

AUSTRIA



Key policies to promote longer
working lives

Country note 2007 to 2017

For more information on *Ageing and Employment Policies* please visit:

www.oecd.org/els/employment/olderworkers



Co-funded by the
European Union

This Country Note was produced with the financial assistance of the European Union.

This work is published under the responsibility of the Secretary General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Organisation or of the governments of its member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

© OECD 2018

KEY POLICIES TO PROMOTE LONGER WORKING LIVES IN AUSTRIA¹

(Situation 2007 to mid-2017)

Austria could do more to raise its effective retirement ages. According to the Late Career Scoreboard at the end of this report (Table 1), despite recent increases, these remain well below the EU average (in 2016, 62 for men and 60.6 for women, compared with the respective EU averages of 63.4 and 62). In particular, as synthesised in Table 2, Austria could take action to better combine pensions with work income; to prevent unemployment benefits and social aid being used as alternative pathways to early retirement; to discourage mandatory retirement by employers; to promote an activation approach throughout the life cycle; to reduce the incidence of arduous/hazardous work; to balance professional and family responsibilities; and to facilitate job mobility. That said, Austria has in fact taken substantial action to restrict the use of disability benefits in particular as a route to early retirement, to implement age-neutral employment protection measures, to provide employment/hiring subsidies to firms and active labour market programmes focused on older workers and to strengthen workplace safety and physical and mental health.

1. Rewarding work and later retirement

1.1. Enhancing incentives to continue working at an older age

Introduction

The first pillar of the Austrian pension system, and by far the most important, consists of a pay-as-you-go statutory scheme (*Gesetzliche Pensionsversicherung*); it is still by far the most important pillar. Occupational pension schemes agreed in collective bargaining agreements, as well as the “new severance pay scheme” introduced in 2003, constitute the second pillar. The third pillar involves private savings, with one such scheme getting public subsidies.

There are no automatic rules for safeguarding the long-term sustainability of the public pension system. In 2014 it was agreed that retirement age and employment targets should be reviewed by a pension-monitoring programme and that immediate, binding measures should be taken if significant deviations from the target path are identified.

Raising the statutory age of retirement

The statutory retirement age in Austria is 65 for men and 60 for women. Through a constitutional arrangement decided in 1992, the retirement age for women will gradually increase in half-year steps from 2024 on, reaching 65 in 2033. While aligning the retirement age of women towards the one for men is a welcome step, it would be advisable to consider mechanisms to extend the age for both men and women above 65, as has been decided in most European countries.

1. This note has been produced by the Ageing and Employment Policy Team with a contribution from Nicola Duell.

Facilitating phased retirement

Entitlement to unemployment benefits ends when the eligibility criteria for an old age pension are fulfilled, with the exception of the old age part-time scheme (*Altersteilzeit*). The part-time allowance for older workers, granted by the Public Employment Service (PES), can be paid for men aged 58 and over and women aged 53 and over, as a measure to safeguard and maintain the employment of older workers until retirement. The part-time scheme gives older employees the opportunity to reduce their working hours with partial wage compensation while preserving the basis for entitlements to pensions, unemployment, and health insurance. There are two options for implementing this scheme: the “block-work model”, which allows for working full-time in the first period, followed by a second period where the salary is paid without actually working, and the continuing part-time employment model. The scheme was reformed in 2009 and 2010, creating more incentives for older workers above the minimum retirement age to work part-time (European Commission, 2012). From 2013, granting of the “block-work model” is made conditional upon recruitment of a formerly unemployed person or a new apprentice in the same enterprise. The part-time allowance may only be granted until the legal retirement age under the fixed continuing schedule model of reduced working hours and for a maximum of five years. The allowance is paid to the employer at 90% to compensate partially for the burden of paying full-time wages, although the worker reduced working hours, for the continuing scheme and 50% for the block-work model.² These revisions are aimed at encouraging gradual retirement and to prevent the scheme from being used in the block-model path as this *does* seem a pre-retirement scheme. Monitoring data show participation patterns that are in line with the intended effects of the reforms. Until 2012, the majority of participants chose the block-work model; since then, use of the option declined significantly. In 2016, 18 800 older workers chose the continuing schedule model, against 8 900 using the block-work model. It would have been advisable to abolish the possibility of a “block-work model” altogether, as this is not in the spirit of phased retirement but *de facto* subsidised early retirement.

Better combining of pensions (or partial pensions) with work income

It is possible to combine a pension with earnings-capped part-time jobs. It is advisable to remove earning restrictions (EUR 425.70 per month in 2017) for those who have reached statutory retirement age and who are entitled to a full pension.

A partial retirement scheme (*Teilpension*) was introduced at the beginning of 2016. Employees who are already entitled to the “corridor pension” introduced in 2004 – allowing for flexible entry into the public pension system between the ages of 62 and 68 – can reduce their working time by 40-60% with partial wage compensation, similar to the part-time scheme for older workers described above.

Rewarding longer careers

The pension reform of 2004 fixed the bonus for deferring take-up of the old age pension after reaching the statutory retirement age at 4.2% per year. The government introduced a new pension account model as of 1 January 2014 that standardises pension calculations for all insured people (born from 1955 onwards). Under the new model, the annuity rate can be calculated on the basis of just one retirement account system, which makes pension calculations clearly understandable and enables all pension entitlements to be communicated in one statement. It is expected that the transparent and uniform calculation of pension benefits will act as an incentive for workers to remain in the labour market longer, as the benefits of working longer become more visible.

2. <http://www.ams.at/service-arbeitsuchende/finanzielles/leistungen/altersteilzeitgeld-vereinbarungen-ab-01012013> (accessed 28 January 2018).

