providing technical equipment and providing for compensation for office furniture. All other topics are left to be negotiated and eventually agreed upon by the parties to the works agreement (management and works council) or by the parties to the individual contract of employment (management and individual worker). Thus, the legislation does not provide for minimum or maximum days of home-office work, for instance.

Regarding working hours, there is no specific telework legislation, but the Working Hours Act (AZG) provides the framework. That means that essentially, the same working hours apply at home as they would in the office. The Working Hours Act (§26) states that it is the employer's obligation to record working hours. This can, however, be delegated to the employees, especially in flexitime arrangements, to be checked by the employer after the end of the flexitime period. Reduced working time records are possible when primarily working from home (§26a), which essentially means that only the number of hours worked are to be recorded, without recording the beginning or end of working time, or rest breaks.

Regarding occupational health and safety issues, it is clarified that employers are obliged to instruct employees on the requirements of their workplace/work station design. [Guidelines on employee protection and ergonomic work in the home office](#) were developed by the Ministry of Labour. The Labour Inspectorate is not entitled to enter private homes of workers in home offices without their consent, generally, no OSH inspections are carried out in the home office.

The legislation stipulates the employer's obligation to provide the necessary digital work equipment, but employees in the home office can agree to use their own work equipment (i.e., their own laptop or private cell phone, internet connection). If they do so, they are entitled to an appropriate reimbursement of their expenses, e.g., in the form of a flat rate (either determined case-by-case or in a works agreement). Such (flat rate) payments by the employer are tax-free up to €300 per year (up to €3 per home office day, up to 100 home office days per year). If the lump sum is not exhausted by the employee, he/she can claim the difference up to this maximum of €300 as income-related expenses. In addition, the employee can tax-deduct the costs for the purchase of ergonomic office furniture up to an amount of €300 per year. The prerequisite for this is that the employee

works in his/her home office for at least 26 days per year (a partial amount of the 2021 budget can be claimed retroactively for the year 2020). Regulations on compensation for office furniture are in force until the end of 2023 only.

In case of work accidents in the home office, employees are insured. This also applies to accidents happening on the way from the home office to the workplace, to a doctor's appointment, or when bringing children to childcare/school and on the way back to the home office.

The provisions of the Employee Liability Act are also to be applied in the home office (including damage done by household members or pets). Accordingly, the extent of the compensation to be borne by the employee is reduced or omitted entirely.

Since the onset of the pandemic, home-office work has become very prevalent in Austria. The most detailed representative national study on home-office work (Bachmayer and Klotz, 2021), commissioned by the Federal Labour Ministry and published in March 2021, provides insight on the prevalence according to sectors, occupations, and socio-demographic groups:

Between March and November 2020, a total of 39 % of all employed people in Austria (corresponding to 1.5 million employees) worked at home for at least four weeks in total. Naturally, the prevalence of home-office varies greatly by socio-demographic characteristics. It is slightly more prevalent among women (40%) than men (38%); most common among the age group of 60 years and over (52%, possibly explained by a high percentage of members of risk groups) and among the 30–39-year-olds (42%, possibly explained by their taking care of children at home during school/kindergarten closures) and least common among the youngest (below 30 years with only 36%). Employees with university degrees (65%) and higher secondary education (47%) are vastly over-represented, those with only mandatory schooling (25%) vastly under-represented. White-collar employees (58%) and public employees (52%) have an above-average prevalence of home office work (always defined as at least four weeks in total between March and November 2020), blue-collar workers lie well below average (prevalence of 6%). Employees with children in the household have a higher prevalence of home-office work than those without (43% vs. 38%), which is explained by regulations of distance learning in place and reduced offers of care in schools and pre-schools especially during lockdown periods. Regarding regional differences, home-office work is most prevalent in bigger cities and especially in the capital of Vienna.

When looking at the company size and sector, the representative employers' survey which was conducted besides the employees' survey in the study provides specific information on the prevalence of home-office work (defined here as a company having at least 10% of the employees and a minimum of three people in smaller companies) in home-office work for at least four weeks between March and November 2020). In general, it is evident that the larger the company, the higher was the prevalence of home-office work. In 71% of all companies (excluding the agricultural sector), home-office work (as defined just above) was prevalent. Large companies (250 and more employees) show a prevalence of 92%, while in the smallest category of companies (fewer than ten employees) the prevalence was at only 38%. Looking at the economic sectors, the largest prevalence is found among companies of the ICT sector (97%), followed closely by financial and insurance services and education (both at 96%). Not surprisingly, the lowest prevalence of home-office work was found in the construction industry (45%) and the hotel/gastronomy sector (46%).

