

# National Reform Programme Austria

Federal Chancellery



2012



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## ***I. Introduction***

**I.1** The European semester 2012 uses, for the first time, the enhanced economic surveillance as was agreed upon in the framework of the so-called „Six-Pack“. The latter provides for the commitment of the member states to coordinate more closely their annual budgetary processes with the European Commission. Moreover, the member states are requested to implement, in their respective National Reform Programmes, the reform priorities as set out in Annual Growth Survey 2012<sup>1</sup>, and the Joint Employment Report<sup>2</sup> which were confirmed by the European Council<sup>3</sup> at its March meeting.

**I.2** It should be noted that the five national Europe 2020 targets are still fully valid, as are the obstacles to growth – as identified in the course of the definition of the national targets. The Council’s recommendations are taken into account in policy making, and essentially reflect the national priorities so that an intelligent, sustainable and participation promoting growth, competitiveness, employment and social coherence can be enhanced and, at the same time, the climate and energy targets can be reached.

**I.3** The Euro Plus Pact acts as a driver to enhance the Austrian competitiveness. The measures are designed to help reach the targets of the Europe 2020 strategy.

**I.4** The heads of state and government agreed at their meeting, in an informal European Council at the end of January to put more weight on stimulating employment policies, especially with a view to young people. And the member states were requested to present the concrete measures in „national job plans“. The Austrian federal government has already, within the Euro Plus Pact, expressed its particular commitment in the issue of employment. In the national context the policies governing the labour market and youth employment in the year 2012 are given top priority status.

**I.5** When implementing the Europe 2020 strategy the Austrian federal government is seeking for close involvement of the federal provinces, regions, municipalities as well as any relevant representatives of interest groups and stakeholders

**I.6** The Austrian social partners<sup>4</sup> have submitted their opinions on the National Reform Programme and made available documentations of any relevant activities set to implement Europe 2020.

**I.7** Also the federal provinces, cities and towns, and municipalities have selected, from amongst their manifold measures set to support the national Europe 2020 goals, one to two showpiece projects. Such documentation can be viewed in a special Annex which is only available in the German version.

**I.8** Non-government organisations are involved via their civil society associations by way of the respective ministries in charge. In combatting poverty, for instance, an information and consulting mechanism has developed in the context of the Open Method of Coordination (OMK) that endeavours to promote high participation. Similarly dense cooperation processes exist in the areas of structural policies as well as climate and environment policies, when reviewing the national sustainability strategy, or within the framework of the stakeholder initiative “Growth in Change”.

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<sup>1</sup> European Commission (2011), Communication from the Commission. Annual Growth Survey 2012 (COM(2011) 815 final)

<sup>2</sup> Joint Employment Report 2012 (5899/2/12)

<sup>3</sup> European Council (2012), Meeting of the European Council 1/2 March 2012, Conclusions (EUCO4/12);

<sup>4</sup> More detailed information on the Austrian social partners under <http://www.sozialpartner.at>

**I.9** Following the submission of the National Reform Programme in April 2011, together with the Stability Programme, the European Commission carried out an integral assessment and drafted proposals for specific recommendations for Austria. After the proposals had been discussed in depth by the economic and finance committee, the economic policy committee, and employment committee the respective competent Councils of ministers – ECOFIN and EPSCO - passed the country specific recommendations of the year 2011 to be submitted to the European Council in June<sup>5</sup> to be confirmed. The recommendations were formally passed in July by the Council's configurations ECOFIN and EPSCO.

**I.10** These recommendations are part of the Austrian Reform Agenda 2012. The respective chapters of the six areas of reform cover progress and implementation of the measures, as well as the country specific recommendations as of June 2011, and also the stock-taking of the Euro Plus Pact measures.

**I.11** The exact wording of the country specific recommendations:<sup>6</sup>

The Council recommends that Austria take action within the period 2011-2012 to:

1. Accelerate the correction of the excessive deficit, which is planned mainly on the expenditure side, thus bringing the high public debt ratio on a downward path, taking advantage of the ongoing economic recovery, in order to ensure an average annual fiscal effort of 0,75% of GDP over the period 2011-2013 in line with the Council recommendations under the EDP. To this end, adopt and implement the necessary measures, including at the sub-national level. Specify measures as needed to ensure adequate progress towards the medium-term objective in line with the Stability and Growth Pact (SGP) after correction of the excessive deficit.
2. Take steps to further strengthen the national budgetary framework by aligning legislative, administrative, revenue-raising and spending responsibilities across the different levels of government, in particular in the area of health care.
3. In consultation with the social partners and according to national practices, take steps to further limit access to the current early retirement scheme for people with long insurance periods and take steps to reduce the transition period for harmonisation of the statutory retirement age between men and women to ensure the sustainability and adequacy of the pension system. Apply strictly the conditions for access to the invalidity pension scheme.
4. Take measures to enhance participation in the labour market, including the following: reduce, in a budgetary neutral way, the effective tax and social security burden on labour, especially for low and medium-income earners; implement the National Action Plan on the equal treatment of women and men in the labour market, including improvements in the availability of care services and of all-day school places to increase the options for women to work full-time and in the high gender pay gap; take steps to improve educational outcomes and prevent school drop-out.
5. Take further steps to foster competition, in particular in the services sector, by relaxing barriers to entry, removing unjustified restrictions on some professions, as well as enhancing the powers of the competition authority. Accelerate the adoption of the outstanding "horizontal law" implementing the Services Directive.

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<sup>5</sup> European Council (2011), Conclusions of the European Council 23/24 June 2011 (EUCO 23/1/11rev) [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/de/ec/123098.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/de/ec/123098.pdf)

<sup>6</sup> Recommendations of the Council as of 12.July 2011 on the National Reform Programme of Austria 2011 and the Council's position on the update Stability Programme of Austria for 2011-2014, a Brussels 2011 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:210:0008:0011:DE:PDF>)

## **II. Macro-economic scenario**

*See Austrian Stability Programme for the period 2011 to 2016*

### **Economic development**

**II.1** The Austrian economy has experienced strong economic growth in the year 2011, with the real GDP increasing by 3.1 per cent as compared to the preceding year (after 2.3 per cent in the year 2010) – only the highly favourable economic situation in the years 2006 – 2007 showed higher growth rates in the past decade. The good growth performance can be explained by the significant growth overhang from the year 2010, and the very strong first half year 2011. High increases in exports following the upswing of the global economy and a need to catch up in corporate investments quickened the pace in a booming economy. In the second half of the year, the dynamics in exports diminished noticeably, while investments in equipment and private consumption helped to stabilise the economy.

**II.2** Due to the lack of impetus from exports may paralyse any growth also in the first half of the year 2012. However, an end of the global slowdown is in sight. Most of the national and international early indicators reached a low in November 2011, but since then have continuously improved. Austria, too, may have hit the bottom of expectations by the end of the year; important leading indicators have since then shown an upward trend, signalling a moderate upswing as from mid-year. The forecast for Austria for the year 2012 range from a growth rate of the real GDP of +0.4 per cent (The Austrian Institute of Economic Research WIFO March 2011) to +0.7 per cent (EC February 2012) in the current year.

**II.3** Current economic forecasts have improved, especially in the overall manufacturing industries. In 2011 exports reached high of 122.1 billion Euro (for comparison: the record so far was up to 117.5 billion Euro in 2008), and also prospects for investments and consumer goods are thoroughly positive. Enterprises are increasingly prepared to boost their investments as the public mood is in the up and capacities are fully utilised.

**II.4** Such development is also backed by a continuous increase in private consumption that, with growing rates, expanded also in the second half of the year 2011. For the year 2012, employees may expect real wage increases thanks to declining prices (clearly over 3 per cent owing to the latest figures). According to The Austrian Institute of Economic Research WIFO, total wages will rise by 4.1 per cent, so that, with a this year's reduction of consumer price inflation to 2.5 per cent (HVPI), an boosting, as compared to the preceding year, of the purchasing power and a robust domestic demand are to be expected. In addition, the Austrian Institute of Economic Research WIFO forecasts a slight decrease of savings from 7.5 per cent to 7.3 per cent following the economic cycle.

**II.5** The labour market developed distinctly well in 2011. The number of actively employed persons rose, in the year 2011, by approximately 71,000 (+1.9 per cent) to around 3,757,000 people, thus above the number of employed persons before the economic crisis. With a decrease of some 4,000 persons as compared to 2010, the number of persons registered unemployed was, at approximately 247,000 in 2011, by 35,000 higher than before the crisis (2008). The unemployment rate as compared to the preceding year decreased, in 2011, by 0.2 per cent points to 4.2 per cent and reached the lowest level within the entire EU with an average approximating 10 per cent. In the year 2012, the Austrian Institute of Economic Research WIFO expects the unemployment rate in Austria to slightly rise. The overall economic progress of the productivity was approximately 1.5 per cent in each in 2010 and 2011. Owing to the economic downturn a slightly negative productivity development is expected for 2012, since companies will hardly make job cuts.