1.2. Towards restricted use of early retirement schemes

Restricting access to publicly funded early retirement schemes

Entitlement to the “corridor pension” mentioned above (early retirement pension scheme with a retirement age of 62) was restricted through the austerity package of 2012 to persons with at least 37.5 years of pensionable service. This will be increased stepwise, beginning in 2013 with 38 years of service and culminating in 2017 with 40 years of service. For cohorts born in 1955 and after (62 years old in 2017), the yearly deduction is 5.1% for claiming a corridor pension before reaching the statutory retirement age. The deduction is limited to a maximum of 15.3% for three years.

Reforms to the pension system passed beginning in early 2010 and implemented through the Budget Law of 2011 have addressed early retirement by tackling “pensions subject to very long insurance periods” (*Hacklerregelung*), and requirements for accessing disability pensions as of 2014. The entry age for the long-term insured scheme will increase by two years, i.e. from 60 to 62 for men and from 55 to 62 for women (2027). More rigid rules regarding recognition of “substantial insurance periods” (*Teilversicherungszeiten*) were also implemented. From 2014, only periods spent in military service and/or civilian service in lieu of military service (up to 30 months), and periods during which insured persons were raising children (up to five years), will be credited as “substitutional insurance times”. The opportunity to post-purchase insurance periods was also restricted. Another component of the reforms increased the number of required contribution months for women (stepwise from 504 to 540 months). In 2016 the pension “subject to very long insurance periods” had been awarded to 53 380 claimants, a fifth less than the previous year.

Introducing specific provisions for arduous/hazardous work

Since 2007, specific rules for claiming early retirement have come into effect for long-term insured people who carried out strenuous work for at least 10 of the 20 years immediately preceding retirement age (“heavy labour pension”, *Schwerarbeiterpension*). The pension reduction rate for these workers is 1.8% per year for early claims. The number of benefit recipients increased from 1 300 in December 2008 to 14 652 in December 2016. This increase is likely to be at least partly the result of tightened access to other forms of early retirement, which had offered more generous benefits (Fink, 2016). The “heavy labour” criteria are defined by specific regulation and include conditions such as night shifts, exposure to cold and heat, chemical exposure, heavy physical work and specific care tasks. Eligibility requirements are a minimum age of 60 for men and 45 years of insurance coverage. There are also specific early retirement rules for those who performed heavy work at night (*Sonderruhegeld*). Eligibility is linked to a minimum age of 57 for men and 52 for women, and 15 or 20 years of insurance under the Heavy Night Work Act. Yearly pension deductions if leaving before the age of 60 amount to 4.2%.

1.3. Preventing welfare benefits from being used as alternative pathways to early retirement

Unemployment (insurance and assistance) benefits

The maximum period for receiving unemployment benefits increases with age, depending on the work history. While in general unemployment benefits can be received for 20 weeks, the time is increased to 39 weeks for those claimants aged 40 and above if they were employed for 6 of the past 10 years, and to 52 weeks those aged 50 and above if they were employed for 9 of the past 15 years. Further, the duration is increased up to a period of 78 weeks for those who participated in vocational rehabilitation measures, and up to 3 or 4 years for those who participated in the training measures of an “Implacement Labour

Foundation” *Implacement Stiftung*).³ Unemployment benefit recipients have to search for a job, accept “suitable” work and be available for participation in Active Labour Market Programmes (ALMPs).

Early retirement due to “reduced capacity to work” and “on account of unemployment” was abolished under the pension reforms of 2000 and 2003 (Fink, 2016). However, some rules allowing a smooth transition to early retirement “under certain circumstances” still exist. Exemptions from fulfilling activation requirements are possible for those receiving a transition allowance (*Übergangsgeld*) if their chances of getting a job are considered to be very low. The transition allowance could also be paid to those who participated in the phased retirement scheme before 2013.⁴ It would be advisable, however, to close all routes towards early retirement.

When unemployment benefits are exhausted, the unemployed can apply for means-tested assistance (*Notstandshilfe*) for 52 weeks, independently of age. After that a new claim can be made, its duration being *de facto* unlimited.

Social aid

Means-tested minimum income (*Bedarfsorientierte Mindestsicherung*) is regulated at local level. In principle, those beneficiaries who are able to work are registered with the PES.⁵

Disability benefits

Several revisions have been made to the disability pension scheme, with new measures introduced in recent years to promote the employability of disabled people and to limit inflow into the long-term disability pension scheme. The “rehabilitation before retirement” principle continues to play a central role here, and targeted measures will be taken to ensure that people remain in employment for longer periods. The second Stability Act 2012 (*2. Stabilitätsgesetz 2012*) and the Social Security Amendment Act of 2012 (*Sozialrechts-Änderungsgesetz – SRÄG 2012*) tightened the prerequisites for retirement considerably. As a result of the gradual increase of the disability retirement age to 60 (from 1 January 2017) in the case of activity-based disability insurance regime, tighter regulations regarding occupation-based disability insurance regime and the introduction of a legal right to vocational rehabilitation have led to a substantial decrease in the granting of disability pensions. According to the review prepared by the Austrian Pension Commission, this trend is expected to continue in the coming years.

The Social Law Amendment Act (*Sozialrechtsänderungsgesetz*) of 2012 abolished temporary disability pensions starting in 2014 for insured people born in 1964 or later. These have been replaced by two new benefits, the rehabilitation benefit (*Rehabilitationsgeld*) and the retraining benefit (*Umschulungsgeld*). Henceforth, a disability pension can only be granted in cases of permanent disability. If someone is temporarily (for more than six months) incapable of doing their regular job, the person is eligible to receive medical treatment and a so-called rehabilitation benefit for a maximum of one year. After one year, the person is required to undergo a new examination. If health conditions prevent the worker from continuing with their previous occupation, the person may be directed to have vocational retraining through the PES. This new scheme is a step towards reducing the take-up of disability pensions. Accompanying organisational measures – e.g. an assessment centre for evaluating medical evidence in relation to

3. www.ams.at/service-arbeitsuchende/finanzielles/leistungen/arbeitslosengeld (accessed 22 January 2018).