Labour shortages

The topic of labour shortages in Austria is highly disputed in the public discourse, with strong differences in its perception between the employer and labour side.

The "Skilled Workers' Radar", a survey conducted annually and nation-wide among over 4,200 member companies of the Federal Economic Chamber (WKO), the largest (mandatory) Austrian employer organisation, states severe shortages. The latest survey (conducted in May/June 2021) shows that large parts of the Austrian economy are severely affected by a shortage of skilled workers, despite impacts of the COVID-19 pandemic (Dornmayr and Riepl 2021). Extrapolated to the Austrian nation, an estimated demand for skilled workers (vacancies) of around 221,000 people (based on all member companies of the WKO) can be assumed, a total of around 44,000 (+25%) more than in September 2020 and significantly above "pre-pandemic level" (+14,000 compared to April 2019), according to the survey. The number of vacancies registered with the Public Employment Service was also at a new "all-time high" since the 1950's (around 109,000) at the end of June 2021. According to the survey, around 42% of the companies suffer from a very severe shortage of skilled workers, another 28% from a rather severe shortage. Overall, 84% (and among those, 70% very or rather severely) of the companies stated that they are currently affected by a shortage of skilled labour, at least in some form. The shortage of skilled workers is experienced particularly intensively in the construction sector (83.5% of the companies report a very or rather severe shortage), in the manufacture of wood products (80.8%), in tourism (74.4%) and in the craft and technical sector. By occupational group, businesses have had difficulty in finding suitable skilled workers for skilled trades (46%), followed by non-IT technicians (23%) and hospitality/gastronomy workers (18%). The most frequent and greatest recruitment difficulties lie with people having finished an apprenticeship (not least because the numbers of workers with apprenticeship qualifications have been declining for years). Fifty-eight percent of companies with a noticeable shortage of skilled workers often had difficulties finding such employees in the past year (only 11% in the case of university of applied sciences graduates and 8% in the case of university degrees, respectively). Almost eight out of ten companies surveyed expect a further aggravation of the shortage of skilled workers in their sector within the next three years (59% even expect a sharp increase).

These data which originate from an employer point of view are backed by the Skilled Workers Ordinance, which defines the shortage occupations for the next year, and which is annually updated by the Federal Ministry of Labour (BMA). The ordinance provides for a shortage list; if a specific profession appears on this list, this allows companies to recruit workers from outside of the EU, the EEA and Switzerland. The criterion for professions to appear on the list is that there are only up to one and a half times as many (with the Public Employment Service, AMS) registered unemployed people in these professions in Austria as there are vacancies. Since 2016, the number of shortage occupations published in the ordinances has increased almost by a factor of fifteen - one explanation for this is that since 2019, the possibility of additional, regionally restricted shortage occupations (i.e., additional shortage occupations in the respective nine federal states) has been created - the same criteria apply as for the nation-wide list, with the unemployed people being registered in the respective federal state. But also, when only the nation-wide shortage occupations are looked at, their numbers have also increased tremendously from eight in 2016 to 66 for 2022. Regional shortage occupations amount to 52 different occupations in all federal states in total, with large differences, ranging from no additional shortage occupations in Vienna, to 49 regional shortage

occupations in (the industry-dominated) Upper Austria. The most common shortage occupations are in the construction sector and the metalworking industry. Furthermore, various engineering professions and nurses have been frequently defined as shortage occupations within the last decade.

While it is undisputed that there is a lack of qualified personnel in specific areas (e.g., in the healthcare sector), some criticism is voiced over the extensive list of occupations and on the "Skilled Workers' Radar" by organisations which are considered labour-friendly. The shortage occupations are, according to the social-liberal think-tank Momentum, in so far problematic, as they undermine forces of the free market; *'instead of trying to recruit people for certain professions under the existing framework conditions, the rules of the game are being changed for some companies through the introduction of shortage occupations'* (Muckenhuber, 2021). If higher wages were paid, this would attract skilled workers from neighbouring countries or those who have chosen other jobs instead. Furthermore, improving working conditions (shorter working hours, more family-friendly working environment, year-round employment models) in addition to raising salaries could motivate more skilled workers to apply for shortage occupations, as often, they are characterised by unsatisfactory working conditions. Also, companies should further invest in providing apprenticeship trainings, which would bind apprentices to the company. The Momentum Institute thus recommends that only those occupations should be allowed to become shortage occupations in which strong wage increases can be observed, as such showing a clear signal of shortages, and to end the regionalisation of the list again. Furthermore, increased apprenticeship and training activities in the sectors in demand of staff should be demanded.

The main reasons for the current shortages are considered a mismatch regarding the qualification demands by employers and offers among the unemployed; trainings had often been postponed during the pandemic, so that specific qualifications are not available sufficiently. Furthermore, EU-migration has ceased during the pandemic, so that fewer workers from abroad are available at the Austrian labour market.