### **III. Macro-economic surveillance**

**III.1** Based on the governance structure of the Europe 2020 Strategy and the requirements specifying the setup of the National Reform Programmes, the following chapter will present any information relevant for the macro-economic surveillance in the light of the horizontal political orientation by the European Council, the integrated guidelines, the country-specific recommendation submitted to Austria in the year 2011, as well as the results of the analysis of the „Alert Mechanism Report“ 2012 on behalf of the European Commission within the framework of the macroeconomic-imbalance procedure.

#### **Stability, quality and sustainability of public finances**

**III.2** The economic and financial crisis, and the necessary economic policy response encompassing comprehensive measures set to stabilise the economy had exerted substantial pressure on course already pursued to ensure the financial stability, and the target of a balanced national budget in Austria already envisaged for the entire economic cycle. So that the rise of the debt rate can be counteracted at an early stage, along with the recovery of the economy, an expense-oriented consolidation package (details see NRP 2011) amounting to a total of approximately 13.6 billion Euro (2011-2014), which has been rigorously implemented so far, was adopted. Moreover, the tax-rate reductions introduced in the course of the tax reform 2009 was deliberately not suspended. Also, the majority of measures easing the tax burden for families were retained, thus continuing to significantly contributing to the factor labour tax relief.

**III.3** The year 2011, therefore, was crucially characterised by a substantial reduction of the national budget deficit. Owing to a strict implementation of the first consolidation package, a favourable economic situation, and the expense discipline ensured, it could be significantly reduced from 4.4 per cent (2010) to 2.6 per cent of the GDP (2011). The total budget expenditure in 2011 was less than the total revenues, and the latter were higher than budgeted for that year. For the current year, a deficit of 3 per cent of the GDP is budgeted. That „rebound“ is to be primarily ascribed to the poorer economic situation as well as delayed accounting of certain expenditure flows<sup>7</sup>. Austria acknowledges the requirements of the current deficit procedure under Art. 126 TFEU, and plans to correct its excessive budget deficit by 2013 at the very latest. All in all, in 2013 a national deficit of 2.1 per cent of the GDP and a debt rate of 75.3 per cent of the GDP is budgeted. Furthermore, the national structural deficit will be reduced to 0.4 per cent of the GDP by 2016 in line with the new provisions of the “Six Pack” and the “Treaty on Stability, Coordination and Governance in the economic and monetary Union”. The debt rate is to be reduced to approximately 70 per cent of the GDP by 2016. With that objective in mind the consolidation path in the budget 2012 was further pursued, and with the Stabilisation Package 2012 with a total volume of approximately 27.8 billion Euro (2012-2016) additional reforms were adopted in spring 2012. On the national level, two thirds will be financed by reducing expenditures, and one third by increasing revenues. On the tax side, above all possible loopholes are to be closed, while mass taxes will not be raised (details on deficit, debts, expenditure, and revenues see Austrian Stability Programme for the period 2011 to 2016).

**III.4** In accordance with the horizontal guidance by the European Council due attention will be paid to the necessary ambitious consolidation as well as to raise the potential rate of . Within the framework of the measures set to meet the Europe 2020 targets, the offensive budgetary measures encompassing approximately 400 million Euro annually for education,

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<sup>7</sup> Details see Stability Programme for the years 2011 to 2016

R&D, and resources efficiency will additionally contribute significantly thereto. For universities, a further 250 million Euro per year as from 2013, and for schools approximately 300 million Euro per year as from 2012, will be made available.

**III.5** The tight implementation of the budget legislation reform in its two steps in 2009, and 2013, has already laid the cornerstones for the long-term sustainability of the public budgets in Austria with its four main elements such as the binding multiannual expenditure frame, flexi-clauses, and the performance orientation. The parliament approved by decision on 7 December 2011 the “Austrian debt brake” thereby consistently continuing the stability-oriented perspective in macro-economic policy making. With such concept, the structural budget balance is considered the new target of the economic policy. Any deviations will be adjusted by quickly effective correction mechanisms. Here, such deviations will be entered in a controlling account bound to be adjusted economically adequate if a threshold value is surpassed. By such approach, the debts are guaranteed to be reduced in periods of economic upswing, while in phases of economic slowdown the stabilising function of public finances remains ensured. Moreover, a more precise assignment of budgetary responsibilities to all government levels ensures a national orientation towards the budgetary targets. As a further pillar, the legislation explicitly lays down that the legislative acts of the European Union that request the maintenance of budgetary discipline must be complied with. The debt brake aligns, with a prescribed structural deficit on behalf of the federal government of a maximum of -0.35 per cent of the GDP in the year 2017, with an ambitious implementation of the prerequisites of the European Fiscal Pact.

**III.6** The Austrian Stability Pact (Österreichischer Stabilitätspakt (ÖStP)) 2011 has become effective retroactively as of 1 January 2011, and provides, amongst others<sup>8</sup>, also a „rendezvous clause“ for amendments concerning EU legislation (negotiations for amendments). Owing to the enhanced economic governance of the EU member states, negotiations for the amendment of the Austrian Stability Pact 2011, which was concluded until 2014, have already become necessary so that by establishing tighter targets than before, the implementation of the new consolidation path, and following that, a structurally balanced budget for Austria as from 2012 can be ensured. The Austrian Stability Pact is an anchor especially also for the implementation of a “debt brake” for the federal government, the federal provinces, and the municipalities. An agreement was reached with the federal provinces and the municipalities in Salzburg on 29 November 2011 on vital elements to be now negotiated in detail.

**III.7** The sustainability of the public finances of Austria is, above all, ensured by the quick implementation of the national „debt brake“, which makes for more leeway in the public financial sector. At the same time, it is regarded imperative to enhance the growth forces and competitiveness, and, already at this time, brake expenditure dynamisms in the pension, health and old-age care sectors, which are to be expected in the future with the ageing population in mind. For that reason, a high employment rate of older workers as well as the fast convergence of actual retirement age and statutory retirement, and following that, a lower number of early retirements and disability pensions are to be actively pursued. Beside a series of reforms effective in that direction introduced in the last years (see NRP 2011), also the latest Stabilisation Package put special emphasis on these aspects. Amongst others, qualifying requirements need to be tightened up, deductions for corridor pensions introduced, preliminary old-age pensions after long insurance periods enabling activity protection, or the qualifying age also providing for a disability pension should be gradually

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<sup>8</sup> The Austrian Stability Pact ÖStP 2011 has introduced a series of innovations: ambitious, realistic stability contributions on behalf of the federal government, the federal provinces, and the municipalities, tightening of sanctions for failure to meet the targets improvements of the budget coordination and medium-term budget management (the first data on the basis of the new forms are to be supplied in June 2012 ), the determination of the autonomous liability for the federal government, the federal provinces, and the municipalities, enhanced transparency, and a „rendezvous clause“ for amendments concerning EU legislation (negotiations for amendments).



raised to 60 years.<sup>9</sup> [In addition, costs in the health sector must be economised upon so as to restrict expenditure increases to 3.6 per cent per year until 2016.

**III.8** An effective and efficient public sector, above all featuring a maximum use of *e-government* solutions has been a vital reform target in Austria for quite a while. Successful instruments such as a *one-stop shop* corporate service portal, statutory notifications, intuitive online finance platforms so that tax matters can be communicated to the authorities, or the initiative to reduce administrative burdens for citizens and companies emphasise these ambitions. Another comprehensive administration reform is to be implemented step by step in the next years. Allocations of tasks and competences have already been streamlined in the field of health care and the administrative courts. A target controlling system for an integrative health plan agreed on by the federal government, the federal provinces, and the social insurance services is meant to bring about significant savings in the social security system of approximately 1.4 billion Euro (2012-2016), and a better distribution of the budgetary responsibilities. Administrative reform measures have also been promoted concerning pensions. The claim for payment of a disability pension has to be confirmed by medical opinion which will, in the future, be standardised and centralised.

## Financial markets

**III.9** The debt crisis in the Euro zone had a considerable impact on the business development of the Austrian banks in the year 2011. As compared to the preceding year, the non-consolidated operating results decreased by 7.9 per cent to 7.5 billion Euro. Amongst others, owing to higher risk provisions, a consolidated return on investments (RoI) of the Austrian banking sector of approximately 0.13 per cent can be expected. State support for the banking sector is being withdrawn at the moment. As of 15 February 2012, state guarantees for securities issued by financial institutions amounted to still 12 billion Euro, the participation capital subscribed by five Austrian bank groups amounted to a volume of 4.8 billion Euro. Since the Austrian banks strongly concentrate on the CESEE region, they are hardly exposed on the presently difficult markets Ireland, Spain, Greece, and Portugal. The consolidated foreign exchange obligations of the Austrian banks the majority of which are Austrian-held vis-à-vis the CESEE countries, amounted to approximately 220 billion Euro by end-December 2011, and thus stabilised more or less on that level last year. The CESEE foreign exchange obligations of all Austrian banks, at the same time, amounted to approximately 330 billion Euro. Approximately 70 per cent of the entire foreign exchange obligations vis-à-vis that region are to be allocated in EU member countries. The exposure in CESEE is regionally intensively diversified, which makes for the danger of a country-specific or sub-regional clustering more easily manageable.