4. www.ams.at/service-arbeitsuchende/finanzielles/leistungen/uebergangsgeld-nach-altersteilzeit (accessed 22 January 2018).

5. www.ams.at/service-arbeitsuchende/bedarfsorientierte-mindestsicherung (accessed 22 January 2018)

occupations, as well as intensified labour market policies for the health-impaired – were implemented simultaneously.

In line with the “rehabilitation before pension” principle, medical and vocational rehabilitation measures to help older workers who have suffered health impairments were intensified in 2009. Older workers who have suffered health impairments are first eligible for medical rehabilitation measures, before undergoing vocational qualification as a second step in the process. The content and duration of the vocational qualification measure are tailored to each participant’s background, and psychological and socio-pedagogical support is also offered. It is the role of the new central occupational health assessment unit “Health Road” (*Gesundheitsstrasse*), operating nationwide since 2011, to ascertain the work ability of people with diverse health impairments. The aim of the unit is to ensure reciprocal recognition of medical assessments made by the authorities concerned (i.e. the PES and pension insurance institution). This should accelerate procedures and ensure continuous support when a person in poor health remains active in the labour market. An evaluation carried out in 2012 (Hausegger and Reidl, 2012) concluded that the effectiveness of this the unit’s work is limited as long as vocational rehabilitation measures are not implemented on a larger scale. The evaluation suggested that assessments and advice should take a more holistic approach and should offer possible pathways and opportunities for vocational development.

The study also recommended promoting earlier detection of health problems, as many people who were assessed had already experienced long periods of unemployment. As part of the disability pension scheme reform in 2014, a common “Competence Centre Assessment” (*Kompetenzzentrum Begutachtung*) was established at the pension insurance institution that is responsible for implementing the “Health Road”. A PES specialist may be included in the assessment process.⁶ In 2014 some 7 000 people were assessed, of which 79% were regarded as capable of working (Arbeitsmarktservice Österreich, 2015). In 2017 an “Early intervention” measure was introduced, whereby people are given an appointment with a case manager by the health insurance after 28 days of sick leave. The basic idea is to strengthen the principle “prevention and rehabilitation before pension”. The aim is to intervene as early as possible, as soon as a severe health problem is recognised. Additional integrated measures combining medical and vocational rehabilitation were introduced by the same law (SVÄG 2017). These reforms are in the right direction.

2. Encouraging employers to retain and hire older workers

2.1. Preventing discrimination in employment on the basis of age

Implementing current or new legislation

Empirical work on the re-employment chances of older workers indicates that age discrimination is an issue (Titelbach et al., 2015). Biennially, the Federal Chancellery and the Federal Ministry of Labour, Social Affairs and Consumer Protection are obliged to submit a report on implementation of the Equal Treatment Act enacted in 2004. This report contains information on the activities and observations of the Ombudsperson for Equal Treatment, proceedings before the Equal Treatment Commission, and other activities of the commission. The social partners have been part of the commission since its foundation. Over time, findings from this permanent evaluation process have been incorporated into amendments to the Equal Treatment Act. In addition to that continuous process, an evaluation of equal treatment legislation was also initiated in the winter of 2014. As a part of the evaluation, anti-discrimination law experts discuss the effectiveness of the current legal framework, and examine measures. Also under discussion are issues such as access to justice, measures to raise awareness about discrimination, and dissemination of information about anti-discrimination policies to employers and employees. With the co-operation of the Federal Ministry of Education and Women’s Affairs, the Federal Ministry of Labour, Social Affairs and

6. www.sozialministerium.at/site/Soziales/Pensionen/Invaliditaetspension_NEU/ (accessed 22 January 2018)

Consumer Protection has been inviting social partners, NGOs and judiciary representatives – as well as members from the Equal Treatment Commission and the Ombudsperson for Equal Treatment – on a regular basis to discuss the aforementioned matters.

Launching public awareness campaigns

A comprehensive awareness campaign was implemented during the European Year (EY) for Active Ageing and Solidarity between Generations in 2012. According to the European Commission's report on EY2012 Austria was one of the countries with the most initiatives on the EU website; furthermore, it appointed 38 national ambassadors of EY2012 and launched a Federal Plan for Senior Citizens in January 2012.

An awareness-raising campaign launched by the PES in 2015⁷ has tackled the issue of older worker stereotypes, for example by featuring testimonials of successful persons over 50.

2.2. Taking a balanced approach to employment protection by age

Implementing age-neutral measures

A law came into force in July 2017 abolishing the rule protecting workers aged 50 and above at the time they were hired and with at least two years of tenure in the company from being dismissed (Paragraph 105 3b of the Labour Constitution Act (*Arbeitsverfassungsgesetz*)). This change is expected to avoid the negative effects of older workers' employment protection on their chances of being hired.⁸

In Austria, recruitment of older workers has been promoted through financial incentives in the unemployment insurance system, i.e. through an age-related exemption. As part of the stability package, this age-related reduction was abolished starting in 2013, while remaining in effect in existing cases.

Between 1996 and 2009, an incentive-disincentive scheme called the “Bonus-Malus System” was in place within the unemployment insurance system. The scheme offered cost advantages for employers that recruited people over the age of 50 (the *bonus*) and imposed financial disadvantages on employers that dismissed older workers with longer-term enterprise tenure (the *malus*). The scheme was abandoned, as evidence showed that it involved substantial administrative workloads but had no impact on employment compared with other labour market policies targeted at specific groups. However, an evaluation carried out in 2008 showed that outcomes in terms of integrating older workers into the labour market were better for the incentive-disincentive scheme group than for the control group, and that the net costs were relatively low (Kalmar et al., 2008).