To meet the demand for skilled personnel, the government has - besides adapting the shortage occupation list - started a large "Corona job offensive",^{xxi} consisting of a bundle of funding instruments to pursue educational and training measures and thus (re-)qualify and train unemployed people.

Wages and wage-setting

The level of wage setting has not been impacted by the pandemic in its second year, with the sectoral level remaining by far the most important bargaining level in the country. Wage increases in collective bargaining showed different outcomes, depending on when in the course of 2021 they were negotiated. While in the first half of the year (with lockdowns being implemented and economic recovery not having quite started), collectively agreed pay rates showed only very moderate increases (prolonging the situation from 2020), in the autumn bargaining round, wage increases well above the inflation rate were generally negotiated, showing the recovery of the national economy. Corona bonus payments (one-time payments compensating workers for increased risks of becoming exposed to COVID-19), which had been very widespread in 2020, were less wide-spread in collective agreements in 2021.

While in spring 2021, minimum wage increases generally lay (due to lower inflation during the preceding 12 months) between around +1.3% and +2%, increases in autumn were much higher, with agreed pay increases ranging mostly between around +2.55% and +3.55%. With the inflation rate from the previous 12 months, which is usually taken as a starting point in the sectoral negotiations, the real net increase lies around between 0.5% to 1.5% for those branches.

Even higher pay increases were negotiated in the pattern-setting metal industry (which usually marks one of the highest negotiated wage increases in the economy) with a plus of 3% for minimum wages, and even a plus of 3.55% for actual wages. In the large retail sector, which entails both food and non-food retail (which again saw very different economic developments in 2021), minimum wage increases for white-collar workers of between 2.55% and 3.45% were negotiated, depending on the job classification.

The index of minimum collectively agreed wages provided annually by Statistics Austria (Tariflohnindex TLI), a representative sample of collective agreements, works agreements that are on equal terms with collective agreements and wage regulations set by law, shows an average minimum wage increase of 1.7% in overall 2021, as compared to 2020. According to employment groups, blue-collar workers received an average increase of their minimum wages of 1.9%, white-collar workers of 1.6% and public employees received a minimum wage increase of 1.4%.

Reports on the actual development of wages of employees in Austria in 2021 are not yet available (and will not become available until late 2023) as the latest bi-annual income report commissioned by the Court of Auditors refers to 2019/2020 data, published in October 2021.

Some improvements (i.e., tax reductions) for people on the lower end of the wage spectrum are implemented from 1 January 2022 on: The third income tax level (referring to an annual income of €18,000 to €31,000) is reduced from 35 to 32.5% and further lowered to 30% from 1 January 2023 onwards. In 2023, the fourth income tax level (from €31,000 to €60,000 annual income) will also be lowered from 42 to 41% and to 40% as of 2024. The two lowest tax levels remain, with no tax paid up to an annual income of €11,000 and 20% tax rate for incomes of up to €18,000. The latter has been changed from 25 to 20% in 2020.

Impacts on the social dialogue and collective bargaining

There were no changes in the actors, institutions or practices for social dialogue and collective bargaining in the second pandemic crisis year 2021. The social partners were involved in the most important measures that were implemented via tripartite negotiations, i.e., in the preparation of the home-office legislation, as well as in the re-negotiation of the updated versions of Corona short-time work (see above). The come-back of organised labour (Austrian Trade Union Federation ÖGB and Chamber of Labour AK) into the policy-making process has been prolonged in the second year of the coalition between the ÖVP and the Green Party (after they had been largely side-lined in the previous government consisting of the ÖVP and far-right Freedom Party FPÖ). Overall, though, there is the impression that the support of businesses seems to be more in the focus than the support of employees, as confirmed by the flow of Corona aids (see above, Momentum 2021), which is due to the close relationship between the ÖVP and organised business (Federal Economic Chamber WKO and the Federation of Austrian Industry IV), while the Social Democratic Party, which has strong and close ties to organised labour, is in opposition.

The bipartite social dialogue in general has been positive, even though collective bargaining has become more conflictual as compared to the previous year, when the bargaining process was unusually quick and peaceful in the face of a most severe economic recession. In 2021, when the economy started to recover, the usual processes of bargaining were taken up again (mostly taking several negotiating rounds, whereas in 2020, agreements were often found in the first negotiating round). In two sectors, (threats to) strikes were made (see below).