**III.10** The Austrian Financial Market Authority (FMA) and the Austrian National Bank (OeNB) published the „Guideline to Strengthen the Sustainability of the Business Models of Large Internationally Active Austrian Banks“ on 14 March 2012. This sustainability package which was developed in cooperation with the Austrian National Bank (OeNB) aims at increasing the capitalization of these banking groups over the medium and long term and rebalancing the refinancing structure of exposed subsidiaries. Moreover, the guideline will ensure that banking groups have adequate recovery and resolution schemes in place that may be required in future periods of distress. Because of its volume, systemic relevance, and the complexity of their business models (with a large number of subsidiaries) that guideline is, at present, applicable for three Austrian bank groups. The key points are as follows:

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<sup>9</sup> Preliminary estimates suggest that the retirement age will rise on average up to 6 months until 2017 due to the stability package 2012-2016. A further rise of the effective retirement age is expected in view of the already planned reforms in the “invalidity pension scheme under 50” which will be finalized until end 2012.

- First, to strengthen the sustainability of banking groups' capitalization, the Basel III standards on common equity tier 1 (CET1) capital must be fully implemented from January 1, 2013, without any related transitional provisions. However, any fully loss-absorbent private and government participation capital subscribed under the bank support package will be included in the capital base according to the transitional provisions. Furthermore, the banking groups will be subject to an additional capital surcharge of up to 3 percentage points of CET1 (depending on the riskiness of banks' business models) from January 1, 2016.
- Second, to strengthen the refinancing structure of banking subsidiaries and to ensure that it is well balanced, the supervisory authority will continually monitor and analyze – based on quarterly data (starting from end-2011) – the ratio of net new lending to local stable funding. The analysis of past experience has shown that exceeding a reference ratio of 110% can be considered an alarm signal. The results of this monitoring exercise will be discussed and assessed with the competent host and home supervisors in the supervisory colleges to agree on any necessary supervisory measures.
- Third, to ensure that, in the event of crisis, a bank can be reorganized swiftly, effectively and efficiently or, if need be, wound up in an orderly manner, parent institutions are required to submit group-wide recovery and resolution schemes to the supervisory authority by the end of 2012 to prepare for potential crisis situations.

**III.11** In the „Guiding Principles“ on lending in foreign currencies in CESEE countries published in the spring of 2010 by the Austrian Financial Market Authority (FMA) and the Austrian National Bank (OeNB,) the Austrian bank groups undertake to abstain from dealing with the most risky foreign currency loans. Analyses of the Austrian National Bank confirm that the Austrian banks are upholding their commitments. Among the most risky foreign currency loans are consumer loans and Swiss francs or Japanese yen mortgage loans granted to private households or small and medium-size enterprises without matching currencies, as well as consumer loans in Euro granted to private non-credit-worthy households. All the measures and guiding principles of the Austrian regulatory authorities are aimed at strengthening the financial market stability, whereas the impacts on growth perspectives as well as the access to financial resources are to be minimised.

**III.12** In the „Alert Mechanism Report“ of the EC submitted in February 2012 for the first time on the macro-economic imbalances, Austria having exceeded the percentage limits of the private sector debts, was made a subject of the relative discussion. The debts (loans and securities other than shares) of the private sector in Austria amounted to approximately 474 billion Euro (165.7 per cent of the GDP) in 2010. Here, mainly residential mortgages have increased since 2001 (+92 per cent), and, for non-financial corporations, the long-term interest-bearing securities have gone up since 2000, respectively. The increase in the private sector debts, however, has strongly slowed down in the course of the year 2011 as compared to the preceding years. Moreover, such liabilities are offset by corresponding assets. Since in Austria no price asset bubbles followed by slumps are presently evident, or to be expected, respectively, the debts of the private sector will not jeopardise the financial stability. All in all, the total financial assets of the private sector in Austria last assessed (2010) amounted to 941 billion Euro, as against total liabilities amounting to 827 billion Euro. The overall picture for the private sector in Austria is thus that of a positive balance.

**III.13** Avoiding excessive and, therefore, not sustainable development, the borrowing and availability of debt capital are a vital factor for entrepreneurial success. The credit channels to finance the real economy keep functioning further undisturbed, new loans granted to the corporate sector were (Q3/2011), at 17.5 billion Euro, stable.

## Competitiveness and external debt

**III.14** The orientation at the EU single market and the optimum use of international markets are politically and economically indispensable for a small open economy like Austria. With this in mind, the results of the last years clearly indicate an increasing competitiveness: since 2002 current account surplus of 2.7 per cent of the GDP on average have been achieved. In 2011, the surplus diminished slightly following a lower export demand to 1.7 per cent of the GDP. However, the Austrian Institute of Economic Research WIFO expects, with +1.4 per cent (2012), and +1.8 per cent (2013), a sustained stable development in the next few years.

**III.15** Looking at the composition of the current account in the first three quarters 2011 reveals a surplus of 4.5 billion Euro (2.0 per cent of the GDP Q1-Q3 2011) which is to be traced back to a positive balance in international travel services amounting to 5.4 billion Euro. Business-related services also produced considerable results, showing a surplus of 4.8 billion Euro. In the financial accounts, the direct investment flows in Austria increased from 6 billion Euro (Q1-Q3 2010) to 9.3 billion Euro (Q1-Q3 2011), activities abroad rose from 6.2 billion Euro (Q1-Q3 2010) to 14.8 billion Euro (Q1-Q3 2011).

**III.16** The moderate development of the nominal unit labour costs of the last years will continue, and thus further backing the price competitiveness of Austria. For 2012 and 2013, increases of 3.6 per cent and 1.3 per cent are expected. Also a look at the real effective exchange rate suggests a relatively high competitiveness of the Austrian economy. After a slight appreciation in 2009 (+0.4 per cent), a sharp depreciation of 2.7 per cent for 2010 was followed by a slight push-up again (+0.7 per cent) in 2011.

**III.17** The external trade developed dynamically in 2011 in Austria, imports increased by 15.1 per, and exports by 11.7 per cent, as compared to the preceding year. The export market share is compared in the AMR scoreboard for any respective year with that of five years past, for which reason the negative effects of the crisis are, at present, fully reflected in the respective indicator. In Austria the exports slumped by more than 20 per cent in the year of the crisis 2009. Already in 2010 exports could be increased again by 16.7 per cent. After the increase in 2011 and despite a downturn in global demand in 2012 the Austrian Institute of Economic Research WIFO still is expecting a steady sustainable growth. .

**III.18** The international assets position has basically been improving in the last years (2005 - 2010: +12.7 PP) in Austria, with that positive development being triggered by a constant development of assets. In the year 2010, the value was at -9.8 per cent of the GDP, i.e. clearly below the AMR reference value. The foreign currency risk for public debt is extremely low, since the overall government debt is denominated at 99.5 per cent in Euro. All in all, the debt management applies a risk-averse and stability-oriented strategy. Financial capital is raised at almost fixed interest rates and the (2011) debt rollover is comparatively low at 4.9 per cent of the GDP.

## IV. Thematic Coordination

**IV.1** This section informs the reader on any progress with regard to steps towards the compliance with the national Europe 2020 targets, the implementation of the country-specific recommendations, as well as the implementation of the priorities of the Annual Growth Report 2012.

### Europe 2020 Targets

	EU overall target	National target Austria	
		2020	2010
Employment rate in per cent	75 per cent	77-78 per cent	74.9 per cent
R&D investments in per cent of the GDP	3 per cent	3.76 per cent	2.76 per cent
Emission reduction targets in the non-emission trading sector (as compared with 2005)	-10 per cent (compared to 2005, Non ETS)	-16 per cent (base year 2005)	-9.1 per cent
Renewable energies	20 per cent	34 per cent	30.8 per cent <sup>(2)</sup>
Energy efficiency – reduction of energy consumption in Mtoe	Increases of the energy efficiency by 20 per cent (= 368 Mtoe)	7.16 Mtoe <sup>(3)</sup>	n.a. <sup>(4)</sup>
Dropout rate in per cent	10 per cent	9.5 per cent	8.3 per cent
Share of university graduates in per cent	40 per cent	38 per cent (incl. ISCED 4a, the present share of which being 12 per cent)	35.2 per cent
Reduction of the share of persons at risk of poverty /social exclusion of	20,000, 000	235,000	159,000

Source: EC (Annual Growth Survey 2012, Annex 1), Statistics Austria

- (1) Base year 2010 (Federal ministry of forestry, environment and water management, BMLFUW, maximum quantities of greenhouse gas emissions for Austria in the period from 2013 to 2020 according to <sup>3</sup> No. 4 paragraph. 3 Climate Protection Law (KSG) and in compliance with the Decision of the European Parliament No. 406/2009/EC of the European Parliaments and the Council, 24 February.2012)
- (2) Statistics Austria (Energy Balance 2010)
- (3) AEA assessment
- (4) Not available, as so far no uniform calculation scheme has been agreed upon within the EU

### IV.1 Employment

**IV.1.1** By international standards, Austria assumes a good position with regard to employment. The employment rate of persons aged 20 to 64 was in 2010, 74.9 per cent (5<sup>th</sup> in the EU ranking). Compared to 2009 (74.7 per cent) there is a slight increase, and looking at the quarterly data for 2011, there is a further positive development.<sup>10</sup>

**IV.1.2** The Austrian federal government had, already in its National Reform Programme 2011, identified the most important specific problems and challenges of the labour market policy, which are still valid to this day. The participation in employment of older employees and the increase of the participation of women, youth and individuals with a migration background, is the top priority of the Austrian labour market policy.