Building on this programme, the social partners opened discussions in 2014 about implementing a new bonus-malus system. This would include on the one hand a “hiring bonus” for companies that employ older workers, and on the other hand a fee if a certain sector-specific employment quota of older workers at or above the age of 55 is not met (only for companies with more than 25 employees). The system, intended to promote age-friendly workplaces, was included in the budget implementation act (*Budgetbegleitgesetz*) in 2016, and entered into force in 2017. The bonus-malus system was made conditional on target values for older workers' employment rates, which were to be reached by 30 June 2017. Since all of the target values were exceeded at that date, the bonus-malus system will not be pursued.

7. www.einstellungssache50plus.at/ (accessed 22 January 2018).

8. www.wage.at (accessed 22 January 2018).

2.3. Discouraging mandatory retirement by employers

By law in general and by sector/occupation, private/public sector, region

Abolishing the mandatory retirement age or amending current statutory retirement age regulations have not been debated among relevant stakeholders so far.

2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers

For all older workers

The social partners in Austria have launched a number of measures and initiatives in recent years to create and develop further age-friendly workplace design and organisation. These include a webpage describing age management measures and company good practice,⁹ as well as a regional network engaged in research and implementation of generation management.¹⁰

The NESTOR Competition was introduced in 2005 and the NESTOR GOLD award¹¹ in 2010 to raise employers' awareness regarding the special value and importance of older workers, and to ensure a timely response to the demographic challenges of the next decades.¹² NESTOR GOLD awards are seals of approval given out on a biannual basis to employers who show(ed) particular commitment to older employees aged 45 and over, and who design(ed) their working environments to meet the needs of ageing workers.

Review of the use of seniority wages

According to law, seniority wages can be agreed in collective bargaining agreements. In Austria, wage policy is the responsibility of the social partners. As a rule, collective agreements are made on a sector basis. In recent years the social partners in some sectors have been striving to abolish or attenuate automatic increases in wages, biennial wage increases, and similar differentiations on the basis of age or seniority. Instead, they have been promoting criteria such as level of education or professional skills. Therefore, many fields have been and are experiencing flattening wage curves. There are contradictory findings in Austria with regard to the impact of seniority wages on early labour market exit. A recent study (Frimmel et al., 2015), using an approach involving retirement entries and instrumental variables for the period 1997 to 2009, shows that an increase in the wage gradient in a firm leads to an earlier job exit. The wage gradient is constructed as a deviation of individual firm age-wage profiles from the cross-sectional wage profile, incorporating information such as: a decomposition of wages by time variant and time invariant wage components; and labour market conditions, measured by regional unemployment. The study showed that a one standard deviation increase of the wage gradient in a firm leads to an earlier job exit of approximately five to six months. Another study, prepared by the Institute for Advanced Studies (IHS), has analysed collective agreements in 30 sectors and found that while seniority rules still existed in most sectors, their amount was often small (Müllbacher et al., 2015). Seniority wages seem not to be

9. www.arbeitundalter.at (accessed 22 January 2018).

10. www.wage.at (accessed 22 January 2018).

11. www.sozialministerium.at/site/Ministerium/Guetesiegel/NESTOR_GOLD/ (accessed 22 January 2018).

12. www.sozialministerium.at/site/Soziales/CSR_Diversity/Guetesiegel_NESTOR_GOLD/;

www.ots.at/presseaussendung/OTS_20060530_OTS0113/nestor-ein-oesterreichischer-wettbewerb-zur-praemierung-von-unternehmen-die-spezielle-innerbetriebliche-massnahmen-fuer-aeltere-arbeitnehmerinnen-setzen (both accessed 22 January 2018).

relevant to blue collar workers while they are prevalent for white collar workers only in some sectors. The study also finds that seniority wage elements have significantly decreased over the past 20 years. Further, the study could not find clear evidence that seniority rules decrease the employment probability of older workers, when comparing sector-based data.

2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce

For all older workers

Only a few collective branch agreements include specific provisions for occupational welfare. Where occupational welfare schemes exist, they are normally based on company agreements negotiated between the employer and the work council established in the company (Wöss, Reiff and Gruber, 2016).

A new “demography counselling” programme (*Demografieberatung*) was launched in Q2 2017. This offer for companies and employees provides assistance with the challenges posed by demographic change. Nationwide support is provided free of charge by so-called demographic counsellors, offering several modules from clearing and routing, action planning and implementation support to active-ageing circles. In order to promote age(ing)-appropriate and life cycle-oriented working environments, the fields of action range from work organisation, leadership and culture, and HR management to knowledge management and health-related issues.

3. Promoting the employability of workers throughout their working lives

3.1. Enhancing participation in training by workers in their mid- to late careers

Providing guidance services

A “productive ageing approach” was implemented in 2007 as part of the operational programme of the PES; its main objective is to provide additional training measures for older employees. The PES also provides a counselling programme for employers: Vocational guidance for companies (*Qualifizierungsberatung für Betriebe*), co-financed by the European Social Fund (ESF), and now the nationally financed *Impulsberatung für Betriebe*. Special emphasis is placed on the elaboration of life cycle-oriented educational programmes and introduction of the concepts of “diversity management” and “productive ageing”.

Providing access to training adjusted to their experience and learning needs

The above-described counselling services can be combined with participation in the so-called *Implacement Labour Foundations (Implacement Stiftung)* mentioned earlier that address specific labour shortages. Labour Foundations are established through the initiative of the social partners at company or regional level. Funding is provided by the PES, the provincial government, and the company or companies involved. Participants benefit from a wide range of qualification/training measures, including up-skilling of existing knowledge; apprenticeship examinations or participation in qualification training with a longer duration; and even school education, colleges or university studies. The last can be funded by the Labour Foundations, which is not the case with all other PES training offers. Most participants choose training with a relatively longer duration, which makes the measures more costly. The *Implacement Labour Foundations* also provide employers faced with special skill bottlenecks with appropriately trained workers (Lechner and Wetzel, 2015). Results in terms of labour market reintegration are indeed positive. According to BMASK Datawarehouse analysis, directly after completion of a foundation course 36% of participants are employed (excluding marginal part-time, apprenticeship and subsidised employment). Three months

later, the reintegration rate rises to around 60%, and after one year to 68%. This is high, especially when compared with other ALMPs (BMASK, 2017).