Labour disputes in the context of the pandemic

Since 2000, on average, every second year, collective labour strikes have taken place in Austria: Strikes were seen in 2000, 2002 to 2004, 2011 to 2014 and latest, in 2018 to 2020. In 2020, in total, 9,883 employees were participating in industrial action, totalling just below 30,000 strike hours (those were taking place in early 2020 and thus stood in no context to the pandemic). For 2021, no official data are yet available, as the ÖGB's official annual strike statistics is published in spring. Based on reports, though, warning strikes were held in 2021 in the influential and pattern-setting metalworking industry in 50 companies and larger-scale strikes were threatened by the unions, before an agreement in the collective bargaining round was found. In the small leather industry (with only 1,500 employees), warning strikes were threatened by the unions after six unsuccessful bargaining rounds. In the seventh round, however, an agreement could be found with the employers confirming that a minimum wage of €1,500 would be reached by the end of 2022 (following a general agreement between the peak-level social partners from 2017 on increasing the minimum wage to €1,500 in all sectoral collective agreements by 2020, which almost all sectors had followed thus far).

Those strikes had only peripherally to do with the pandemic, but rather, organised labour fought for fair collective agreements in the face of the recovering economy.

No union-led protest against government policies or measures were held; the ÖGB and AK by and large stand behind the government's crisis policies. This does not mean that there are no protests against them, on the contrary, Austria has seen frequent and large (and even partially violent) demonstrations against the government and its Corona policy, they are, however, not in the realm of labour disputes.

Some demonstrations against the government have occurred by specific employee groups, first and foremost by kindergarten pedagogues, but they were not intrinsically against government measures in the face of the pandemic, but asked for higher funding, better pay and better working conditions in a sector that has for many years been neglected and has especially suffered during the pandemic.

Further self-organised protests against government measures have occurred by specific employee groups during the course of 2021, e.g., health personnel against the upcoming vaccination mandate. They were, however, very small in numbers and do not reflect the general attitude of health personnel towards pandemic measures and were not backed up by unions.

Commentary and outlook

Austria was severely affected by the COVID-19 pandemic during 2021 and early 2022. Due to a comparatively slow vaccination progress in the population, not only was legislation on being vaccinated, cured or tested at the workplace implemented ("3-G-rule"), but the government further decided on a vaccine mandate for the general adult population, coming into force in February 2022. This will make Austria a fore-runner within the European Union.

After a historic decline in economic output in 2020, the economy recovered in the course of 2021, with a presumed GDP growth of 4.1%, even though several lockdowns were implemented. Also the labour market had recovered significantly, with the EU-LFS unemployment rate falling from 7.3% in January to 5.3% in November 2021. At the same time, short-time work has been maintained, but the number of affected employees has strongly declined.

The political situation was quite turbulent in 2021, culminating in the resignation of (former) chancellor Mr Kurz upon allegations of corruption and bribery. The management of the pandemic suffered, possibly also because over the summer months, the discourse of having mastered the pandemic was emphasised by the conservative lead party of the coalition - only to have become proven wrong soon thereafter. Support of the government's policy line in the fight against the pandemic faded, not only within the population, but also by the federal states governors, which resulted in a regionalisation of the crisis management. Protests and demonstrations of people sceptical of Corona vaccines and the implementation of preventive measures have become a common sight in Austrian cities and a deep divide within society has been ascertained. In regional elections in Upper Austria, a new Corona-sceptical party made the cut-off to get seats in the regional parliament, which came to a surprise even to experienced political observers.

The government prolonged several measures aimed towards mitigating the effects of the crisis that were already implemented in 2020, especially those supporting businesses. Of all (quite generous) Corona aid funds administered and planned for 2020 to 2024, more than half (56%) go to companies and farmers, and around 34% to employees and families. New measures implemented in 2021 mostly focus on occupational health and safety and target towards promoting the recovery, via providing training and subsidised employment. The social partners were involved in the design and implementation of various policy measures, most importantly in the adaptation of the COVID-19 short-time work scheme, but also in preparing the legislation of home-office work, which came into force in April, and the above mentioned 3-G-rule at the workplace. The bipartite social dialogue in general has been positive, even though collective bargaining has become more conflictual as compared to the previous crisis year, with warning strikes taking place in the pattern-setting metal industry, before an agreement was eventually found.

At the beginning of 2022, Austria is at its all-time high of COVID-19 infections. Nonetheless, a continuous withdrawal of preventive measures has been announced (including the end of the lockdown for unvaccinated), even before the peak of the Omicron wave has arrived. The implementation of the vaccination mandate, it is hoped, will contribute towards containing the spread of the virus in the long-term, spreading optimism that a return to normality may soon be possible. Economic forecasts predict a GDP growth of between four and five percentage points for the coming year and the labour market has also been recovering lately. The big question mark, however, is how the Corona virus will evolve over the next few months.

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