<sup>10</sup> Last available data from EUROSTAT for Q4/2011: 75.3%.

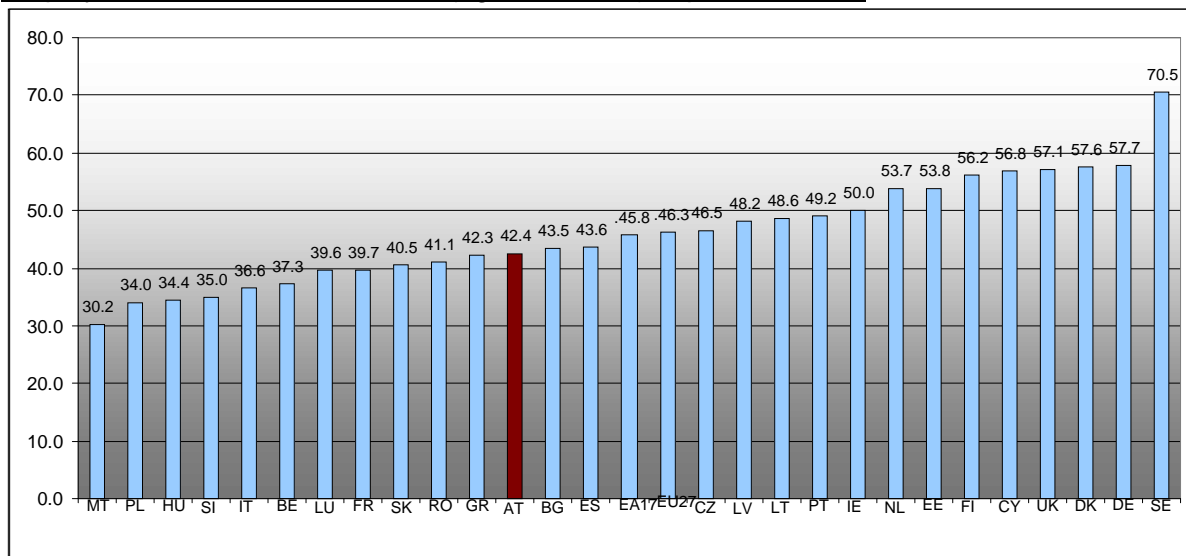
### **Milestone projects and new initiatives**

- Labour market offensive for older and health impaired employees within the stability package: 750 million Euro 2012 – 2016
- Standardised pension account (pensions credited to accounts)
- Early retirement as from the 62nd year of age – tightening the entitlement prerequisites, and raising deductions
- Priority youth employment
- Nursing care fund: 1.335 billion Euro 2011 – 2016
- Creation of child-care institutions: 110 million Euro 2011 - 2014
- Participation of women in supervisory boards of enterprises with at least 50 per cent public holding
- Mandatory income reports
- Salary calculator
- Law combatting dumping of wages and social services (LSDB-G)
- Criteria-led immigration system special labour permit „Rot-Weiß-Rot Karte“

## **Participation of older employees in the labour market**

**IV.1.3** In the last five years the employment rate of older workers got up by 10 pp.

### Employment rate of older workers (aged 55 to 64) in per cent 2010



Source: Eurostat

### New initiatives and planned measures

**IV.1.4** The Stability Package 2012-2016<sup>11</sup> of the federal government also aims at keeping up to 195,000 health-impaired and older people in employment. It hopes to raise the de-facto retirement age by

- continuing the reform of invalidity pension – expansion of rehabilitation in employment<sup>12</sup> (see also poverty target),

<sup>11</sup> See also Austrian Stability Programme for the period 2011 to 2016

<sup>12</sup> Persons under 50 years of age, who, considering their health status, stand a chance of gainful employment in the labour market should strive for re-entering the labour market. If the prerequisites for a pension payment following any reduced capacity to work are likely to be met, the respective

- tightening the prerequisites for entitlement to file for a corridor pension (retirement as from the age of 62, with annual deductions) – entitlement in the future only after 40 instead of 37.5 insurance years
- reductions for early retirement (i.e. before the statutory retirement age) are raised from 4.2 per cent to 5.1 per cent per year of early retirement.

**IV.1.5** The so-called **account credit model** is to serve as a further incentive for employees to remain in gainful employment as from 2014. By such instrument, a standardised pension account for all insured individuals will be created, making pensions calculations clearly understandable, and also any pension entitlement directly readable in the respective statement.

**IV.1.6** The Stability Law 2012 plans, for the labour market, to pave the way for **claims of elderly persons' part-time payments** not only (as presently) up to the earliest possible time that entitlement prerequisites for old-age pensions are satisfied, but **beyond the statutory retirement age** (max. five years). Simultaneously with the amendment planned for January 2013, the revised blocked scheme for old-age part-time employment shall only be applicable if, at the same time, a replacement worker (a formerly unemployed individual or an apprentice) is hired.

**IV.1.7** It is also planned to extend the **mandatory unemployment insurance contributions up** to 63 years of age, or at the instance of retirement entitlement, respectively, to fund promotional payments. **Schemes promoting employment for older unemployed individuals** in addition to the existing integration allowances are to provide for new jobs for 40,000 50+year olds.

**IV.1.8** In addition approximately 70,000 persons are to be counselled annually within the scheme „fit2work“, older and health-impaired individuals are to be additionally included in assistance granted by the PES (Labour Market Service Austria, AMS), and 32,000 individuals impaired to a higher degree yet still able to work are to benefit from professional rehabilitation measures. Over 750 million Euro will be made available for this **Labour Market Offensive**.

### Strategic orientation and implementation of existing measures

**IV.1.9** Raising the effective retirement age is considered top priority. The measures provided for in the NRP 2011 regarding pensions granted for unemployables owing to disability and special retirement regulations for long-time insured individuals (revision of the regulations as

*Country- specific recommendation No.3 „...take steps to further limit access to the current early retirement scheme for people with long insurance periods ...“*

valid) will be systematically implemented. So as to cut the number individuals claiming early retirement step by step, the focus of the measures here will be on improved prevention while active.

**IV.1.10** The programme „fit2work<sup>13</sup>“ provides, inter alia, for counselling services for the prevention

of secondary occupational diseases. It is designed to massively delay early retirement owing to ill health by 2013.

individual is entitled to rehabilitation in employment. The named new regulations will be negotiated and finalised in the course of the year 2012.

<sup>13</sup> See also survey of measures of the National Reform Programme 2011

**IV.1.11** The „**Road to Health**“<sup>14</sup> implemented since July 2010 in all of Austria, aims at raising the employment rate of older individuals, and reduce the number of pensions granted for unemployables owing to disability. The project is being continuously evaluated.

**IV.1.12** „**Check 4 Chances**“ is a pilot project instituted from September 2011 to August 2012, supporting individuals able to work after their passing the Road to Health to return to occupational integration. After assessment, the project may be further pursued.

**IV.1.13** To keep older individuals in the working process, or to maintain or improve their ability to work, respectively, the change of paradigms „**Rehabilitation before Retirement**“ was anchored in the Budget Law 2011.

**IV.1.14** The research project prototype „**Hiking Map**“ for healthy occupational choices is to counteract any early withdrawal from the labour market by identifying occupational alternatives for individuals working in jobs with a limited occupational lifetime (following continuous high physical and psychological stress).

**IV.1.15** By **organising work that meet age(ing)-appropriate and preventive measures according to the Law on the Protection of Workers** (ASchG) working condition for older workers and employees will be improved. This measure is for supporting and maintaining the employability in terms of a just and sustainable generation management. The prevention goals of the Austrian Health and Safety Strategy 2007-2012 (follow-up strategy until 2020) are to consider gender and age aspects. The labour inspection, moreover, has been conducting campaigns focussing on consulting and inspecting small and medium-sized enterprises, so as to motivate enterprises to „**analyse the age structures**“, identify age-critical workflows and impacts, and create working environments adapting to an ageing workforce. The folder published by the labour inspection authority “Working environments adapting to an ageing workforce – stay healthy working as you grow older“ offers valuable information on the implementation of the **risk assessment** with regard to safety and health protection of older employees. So as to carry out an age structure analysis for an evaluation, the labour inspection authorities have developed a tool to collect data to be made available for the enterprises, which can be accessed, as can the folder, on the labour inspection authorities’ website<sup>15</sup>. Qualification counselling activities for enterprises and advice for flexible approaches are free of charge for any enterprises to support their human resource development, educational planning and restructuring. Since 2011, particular emphasis has been placed on age-appropriate design of workplaces.

### **Enhancement of participation of certain target groups in the labour market**

**IV.1.16** The increase of the participation of certain target groups in the labour market, especially women, youth and individuals with a migration background still is a central political challenge as regards employment issues for the Austrian labour market policy.