As a preventive ALMP measure, the Austrian PES offers training for employees (*Qualifizierung für Beschäftigte*, launched in 2007 and formerly co-financed by the ESF). The purpose is to provide qualification measures for low-skilled and/or older employed persons in collaboration with their employers, in order to facilitate age-appropriate jobs and careers and further future-oriented lifelong learning. In 2015, six out of ten participants were over 45 years old. Nearly half of the participants completed their training with an apprenticeship certificate.

Promoting lifelong learning and development of the adult vocational education and training system

Requirements for the take-up of training leave have been eased since 2009: only six months of qualifying work are necessary in order to receive the financial support accompanying training leave (Further Training Allowance). Since 2008, modular use of the leave is also possible. The maximum duration of training leave is one year within a four-year period, and the required minimum duration of one training leave period is two months. The composition of participants changed during the economic crisis, as more men from the manufacturing sector and the regions hardest hit by the crisis were participating. Nevertheless, the participation of women from the social services and the health sectors has continued to increase.

In 2010-2011, the Institute for Advanced Studies conducted an evaluation of the Austrian training leave system. A survey (1 000 participants in 2005, 2008 and 2009) revealed that around 90% of participants were very satisfied with their training leave experiences. Formal education during training leave is very important (more than 60% of participants took advantage of this in 2008). Another interesting finding is the high intensity of non-formal training related to training leave compared to participation in non-formal training activities in general, according to data from the Adult Education Survey (709 hours training leave vs. 71 hours in general). The main sectors and occupational fields with workers engaged in training leave participation were health care, social services, engineering, and technical occupations (Lassing et al., 2011).

In 2013, a part-time training allowance was introduced. This allowance is granted if the claimant reduces their working time by a minimum of 25% and a maximum of 50% in order to take training leave involving training for at least 10 hours per week. The allowance represents partial wage compensation for the employees. Part-time training allowance is intended to raise employees' willingness to enter further training and to make up for the wage reductions associated with participation in such training.

Setting up mechanisms for recognising and validating skills

A pilot project launched in 2008 called "You are capable!" (*Du kannst was!*) provides documentation and validation of competences acquired through informal learning, along with guidance and counselling services. The objective is to boost up-skilling in preparation for the final apprenticeship examinations for more than ten occupations in high demand. Persons with low formal qualifications over the age of 22, including migrants without formally validated qualifications, are among the target group. In the *Land* of Upper Austria, about 7% of participants in the programme were older than 50, and nearly a fourth were between 40 and 50 years old.¹³ Similar projects have been introduced in several other Austrian regions (*Länder*).

13. State of Upper Austria (Land Oberösterreich, Projekt) "Du kannst was" – vom Hilfsarbeiter zum Fachkraft: Können zählt am oö, Arbeitsmarkt, Press conference held 20 January 2015, www.dukannstwas.at (accessed 22 January 2018).

Another project called *Kompetenz mit System* offers modular qualification in 10+ occupations for persons with professional experience but without a formal vocational education, who experience recurring (e.g. seasonal) unemployment spells or cannot follow a continuous training course. Three stand-alone modules combined with practical work experience lead to an apprenticeship certificate.

3.2. Providing effective employment assistance to older jobseekers

Promoting an all-age mainstreaming activation approach

Access to PES services is independent of age. Austria takes a middle-field position in the number of LMP participants per 100 persons wanting to work. After a peak in 2008 and 2009 in, this ratio fell by a third until 2015; however, the budget in terms of percentage of GDP remained relatively stable (Eurostat LMP database). Measures probably have become more targeted. In 2014 a labour market package for the activation of older workers was decided (with a total of EUR 370 million for the period 2014-16, and EUR 175 million per year from 2017).

Targeting workers most at risk of long-term joblessness

Since 2010, older workers have been a priority target group of activation policies, as reflected in the labour market political targets set by the federal minister of labour and social affairs. The annual labour market policy targets for 2017, as in previous years, include an indicator on the job take-ups of jobseekers over 45.

Specific hiring subsidies have targeted older workers (see next subsection). In addition, specific measures have been put in place to target the long-term unemployed aged 50 and above. A new job creation programme (*Aktion 20.000*) aiming to create 20 000 new full-time jobs in socially useful activities for the 50+ long-term unemployed has been implemented in pilot regions since July 2017, and will be rolled out nationally in 2018.

Providing employment/hiring subsidies to firms

The programme “Employment Initiative 50+” (*Beschäftigungsinitiative 50+*) was initiated in 2014 and is now set to continue indefinitely. The programme is based on providing wage subsidies and in-work benefits (60%) as well as on arranging for temporary employment for older workers in social enterprises (40%). Even though the programme targets the older unemployed, a basic requirement for receiving benefits from these subsidies is the existence of placement barriers and a minimum duration of unemployment of six months. According to preliminary findings of the federal Ministry for Labour, this programme did not induce additional costs, as it resulted in an equivalent reduction in other expenditures in the unemployment insurance system. In the year 2016 alone, more than 23 000 persons have benefited from subsidies in the framework of the Employment Initiative 50+.¹⁴

The “Come Back” wage subsidy (*Eingliederungsbeihilfe*) is the main ALMP instrument targeting special groups of registered unemployed persons, including unemployed men aged 50 and older and unemployed women aged 45 and over. In place for decades, the subsidy’s duration and amount vary in relation to the regional labour market situation. Several evaluations show that the programme has positive effects, especially for those aged 45-54. In 2016, about 45 000 persons (all age groups) took part in the programme.