**IV.1.17** With the Euro Plus Pact, Austria is focussing on youth employment.

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<sup>14</sup> See also survey of measures of the National Reform Programme 2011

<sup>15</sup> See <http://www.arbeitsinspektion.gv.at/At/Gesundheit/Arbeitswelt/default.htm>

## National Job Plan and Euro Plus Pact measures

### Youth

Austria supports the reinforced efforts combatting youth unemployment on the EU level in the sense of a European youth initiative as presented among others in the European Commission's communication „Opportunities for young people“, in the statement of the members of the European Council as of 30 January 2012, in the Joint Employment Report, and in the Synthesis Report for the Implementation of the European Semester<sup>16</sup>. Austria has already placed a strong emphasis on youth employment as stated in the already mentioned Euro Plus Pact, which is part of Annex II of the National Reform Programme 2011.

In the national context, top priority will be given to the labour market and employment policy for young people in the year 2012. In the year 2011, more than 600 million Euro were made available out of the Labour Market Service (AMS) funds, the insolvency remuneration fund, and the Federal Social Welfare Office (Bundessozialamt, BSB), for the promotion of apprenticeships, employment, and qualification of young people – the latter group thus being that target group that was the most intensively supported group within the Austrian labour market policy. Such funds will also be available on the same level in 2012.

The measure **Youth Coaching** (also see education and poverty target) will be established as from 2012, for the time being only in the federal provinces Vienna and Styria, to counsel, and individually support pupils at risk of exclusion in their 9<sup>th</sup> school year. The scheme will be gradually established in all federal provinces by the year 2014. The objectives of *youth coaching* mainly being:

- counselling pupils at risk of dropping out from school and supporting their finding continued education and training according to their strengths and needs
- assisting in their orientation with regard to education, training, and professional careers, also young people with special pedagogical requirements (who until 2011 were taken care of by the measure *Clearing*),
- identifying and compensating psycho-social problems likely to impede any educational career,
- arranging contacts with other helpdesks, counselling centres, or internships, respectively.

New directions in the highly successful dual occupational training scheme were set out to safeguard any individual successful training. The measure **Apprentice coaching** anchored in the occupational training law as amended in 2011 provides for counselling, accompanying, and supporting apprentices and enterprises to avoid, amongst others, any interruptions of apprenticeships. Here, information is to be made available, following such positive experience with the occupational training assistance, for apprentice, enterprise, and vocational school to liaise at regular intervals, and to promote quality assurance.

The measures already stated in the National Reform Programme 2011 „**Action Future Youth**“ and **Training Guarantee**<sup>17</sup> are to be continued. The implementation of the **Supra-company Apprenticeship** (Überbetriebliche Lehrausbildung, ÜBA) will also be pursued, in the school year 2011/2012, on a high level. These measures will see to it that such young

<sup>16</sup> Especially as referred to the „**Jugendgarantie**“ i.e. Guarantee for Juvenile Persons, which is to safeguard employment or further training within four months after leaving school “ (COM(2011) 933 final p. 11)

<sup>17</sup> See also survey of measures National Reform Programme 2011



people that cannot train in enterprises will have the opportunity to acquire occupational skills on a high level. An evaluation of the labour market effects of the supra-company apprentice training confirms that the ÜBA contributes sustainably to improve the labour market situation of such young people that complete their apprenticeship that way.

The following measures are to further develop the **Supporting Instruments for Apprentice Training in Companies**:

- promotion of company-based apprenticeships adequate to the training requirements of such companies (on-going process)
- uniform standards of final apprenticeships examinations by a „clearing board“ (as from 2012) reviewing the test examples
- training literature relevant to practical working situations for trainers and instructors, complementary to the job profiles (as from 2012)

The following out-of-school measures to promote juvenile persons are continued:

- on the federal level: focus on occupational orientation
- job talks 2.0

The youth implacement foundation „**Just NEU**“, i.e. *just NEW*, as well as the twenty **production schools**<sup>18</sup> will also be continued in the year 2012.

In the sense of a future-oriented integration policy the National Action Plan for Integration provides for strengthening the labour market integration of **young people with a migration background**. Young migrants, especially youth less inclined to education are to be increasingly included in qualification measures for professions that the labour market has a high demand for. The programmes that have been developed with a view to support young migrants entering the labour market such as the promotion of supra-occupational apprenticeships or lower-threshold opportunities in that field as are the „production schools“ play an important role. The young people with a migration background are to benefit over and above also from the measures of the *youth and apprentice coaching scheme* set to help prevent them from dropping out.

## Pensions

In connection with the necessity to safeguard the long-term financial viability of the public pension system, a series of measures is set to raise the effective retirement age.

- Pursuing the reform of the invalidity pension law: further expansion of health and occupational rehabilitation;
- Gradual increase of the present benchmark for the qualifying to invalidity pension (protection legislation governing the entitlement to invalidity pension) from age 57 to 60.

## Women

**IV.1.18** The employment rate of women aged 20 to 64 reached 69.6 per cent in the year 2010 thus lying well above the EU average of 62.1 per cent. At the same time, the ratio of part-time work was, at 43.8 per cent, also more than the average figure.<sup>19</sup> It is the objective of the labour market policy to raise the **employment rate of women** by targeted measures and opportunities, and support women, especially after child-care phases, to return to the labour market. In general, women, enjoy a more than proportional support as against their share in the number of individuals registered unemployed, as they are allotted 50 per cent of the

<sup>18</sup> See also survey measures National Reform Programme 2011

<sup>19</sup> cf. Eurostat

active promotion budget. In 2011, approximately 193,600 women were supported by special programmes for women, the majority of whom (82 per cent) took part in qualification measures. All in all, nearly 454 million Euro were spent for that target group.

### New initiatives and planned measures

**IV.1.19** The **care fund** as instituted in 2011 (see also poverty target) supports the development of social services meeting the demand on behalf of older persons and persons

*Country-specific recommendation No.4: "Take measures ... including improvements in the availability of care services ..."*

in need of nursing care. Owing to the high intensity of jobs it entails a high employment effect of 29,000 jobs in the nursing-care sector, and unfolds, following that, strong economic and cyclical effects. The *care fund law* provides for the further development of care appropriate to people's needs by way of long-term nursing care services which are affordable

and as close to the people's needs as possible.

### Strategic orientation and implementation of existing measures

**IV.1.20** In 2011 additional means were expended for the **Programme „Women in Technology“**<sup>20</sup> were expended so as to increasingly qualify women in handicraft and technology, and, thereby, sustainably improve their income and labour market opportunities. The FiT programme was prolonged until 2014. Currently, women's occupational centres<sup>21</sup>, which provide for the programme „career counselling centres for women“, are piloted in three federal provinces. Any decision to institute such centres in all of Austria will be made after the evaluation of the project in the year 2012.

**IV.1.21** The programme already instituted in all of Austria „**Return to Working Life with a Future**“ supports women after a child-care phase when returning to the labour market. For 2012, approximately 4,000 women will be able to make use of that programme after maternity leave.

**IV.1.22** The project „**Systematic Competence**“ provides for qualifications in certain professions and the completion of relative apprenticeships in a modular system for individuals unable to undergo continuous occupational training or who are frequently unemployed. The system is designed to formally complete any technical training on behalf of the labour market service. After a pilot phase in several federal provinces the project is to be instituted in all of Austria by 2012<sup>22</sup>.

*Country-specific recommendation No. 4: „ ... implement the National Action Plan on the equal treatment of women and men in the labour market, (...) and reduce the high gender pay gap ... “*

**IV.1.23** The reduction of the **segmentation on the labour market** as well as the wage gap between women and men, the creation of the prerequisites for the reconciliation of working life and private care duties, and the abolition of the “glass ceiling“, which excludes women from leading positions, are

<sup>20</sup> See also survey measures National Reform Programme 2011

<sup>21</sup> See also survey measures National Reform Programme 2011

<sup>22</sup> The Upper Austrian project „Du kannst was!“ i.e You can!, with a similar target, helps individuals without (Austrian) occupational training yet having collected skills in their course of their working life, gain a formal acknowledged certification in one of nine apprenticeships.

closely interlinked, and are, therefore, strategically important projects. Here, a special focus is on qualitatively high-grade jobs providing for a living, which is a central aspect to avoid poverty.

**IV.1.24** That strategy and its measures are laid down in the **National Action Plan for the Equality of Women and Men in the Labour Market**. The implementation of the measures were further pursued, 45 per cent of the measures have already been implemented. The first analysis with regard to the implementation of these measures were published in 2011, the next report is planned for 2013.

**IV.1.25** In 2011, the federal government committed itself to establish a **women's quota in supervisory boards** in state-affiliated businesses (enterprises in which the federal government holds 50 per cent or more). By 2018, 35 per cent of the members of any supervisory board returned by the federal government are to be women, the target being to attain these ratios in all such instances. Currently, the annual survey to establish relevant data on the progress made is under way. The ratio of women employed in the public service desired was raised to by 50 per cent as of 1 January 2012. At present, guidelines providing for the promotion of women in the industry are being drafted. Moreover, the programme focussing on women executives **Zukunft.Frauen**, i.e. Future.Women, and the **database for women supervisory board members**, designed make highly qualified women candidates more visible for functions in supervisory boards is continued.

**IV.1.26** So as to narrow the gender pay gap, the strategy is to make income brackets transparent. The law has it that as from 2011 **companies must make their pay schemes transparent**, beginning with enterprises employing more than 1,000 employees. Since 1 January 2012, also companies employing as from 500 employees will be obliged to make public their payroll schemes, which will also hold for companies employing up to 150 employees until 2014. A guideline, elaborated together with the social partners, goes to show how income reports should be drafted, and, furthermore, workshops run by the Ministry for Women will support enterprises to properly make payroll figures accessible.

**IV.1.27** Job advertisements must quote the salaries to be expected (at least collective bargaining minimum standards and if applicable, any additional benefits and/or remunerations), with any non-compliance being sanctioned as from 1 January 2012. Since the sanctions have been made effective, 85 per cent of the job advertisements are in conformity with the law.<sup>23</sup> Since 3 October 2011, the online tool „**Gehaltsrechner**“, i.e. pay calculator, ([www.gehaltsrechner.at](http://www.gehaltsrechner.at)) has been made available to the public. The pay calculator works out the average salary or wages for a concrete profile (age, education and training, occupational experience, job, sector), thus supporting any orientation when entering any professional life, and salaries and wage negotiations. The institutions advocating equal gender treatment and the senates of the equal treatment commissions can, as from 2011, request income data of comparable income brackets from the social insurance services if discriminations are suspected.

*Country-specific recommendation No. 4:  
„... improvements in the availability of all-  
day school places ...“*

**IV.1.28** So as to facilitate full-time employment for women, the prerequisites will have to be improved, on the one hand, by providing for more institutional **child-care centres and other such facilities**,<sup>24</sup> and on the other hand, by structural improvements of **old-age care or nursing services for older people**.

<sup>23</sup> Analysis of the Chamber of Labour, February 2012

<sup>24</sup> See also survey measures of the National Reform Programme 2011

**IV.1.29** To meet the demand on behalf of parents and their children in all regions, the federal government made earmarked subsidies of 10 million Euro in 2011, and for 2012 to 2014, of a total of 45 million Euro. The federal provinces, too, gave 55 million Euro for that purpose for the period from 2011 to 2014, which supports the development of the **institutional care facilities for children up to their school-starting age**, as well as the increase of the number of childminders, with the **focus on the creation of day-care centres for children under three years of age**. By end 2014, the number of available facilities is to approach the Barcelona target of the EU (33 per cent) also in that age group. The Barcelona target has already been reached for the 3- to 6-year olds at 93.4 per cent, and so, only centres meeting any remaining regional demand are to be subsidised.

**IV.1.30** An offensive measure has been set to significantly increase the number of **schools providing all-day care** by 2015, with all-day schools, qualified tutoring, afternoon care, lunch and leisure-time activities (see chapter Education).

### *People from migrant backgrounds*

**IV.1.31** The **situation of migrants on the labour market** is characterised by frequent changes between unemployment and employment. Therefore, the labour market policy is

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*Country-specific recommendation No. 4 : „Take measures to enhance participation in the labour market ....”*

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seeking, for the coming years, a highest-possible sustainable employment integration of the latter. So as to guarantee an optimum support oriented at the demand, migrants were included as a special target group for the goals set for the labour market service (AMS);

moreover, the migration background of individuals registered unemployed, or looking for work, will be identified as from the year 2012.

### New initiatives and measures planned

**IV.1.32** Austria has introduced a new criteria-defined immigration system („**Rot-Weiß-Rot-Karte**“, i.e. a special labour permit)<sup>25</sup>, as from 1 July 2011 for third-country workers. Highly qualified key personnel, staff for jobs where there is a shortage of labour, as well as foreign graduates from Austrian universities will be granted access, geared for the long term, to the labour market. Here, access criteria such as qualification, working experience, age, and language skills will be assessed according a point based scheme. The target of that new provision is to win, for Austria, qualified key personnel and skilled labour for jobs where there is a shortage on the labour market, taking into account the development of the labour market and the economy, so that the business location is safeguarded, and creating favourable conditions for the employment growth.

**IV.1.33** The Austrian federal government has made it an objective to facilitate and accelerate the **validation of qualifications acquired abroad**. In all federal provinces, contact points are to be established where interested individuals can get individually tailored information and further support. These new contact points will act in close cooperation with the labour market service, so that migrants can be integrated into the labour market as best as possible according to their qualification.<sup>26</sup>

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<sup>25</sup> See also survey measures of the National Reform Programme 2011

<sup>26</sup> Apart from being informed by a new brochure individuals having qualified abroad and learned any trade, can also visit the new website [www.berufsanerkennung.at](http://www.berufsanerkennung.at) to check on the respective authority competent for any validation of their qualifications.

## Strategic orientation and implementation of existing measures

**IV.1.34** Beside the entire range of promotional measures of the labour market service, special **promotional programmes** for migrants will be made available. To guarantee need-oriented support to be given to that group, interpreters' services will be paid for, first-information events in the migrants' mother tongues will be offered, and folders and booklets will be distributed. Since nearly a third of the migrants have a mandatory school-leaving qualification as their highest education attainment, the acquisition of basic qualification and German language classes to help improve any language skills will be promoted. For skilled labour, the German language classes are also to focus on technical terminology.

**IV.1.35** In the project „**Mentoring for Migrants**“<sup>27</sup> more than 500 mentoring pairs have been formed, approximately 40 per cent of the mentees were able to gain a foothold on the Austrian labour market. Currently, further activities are going on.

### **Reducing the tax burden and social security contributions on labour**

**IV.1.36** The Stability Pact 2012-2016 as adopted by national council provides for any increase of mass taxes and any additional tax burden for low and medium incomes to be

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*Country-specific recommendation No. 4: „....reduce, in a budgetary neutral way, the effective tax burden and social security burden on labour, especially for low and medium-income earners; ...”*

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avoided. Solidarity taxes so as to consolidate the budget are to be levied on higher income brackets, tax-free profit allowances of entrepreneurs will be curtailed.<sup>28</sup>

### **Quality of labour**

**IV.1.37** Quality of labour is the **key to more and better jobs**. Good jobs are defined via personal satisfaction of people, via performance-based reward, but also via a family-friendly working environment Safeguarding a continuous improvement of the working conditions (safety and protection of health at the workplace – prevention of accidents at the workplace, work-related illnesses and occupational diseases, as well as working hours and protection against being removed to another job, and greater awareness) is vital for the quality of work.

**IV.1.38** The **law combatting wage and social security dumping** (LSDB-G)<sup>29</sup> serves to safeguard equal working and wages conditions for all employees working in Austria. The LSDG-G provided for an authority to monitor the so-called basic wages in Austria for the first time. These innovations came into force as of 1 May 2011. Wages paid lower than the due basic wages (following legal provisions or collective bargaining agreements) will entail administrative penalties. For that level to be retained, the LSDB-G provides, apart from checks and administration sanctions, for further instruments to enforce that law. In its targets, the LSDG-B is also laid out to contribute to **combatting poverty**, since it safeguards employees actually getting their appropriate wages.

**IV.1.39** The **educational and training leave** entitles employees to take leave in the course of an ongoing employment relationship from at least two months to up to one year, for further education and training. The educational and training leave serves the acquisition of

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<sup>27</sup> See also survey measures of the National Reform Programme 2011

<sup>28</sup> Details see Austrian Stability Programme for the years 2011 to 2016

<sup>29</sup> See also survey measures of the National Reform Programme 2011

additional qualifications and skills, and is an important instrument to promote employability. A measure lately introduced for a limited period to facilitate the access to take such leave - viz. reducing the required time of any employment relationship to six months – was extended after evaluation for an unlimited duration at the beginning of the year

### ESF Programme employment

**IV.1.40** Also the **Austrian ESF Programme „employment“** correlates, to a high degree, with the Europe 2020 policies. However, Austria, with its strong economy, receives only a relatively small share out of the EU Structural Funds. That goes to say that – despite the high coherence of the Austrian Structure Funds Programme with the EU targets – only a minor part of the measures can be funded by EU means. The ESF supports measures for young people (with a disability), persons with a migration background and low-skilled, women returning to the labour market, deaf and blind persons, or high-grade visually handicapped women, respectively, women with childcare obligations, and older persons (with a disability)<sup>30</sup>.

## IV.2 Research and Development

**IV.2.1** The most important challenges in that field were presented in the Austrian National Reform Programme 2011. Beside supporting any innovation strength of the enterprises, and augmenting research activities, also in the Euro Plus Pact special emphasis was put on intensifying the agenda within the Europe 2020 Strategy.