14. National Reform Programme Austria, Federal Chancellery, 2017.

Providing in-work benefits to workers

The in-work benefit scheme (*Kombilohn*) is intended to give unemployed people an incentive to take up work. In response to the financial crisis, the scheme was revised and revitalised in 2009 to encourage people with poor job prospects. In 2009, the “New Wage Combination” (*Kombilohn neu*) involving in-work top-up benefits was introduced for people aged 50 and older. Eligibility considerations include the length of previous unemployment (at least 193 days), employment barriers, and the take-up of a job subject to social security contributions. In 2014, a new revision to this scheme lowered the age limit to 45 years and older, and expanded the target group to include people with health-related employment barriers and people exiting vocational rehabilitation. The rules concerning the required weekly hours under social insurance-covered employment relationships for various target groups were also revised, along with the rules for wage top-up rates. (The latter were now based on the difference between the level of unemployment benefit or assistance plus 30% and the net income from work, but were not to exceed EUR 950). In addition, the duration of the scheme for special target groups was lengthened (for persons older than 59 years, persons exiting vocational rehabilitation programmes, or those no longer receiving retraining benefits). In 2016, the programme recorded about 6 000 participants, about 700 more than in 2015.

Providing other ALMPs

To promote workforce participation among older people, non-profit enterprises and non-profit employment projects have been made accessible to persons close to retirement who have little chance of reintegration into the labour market since 2008. Moreover, occupational health care is promoted.

As part of the business start-up programme for the unemployed, the PES provides assistance in the form of a subsidy during the initial stages of starting a business, i.e. during the first months of actual self-employment.

Subsidies are granted to single-person companies when they hire their first employee or have not hired an employee over the past five years.¹⁵ The PES pays a lump sum of 25% of that first employee’s gross wages for up to one year. This amount corresponds to the employer’s social insurance contributions. The aim is to reduce unemployment and to foster the creation of new jobs. The previous age barrier was abolished in 2011, and the subsidy is now equally accessible to older workers. Based on 2013 evaluation results, the start-up programme is now promoted additionally for those returning to work and the older unemployed. During the past ten years, the share of participants over 45 in the PES start-up programme have been raised from around 20% to 30%.

Starting in 2012 a broad package of measures dedicated to maintaining workers’ health was implemented, with a special focus on qualifying and placing former disability pensioners. A set of professional rehabilitation measures is offered by the PES. Starting in 2014, the PES assists persons receiving retraining benefits, facilitating their effective labour market reintegration.

3.3. Enhancing job quality for older workers

Strengthening workplace safety and physical and mental health

The prevention targets of the Austrian Health and Safety at Work Strategy 2007-2012, and the subsequent strategy running through 2020, are intended to be achieved by taking gender and age into consideration in the creation of age-friendly work designs and preventive measures. Since 2007, the labour inspectorates

15. www.ams.at/service-unternehmen/foerderungen/ein-personen-unternehmen (accessed 22 January 2018).

have prioritised advising and monitoring actions in small and medium-sized enterprises (SMEs). The aims of the strategy include motivating companies to analyse the workforce's age structures; identify work processes and interferences that could be specifically linked to age; and establish age-friendly working conditions. Since 2013, special guidelines for the various labour inspectorates have been developed on the website of the Austrian Labour Inspection, in addition to diverse leaflets for experts and companies.¹⁶ In 2014-15, a European campaign – “Healthy-workplaces – manage stress well” was launched, which was followed by another two-year European campaign, “Healthy workplaces for all ages”, in 2016-17.

The network Workplace Health Promotion (BGF: *Betriebliche Gesundheitsförderung*), funded by the National Fund for a Healthy Austria, is to promote and maintain healthy lifestyles in the companies implementing the project. This should be achieved through three pillars: exercise, nutrition and relaxation.¹⁷ So far, the projects have helped achieve a 25% reduction in illnesses (Prammer, Eichmann and Fries-Tersch, 2016).

Between 2008 and 2012, 20 companies participated in the “Fit for the Future” programme, led by the Austrian Social Insurance for Occupational Risks (AUVA) and the Pension Insurance Organisation (PVA). A counsellor was allocated to each company, with additional support from ergonomics and technical experts and experts from the AUVA (Prammer, Eichmann and Fries-Tersch, 2016). This programme was a forerunner of the fit2work programme for companies. The latter, regulated in the 2010 Work and Health Act (AGG), was introduced in 2011 as a pilot project; the national rollout was completed in 2013. The fit2work programme provides information, counselling and support to employed or unemployed persons with health problems, and to employers in need for information on health and work.¹⁸ The assistance is voluntary, confidential, and free of charge. It thus serves as a nationwide low-threshold counselling service to reduce periods of sick leave, sustain working ability, and prevent job loss or early retirement for health reasons. The programme is coordinated by the federal Ministry of Labour, Social Affairs and Consumer Protection, and financed from the labour market budget, by social insurance institutions (pensions, health and accident insurances) and the Federal Social Office. The PES, the Labour Inspection, the social partners, and the federal Ministries of Health, Finance, Economy, Family and Youth are all involved.

In order to overcome existing supply gaps, a supplementary project offering psychological and psychotherapeutic treatment was launched in Q2 2014. In addition to ongoing monitoring, first evaluations have been completed and are continuing; these show positive employment results. fit2work offers have been developed further during the programme period 2015/16-19 using information from these studies and from practical experiences – e.g. more flexible work hours; services adapted to meet the needs of new client groups; improved co-ordination and complementary offers; a focus on SMEs within the (now ESF-co-financed) consulting services for businesses; and an emphasis on professional reintegration into the workplace.

A new part-time scheme for reintegration into the workplace (*Wiedereingliederungsteilzeit*) after long sick leaves was introduced in July 2017. Employees may reduce their working time by 25% to 50% for a duration of one to six months (extension to nine months possible) following a sick leave of six weeks minimum. Part-time workers will receive prorated wages and a new benefit (*Wiedereingliederungsgeld*) granted by health insurance. Counselling and support with drafting the necessary reintegration plan and reintegration agreement between employer and employee are provided by fit2work and occupational physicians.

16. www.arbeitsinspektion.gv.at (accessed 22 January 2018).

17. www.netzwerk-bgf.at; www.arbeit-und-gesundheit.at/ (both accessed 22 January 2018).

18. www.fit2work.at (accessed 22 January 2018).

Reducing the incidence of arduous/hazardous work

A leaflet on “Ageing-appropriate work design” was published in 2015 within the Occupational Safety and Health Strategy 2013-2020. In the framework of workplace risk evaluation, job characteristics must be assessed with regard to ageing. Risk evaluation tools include an age-structure analysis and several age-related checklists.

Balancing professional and family responsibilities

The Employment Contract Law Harmonisation Act (AVRAG) includes family-related options for greater flexibility in employment relationships. Care leave (*Pflegekarenz*) and part-time care leave (*Pflegezeit*) were introduced in 2014. These new measures allow for reducing the working time or taking unpaid leave for one to three months to be with a close relative in need of care. Nursing or care must relate to a family member who has received an official decision granting long-term care benefits in a certain minimum category. Employees taking care leave (or working part time) are entitled to claim (prorated) care leave benefits. During the period the benefit is received, the competent federal authority will pay the corresponding social health and pension insurance contributions. The (part-time) care leave options aim at better reconciling work and care, relieving the burden on employed carers (mostly older workers) and giving them a chance to reorganise the care situation. Reducing working time for a longer period is also possible within the old-age part-time scheme described above.

The counselling programme fit2work also takes into account and tries to find solutions for challenges posed by care responsibilities (for children or other dependants) to older workers with health impairments.

Facilitating job mobility

Several new qualification measures for older workers have been introduced or refined by the PES in recent years, with a focus on updating obsolete skills (“New Skills” programme) or upskilling low-skilled health-impaired workers (“*Aufstieg*”). Tailor-made near-the-job qualification programmes (“*Arbeitsplatznahe Qualifizierung*”) and “Inplacement Labour Foundations” train older workers for business demands in the case of concrete staff requirements.

In order to facilitate the hiring of older workers, from 1 July 2017 (formerly higher) dismissal protection regulations were relaxed, i.e. adapted to the general rule, for persons above 50 at the time of employment (see Section “Implementing age-neutral measures”).

Table 1. Late Career Scoreboard, Austria 2006 and 2016

	Austria		EU28 ^a		OECD ^a	
	2006	2016	2006	2016	2006	2016
Demographic situation						
-- Old-age dependency ratio ^b	0.27	0.30	0.28	0.32	0.23	0.28
-- Effective labour force exit age ^c (years) Men	59.1	62.0	62.0	63.4	63.6	65.1
Women	58.8	60.6	60.5	62.0	62.3	63.6
Employment						
-- Employment rate, 50-74 (% of the age group)	33.9	44.8	38.3	45.4	47.0	50.8
of which 50-54	76.0	81.8	73.1	77.9	73.8	75.7
55-64	33.0	49.2	43.3	55.3	52.7	59.2
65-69	6.6	8.6	9.1	12.1	20.3	25.5
70-74	2.8	6.0	4.4	5.5	12.0	14.6
-- Gender gap in employment, 55-64 ((men-women)/men)	0.41	0.29	0.34	0.21	0.32	0.25
Job characteristics						
-- Incidence of part-time work, 55-64 (% of total employment in the age group)	24.9	28.6	22.1	22.2	20.3	21.1
of which voluntary 55-64 (% of part-time work in the age group)	89.1	89.3	85.4	78.9	87.3	85.2
Average number of weekly hours worked	15.1	15.3	17.1	17.5	16.6	16.9
-- Incidence of temporary work, 55-64 (% of employees in the age group)	3.4	3.1	6.9	6.7	8.9	7.9
-- Incidence of self-employment, 55-64 (% of total employment in the age group)	23.3	20.8	24.1	19.7	38.0	32.8
-- Full-time earnings, ^d 55-64 relative to 25-54 (ratio)	1.42	1.40	-	-	1.09	1.10
Dynamics						
-- Retention rate ^e after 60 (% of employees t-5)	20.7	31.0	37.1	48.8	40.3	50.3
-- Hiring rate, ^f 55-64 (% of employees in the age group)	5.4	5.6	6.1	5.8	9.2	9.1
Joblessness						
-- Unemployment rate, 55-64 (% of the labour force aged 55-64)	4.0	5.0	6.1	6.4	4.3	4.6
-- Incidence of long-term ^g unemployment, 55-64 (% of total unemployment in the age group)	60.3	53.1	49.8	63.7	26.3	44.3
-- Marginally attached workers, ^h 55-64 (% of population in the age group)	3.4	2.5	2.4	1.9	1.2	1.2
Employability						
-- Share of 55-64 with tertiary education (% of population in the age group)	17.6	22.9	17.2	22.9	20.0	26.2
-- Participation in training, ⁱ 55-74 (% of employed in the age group)	9.0	10.6	-	8.5	-	-
Relative to employed persons aged 25-54 (ratio)	0.59	0.64	-	0.66	-	-

a) Weighted averages with the exception of the share with tertiary education.

b) The ratio of the population aged 65 and over to the population aged 20-64.

c) Effective exit age over the five-year periods 2001-2006 and 2011-2016. The effective exit age (also called the effective age of retirement) is calculated as a weighted average of the exit ages of each five-year age cohort, starting with the cohort aged 40-44 at the first year, using absolute changes in the labour force participation rate of each cohort as weights.

d) Mean gross yearly earnings of all employees. Year 2006 refers to 2010 and 2016 to 2015.

e) All employees currently aged 60-64 with job tenure of five years or more as a percentage of all employees aged 55-59 five years previously. Year 2006 refers to 2008.

f) Employees aged 55-64 with job tenure of less than one year as a percentage of total employees.

g) Unemployed for more than one year.

i) Participation in formal and non-formal training in the last four weeks.