### **Milestone projects and new initiatives**

- Task-Force research technology and innovation
- Raising the budget for contract research for the research grant from 100,000 to 1 million Euro
- Research competencies for businesses
- Intelligent products
- Institute for Science and Technology Austria (ISTA)
- Vienna Biocenter – Vision 2020
- Young Science – network and service
- Offensive means to strengthen research
- Innovation-oriented public procurement

**IV.2.2** The central measure for the period until 2020 is the **Strategy for Research, Technology and Innovation (RTI-Strategy)**<sup>31</sup>, as adopted by the federal government in March 2011. With it, Austria has made it an objective to develop into one of the most innovative countries of the EU by 2020, and to mobilise research, technology and innovation for the social and economic challenges (e.g. climate change, shortage of resources, demographic change). Moreover the FTI Strategy makes for Austria contribute to the implementation of the key initiative „Innovation Union“ and conforms, to a high degree, with the self-assessment instrument as provided by the above initiative.<sup>32</sup>

<sup>30</sup> For a detailed presentation of all measures financed by the EFS, and the target groups supported, we refer to the programme „Phasing Out Burgenland 2007-2013 – EFS“ ([www.phasing-out.at](http://www.phasing-out.at)) for the province Burgenland, and to the programme “Employment Austria 2007-2013“ ([www.esf.at](http://www.esf.at)) for all the other Austrian provinces.

<sup>31</sup> Realising potentials, increasing dynamics, creating the future. Becoming an Innovation Leader. Strategy for research, technology, and innovation of the Austrian Federal Government, March 2011 ([http://www.bmwf.gv.at/fileadmin/user\\_upload/Broschuere\\_zur\\_FTl-StCouncilgry\\_01.pdf](http://www.bmwf.gv.at/fileadmin/user_upload/Broschuere_zur_FTl-StCouncilgry_01.pdf))

<sup>32</sup> Current information in English on Austria in the European Research Area and the Innovation Union see [www.era.gv.at](http://www.era.gv.at)

**IV.2.3** So that the FTI Strategy can be implemented systematically the **Task Force FTI** was instituted in 2011 with the federal chancellery in the chair, together with the relevant federal ministries. Moreover, the council for research and technology development is – in cooperation with the resorts – to strategically monitor the fields of action and issues relative to the FTI Strategy.

**IV.2.4** The manifold measures of the FTI Strategy set off at the measures at the interface to the educational system, pursue an augmentation of the research structures (research theories and applied research) with a view to excellence, focus on certain topics, and push forward the innovation strength of any enterprises.

### Measures set by the Euro Plus Pact

Here, too, the Strategy for Research, Technology and Innovation (RTI) is the central element. For the period under review, the important steps were the setting up of the Task Force RTI, the enlargement of existing financial support of the FWF to indirect costs, the increase of the research allowance, and the increase of the cap for contract research.

In the current reform package (1st Stability Law 2012) the following measures with regard to the support for research funding through the research premium are planned:

1. Increase of the cap for contract research: the envelope, so far amounting to 100,000 Euro for the research expenditure for contract research, is to be raised to 1 million Euro. At a rate of 10 per cent this means an increase of the maximum rate of support from previously 10,000 Euro to 100,000 Euro instead. This new provision will be valid as from fiscal years starting with 1 January 2012.
2. Inclusion of the Forschungsförderungsgesellschaft mbH (FFG), i.e. limited company promoting research, when any annual premium is claimed: so that, with any allowance for in-house research claimed, procedures assessing the contents are improved as an expert opinion of the FFG is to be submitted that basically evaluates the compliance of the requirements for entitlement to any allowance. That expert opinion will serve as a basis for decisions made by the financial authorities when allowances are to be granted.
3. Enhanced legal certainty by research validation and official decision.
  - 3.1 Research validation: to make for enhanced legal certainty for the taxpayers with relation to research allowances to be claimed annually, the financial authorities may officially confirm, according to Art. 118a BAO, i.e. federal fiscal code, a certain research project to basically comply with the requirements entitling it to any allowance. Here, also an expert opinion drafted by the FFG must be presented proving the requirements of a research and experimental development to be complied with.
  - 3.2 Decision of the competent authority on the annual assessment base: any taxpayer can file for validation of an allowance's assessment base with the financial authorities. Here, also a relative validation on behalf of an auditor must be submitted. The financial authorities will issue their decisions – for any respective fiscal year – on the assessment base for the research allowance (according to Art. 108c para 8 EStG, i.e. income tax law). Research validations and official decisions can be filed for as from 1 January 2013.

Already with the budget law 2011, the research allowance was again raised from 8 per cent to 10 per cent.

So as to improve conditions for excellent research groups and to augment competition-oriented research at universities, the **Fonds zur Förderung der wissenschaftlichen Forschung (FWF)**, i.e. fund to promote scientific research, Austria's central institution to promote basic research, was amended to make financing possible, as from 2011 onwards, of 20 per cent of the overhead costs following any individual project promoted by the FWF, and all projects of the programme to *develop and open up the arts (PEEK)*.

## Enhancing the innovative strength of enterprises

**IV.2.5** The Innovation Union Scoreboard 2011 continues ranking Austria on an excellent place as regards its innovation development. However, to climb upwards to a former top rank, and even make up more ground shoulder to shoulder with the leading countries, the measures as already presented in the National Reform Programme 2011 will be considered a priority and expressly continued, and there will also be new initiatives. That goes to say that the focus will be on enhancing any innovation strength and thus the growth potential of enterprises.

### New initiatives and planned measures

**IV.2.6** With the new programme „*Forschungskompetenzen für die Wirtschaft*“, i.e. research competences for businesses, the enterprises are to be supported by targeted structural measures in their systematic development and when upgrading the qualifications of their respective research and innovation staff, the main focus being on small and medium-sized enterprises (SMEs). Furthermore, the programme is to support the cooperation between enterprises and tertiary research institutions, and lead to research priorities relevant to the respective enterprises even more strongly anchored. The three pillars of the programme are qualification seminars, qualification networking, and tertiary-level studies.

**IV.2.7** In June 2011 a new RTI initiative called, *Intelligente Produktion*, i.e. *intelligent production*, was started with the aim of enhancing the competitiveness and sustainability of the Austrian industry to further succeed on the international markets. The research competences required in the field of production research will be developed, and existing production structures will be augmented. Industry and research cooperate in joint application-oriented research projects. The programme is designed to be effective in the long term.

**IV.2.8** To promote innovation and make use of public funds efficiently – that is the objective of the *roadmap* of an *innovation-promoting public procurement (ÖiB)*, the conception of which was adopted in the Council of ministers in 2011. In the future, the public sector will, as the customer, increasingly ask for innovative products and services, and, by doing so, support the latter's development in Austria, and, at the same time, improve public services and infrastructures, as well as save on energy and administration costs in the long run. The proposed measures drafted so far range from compiling a procurement budget for the IÖB and consideration of the IÖB in strategy plans, the institution of a service point, the implementation of concrete (pilot) projects, a structured exchange of information between suppliers and consumers, purchasers and providers (enterprises, mainly SMEs), from a revision of the Austrian federal public procurement law, to regular awareness and stakeholder meetings. In the meantime, concrete implementation measures have already been set, or such were initiated, respectively; so, an invitation for a pilot tender for transport infrastructure research was started in October 2011 in Austria, using, for the first time, the instrument of the pre-commercial procurement (PCP), (budget volume of the PCP tender: 2 million Euro). The Burghauptmannschaft authorities, i.e. authorities in charge of the imperial palace in Vienna, will start, supported by the public sector, a PCP pilot project on the subject „innovative cooling/heating solutions in historical buildings“.

**IV.2.9** To get young people between 15 and 20 interested in research and development, and to stimulate their creativity, a youth competition was conceived that has, with constant changes and adaptations to the social and political needs and challenges, been successfully carried out in all of Austria. Thus, today there are special categories such as climate protection, and ICT beside the traditional categories such as business, design, engineering, and science, where, for instance, young people work out, in writing, innovative solutions for technical, social, or economic projects, to be assessed by an expert jury.



**IV.2.10** A contribution improving the access to information on institutions working in R&D, as well as facilitating contact to players in science and research is the planned „**Österreichische Forschungsstätten evidenz**“, i.e. *Austrian research centres documentation*, which will be publicly accessible on the homepage of Statistics Austria by the 2<sup>nd</sup> quarter of 2012 at the very latest. That „Austrian research centres documentation“ is a web version of the former Forschungsstättenkatalog, i.e. research centre catalogue, last published in print in 1994. It lists all institutions active in R&D which consented to be included in the publication in the course of the exhaustive surveys on R&D made every two years. The current data collection is based on the R&D survey made in the year 2009, and lists approximately 2,990 entries. It will be updated in 2013 with the data based on the 2011 R&D survey.

**IV.2.11** A further important signal highlighting successful knowledge and technology transfers of public research institutions into the economy is the award of the prize „Phönix 2012“, i.e. phoenix 2012, to outstanding **recycling and disposal spin-offs**. The prize goes to young recovery spin-offs, innovative entrepreneurs, and newcomers with particularly update and innovative products.

**IV.2.12** The energy systems and networks will have to satisfy ever higher requirements in the future, such as, among others, the integration of an increasing share of renewable energies from de-centralized sources yet more and more generated in irregular intervals, as well as the preparation for an increasing penetration of electro mobility.