Source: OECD estimations from the *OECD Employment Database*, the *OECD Earnings Distribution Database*, *OECD Education at a Glance* and the *Eurostat Database on Education and Training*.

Table 2. Implementing ageing and employment policies in Austria, 2007 to mid-2017

1. Rewarding work and later retirement	
1.1. Enhancing incentives to continue working at an older age	
<i>Raising the statutory age of retirement</i>	+
<i>Facilitating phased retirement</i>	+
<i>Better combining of pensions with work income</i>	/
<i>Rewarding longer careers</i>	+
1.2. Towards restricted use of early retirement schemes	
<i>Restricting access to publicly funded early retirement schemes</i>	+
<i>Introducing specific provisions for arduous/hazardous work</i>	+
1.3. Preventing welfare benefits from being used as alternative pathways to early retirement	
<i>Unemployment (insurance and assistance) benefits</i>	/
<i>Social aid</i>	/
<i>Disability benefits</i>	++
2. Encouraging employers to retain and hire older workers	
2.1. Preventing discrimination in employment on the basis of age	
<i>Implementing current or new legislation</i>	+
<i>Launching public awareness campaigns</i>	+
2.2. Taking a balanced approach to employment protection by age	
<i>Implementing age-neutral measures</i>	++
2.3. Discouraging mandatory retirement by employers	
<i>By law in general and by sector/occupation, private/public sector, region</i>	/
2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers	
<i>For all older workers</i>	+

<i>Review of the use of seniority wages</i>	+
2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce	
<i>For all older workers</i>	+
3. Promoting the employability of workers throughout their working lives	
3.1. Enhancing participation in training by workers in their mid- to late careers	
<i>Providing guidance services</i>	+
<i>Providing access to training adjusted to their experience and learning needs</i>	+
<i>Promoting lifelong learning and development of the adult vocational education and training system</i>	+
<i>Setting up mechanisms for recognising and validating skills</i>	+
3.2. Providing effective employment assistance to older jobseekers	
<i>Promoting an all-age mainstreaming activation approach</i>	/
<i>Targeting workers most at risk of long-term joblessness</i>	+
<i>Providing employment/hiring subsidies to firms</i>	++
<i>Providing in-work benefits to workers</i>	+
<i>Providing other active labour market policies</i>	++
3.3. Enhancing job quality for older workers	
<i>Strengthening workplace safety and physical and mental health</i>	++
<i>Reducing the incidence of arduous/hazardous work</i>	/
<i>Balancing professional and family responsibilities</i>	/
<i>Facilitating job mobility</i>	/
<p>++ = Substantial action taken. + = Some action taken, but more could be done. +? = Some action taken, but requires further assessment. ? = Some action taken with negative impact. / = No relevant action taken. ✓ = No action needed.</p> <p><i>Source:</i> Assessment based mainly on answers by Austria to several OECD questionnaires.</p>	

REFERENCES

- Arbeitsmarktservice Österreich (AMS) (2015), *Geschäftsbericht 2014*, Vienna.
- Bundesministerium für Soziales, Arbeit, Gesundheit und Konsumentenschutz (BMASK) (2017), Active Labour Market Policy in Austria 2016 (*Aktive Arbeitsmarktpolitik in Österreich 2016*), <https://broschuerenservice.sozialministerium.at> (accessed 22 January 2018).
- European Commission (2012), EEO Review: Employment policies to promote active ageing 2012, European Employment Observatory (EEO).
- Fink, M. (2016), ESPN Thematic Report on retirement regimes for workers in arduous or hazardous jobs. Austria, 2016. European Social Policy Network (ESPN), European Commission.
- Frimmel, W. et al. (2015), “Seniority wages and the role of firms in retirement”, *IZA Discussion Paper* No. 9192, July.
- Hausegger, T. and C. Reidl (2012), “Begleitende Evaluierung der ‘Gesundheitsstraße’”, Final report, Prospect Research & Solution, Report prepared for BMASK, Vienna.
- Kalmar, M. et al. (2008), “Das Bonus-Malus-System für ältere Arbeitnehmer/innen. Bewertung der arbeitsmarktpolitischen Wirkung und Kosten-Nutzen-Abschätzungen” Report – second version, Synthesis Forschung im Auftrag des Bundesministeriums für Arbeit und Wirtschaft, Vienna.
- Lassing, L. et al. (2011), “Evaluierung der Bildungskarenz 2000-2009”, Research report, Institute for Advanced Studies, Vienna.
- Lechner, F. and P. Wetzel (2015), “Upskilling unemployed adults – The organisation, profiling and targeting of training provision: Austria“, *EEPO Review*, European Employment Policy Observatory, European Commission.
- Müllbacher, S. et al. (2015), “Relevanz und Auswirkungen des Senioritätsprinzips am österreichischen Arbeitsmarkt”, Studie im Auftrag des Sozialministeriums [Relevance and impact of seniority rules at the Austrian labour market – Study on behalf of the Social Ministry], Institute for Advanced Studies, Vienna, March.
- Prammer, E., H. Eichmann and E. Fries-Tersch (2016), *Safer and Healthier Work at Any Age – Country Inventory: Austria*, European Agency for Safety and Health at Work.
- Titelbach, G. et al. (2015): Arbeitslosigkeitsbetroffenheit und Wiederbeschäftigung Älterer im Vergleich zu Jüngeren am österreichischen Arbeitsmarkt. Institute for Advanced Studies, Vienna
- Wöss, J., C. Reiff and A. Gruber (2016), “Unemployment and pensions protection in Europe: The changing role of social partners”, PROWELFARE country report: Austria”, *OSE Paper Series*, Research Paper No. 24, European Social Observatory, Brussels, April.