**IV.2.13** The programme **Leuchttürme der Elektromobilität**, i.e. *lighthouses of electro mobility*, is central in Austria for the systemic development and implementation of e-mobility solutions in the tense interrelation of user-vehicle-infrastructure. In 2012, these issues focused more and more on a systemically integrated implementation tailored to the demand of an internationally inter-operative e-mobility supply, on the basis of first functional prototype solution elements in vehicles and infrastructures. Organisational innovations and technological solutions are to be tested as to their practical suitability in every-day operation within and without Austria, so as to contribute to enhancing the supply industry, and thus securing jobs and increasing their number pursuant to the Austrian industrial structure.

**IV.2.14** The development of bi-directional electricity grids is at the centre of the initiative **Smart Grids**. Compliant solutions are developed, tested and validated in demonstration projects. Moreover, relevant safety and resilience institutional and legal as well as economic aspects for the medium-term introduction of new systems solutions are analysed along appropriate research thereto. The respective research and demonstration projects are funded, amongst others, by the climate and energy fund. For 2012/2013, the first pilot and demonstration projects will have been implemented ready for presentation in Austrian model regions.

**IV.2.15** The **international cooperation of clusters** has successfully proved to be an important lever for the effect of clusters, especially when supporting any transnational cooperation of enterprises, especially SMEs. The programme „Cluster Internationalisation“, therefore, supports international grids of Austrian clusters.

**IV.2.16** Also, the question of how efficiently, transparently, and effectively, public funds are granted is decisive for the implementation of the Strategy for research, technology and innovation. Following that, great efforts were made in 2011 to simplify and standardise the allocation methods used to directly promote research. For that purpose, a **theme management** was introduced, which goes to say that that all adequate instruments are utilised for the implementation of certain subject priorities: beside the direct RTI promotion, also the significance of regulatory measures, public procurement, or fiscal measures were taken into account. Apart from these measures, promotion options were re-structured and harmonised by introducing quality management and **promotional portfolio management**.

So, and beyond the efficient use of means, numerous concrete improvements will result therefrom for any recipients. These reforms turned out to be *best practice* models in an atmosphere of interactive learning, also to be copied by other institutions. In concrete terms, also other resorts are already using that standardised instrument portfolio for their funding activities.

## Strategic orientation and implementation of existing measures

**IV.2.17** So as to **strengthen academic transfer and recovery structures** as laid down in the IP recommendation of the European Commission, a national contact point (NCP) for IP matters was instituted for the coordination of national knowledge transfer, and harmonisation with institutions of other member states.

**IV.2.18** So as to strengthen public research institutions measures to **standardise intellectual property protection** (especially the IIPAG Intellectual Property Agreement Guide of the Austrian universities to draft specimen agreements, design training measures, workshops) within the agenda of the national contact point (NCP, see above) are implemented.

**IV.2.19** So as to enlarge the research and innovation basis of enterprises, the programme **Innovationsscheck Plus**, i.e. *Innovation cheque plus*, was added to the already established innovation cheque programme in June 2011. The *Innovation cheque Plus* is a promotional programme for small and medium-sized enterprises in Austria that intend to further augment their research and innovation performance, and to profit from the know-how of research institutions. With the *Innovation Cheque Plus*, the enterprises can approach research institutions (non-university research institutions, technical colleges, and universities), and, depending on their requirements, pay, for their applicable services, with the 10,000 Euro cheque (promotion intensity 80 per cent), up to a maximum of 12,500 Euro after depositing a 20 per cent deductible.

**IV.2.20** One shortcoming of the Austrian innovation system, which is substantiated in all international comparisons, not last by the Innovation Union Scoreboard, is the lack of available venture capital, especially for enterprises in their early phases. In the year 2011, therefore, several **venture capital initiatives** (VC initiative, Cleantech-funds) of the public service were started, which, as fund-in-fund models, reinforce the incentives for private investors. Public means amounting to more than 20 million Euro, and private capital amounting to the same figure, will, in the next 2 to 3 years, be thus invested in young enterprises.

**IV.2.21** The **Seedfinancing Programme** will now be implemented as a horizontal programme (focus LISA – Life Science Austria – will, like other subjects of importance, be integrated, with the pre-seed and temporary management are offered jointly a enterprises by the Austrian Economy Service aws).

**IV.2.22** The **services initiative** (*Dienstleistungsinitiative* DL-I) serves to promote innovative service projects. The target of the services initiative is to increase, by the enhanced promotion of services innovations, the productivity, the added value, and the exports of service enterprises, as well as those enterprises in producing sectors that engage in production-accompanying services.

## Strengthening of research

**IV.2.23** In the framework of the Strategy for research, technology and innovation of the federal government the Austrian federal government pursues the objective to design the conditions for excellent research groups at universities and non-university research institutions in such a way as to make them fit for global competition. The federal government had adopted, already in the budget 2011 for the period of 2011-2014, additional offensive means (all in all 720 million Euro), which will mainly be allocated to the RTI support, topping the research allowance from 8 per cent to 10 per cent, and to the universities, thus strengthening them and additional R&D measures (especially SMEs).

### New initiatives and planned measures

**IV.2.24** So as to link schools and university and non-university research institutions, two initiatives were started. On the one hand, an information and service centre as a one-stop shop, viz. **Young Science**, was set up in the Austrian Exchange Service OeAD, the target being the enhancement of synergies between the relative initiatives by bundling the information input, and the development of the cooperation with the federal ministry of education, arts and culture in the fields of improved choice of study consultations, and the early promotion of young talents. In addition, a new quality seal will be given to schools that, as research partners, continuously work with scientific institutions in a structured way. On the other hand, within the project **Sparkling Science**, scientific projects are promoted that actively include pupils in the research process, and sustainably contribute to improve the interface between schools and universities.

### Strategic orientation and implementation of existing measures

**IV.2.25** The **Austrian Institute of Technology (AIT)** was comprehensively refurbished and reformed to make it the leading high-tech research centre of Austria. The partnership for the future of the industrial and the public sectors, agreed on in November 2011, stimulates private innovation potential, and joint research in the big issues of the present (Grand Challenges), such as the future of energy, mobility, or the city of the future.

**IV.2.26** For the institutional augmentation of research in Austria and the enhancement of excellence, the **Institute of Science and Technology Austria (IST Austria)** is being developed and upgraded. At present, 207 persons (full-time equivalents) work on the campus. So far, 8 of the grants (so-called ERC grants) allotted by the European Research Council could be acquired. The IST Austria was internationally evaluated in 2011, with the verdict naming the IST Austria a new institution on its way to world-wide acknowledgement of excellence. The institute has already succeeded to become a memorable place for interdisciplinary research activities at the interface of computer sciences, neurology, as well as molecular biology and cell biology.

**IV.2.27** With the development of the **Vision 2020 – Vienna Biocenter** as well as the development of the institute for molecular biotechnology of the academy of sciences (IMBA) at the same location, Austria sets trends for the enhancement and improvement of any research infrastructure, here most deeply including post-graduate education (VIPS) in the life sciences. At the same time, Austria thus addresses big social challenges, continuing the successful cluster policy in that area.

**IV.2.28** Jointly using the infrastructure within the **Campus Support Facility (CSF)**, large-scale research equipment and services at the location Campus Vienna Biocenter are purchased to be used jointly by all institutions, inclusive of the guarantee of qualified staff operating it on the highest scientific level. Infrastructure investments for four units have already been made, or infrastructure already in place has been integrated into the campus

support facility company. These units have been operating since mid-2011, or now since the beginning 2012, respectively.

**IV.2.29** At the same location, an Austrian **Competence Centre for Disease Modeling** is being developed within the **IMBA**. That competence centre will strengthen the already existing know-how of the institute, and broaden the functional genome research. The IMBA is a 100 per cent subsidiary of the Austrian academy of sciences (ÖAW), with 160 staff, the largest institute with the academy. Establishing the competence *Centre for Disease Modeling* will make for a staff number of 30 to 40 when complete.

**IV.2.30** Strategy ACR+ of the cooperative research institutions: the basic concept of ACR+ is the enhancement of the association of the ACR (Austrian cooperation research) by international measures which are to lead to more cooperation, utilisation of joint resources, and the improvement of the services available (especially R&D). By such measures, the SMEs, on the one hand, are to be given a competent partner for FTE projects by the improved services portfolio, and, on the other hand, the ACR institutes themselves gain from the synergies following enhanced cooperation, and by doing so pave the way for other means to become available for other FTI activities. Furthermore, also joint infrastructure investments are to improve the services and make for a more efficient use of the means available.

### *IV.3 Climate protection and energy*

**IV.3.1** In the context of the national climate protection and energy targets the measures are expressly implemented in the four areas (i) stress on renewable energies, (ii) reduction of the greenhouse gas emissions, (iii) increase of the energy efficiency, and (iv) efficient use of natural resources – resource efficiency.<sup>33</sup> Therewith, the transition towards a resource efficient, sustainable and resilient economy is to be accelerated, and a qualitative growth path is to be safeguarded.

#### ***Milestone projects and new initiatives***

- Ökostromgesetz (ÖSG) 2012, i.e. green electricity law 2012
- Funding offensive for thermal refurbishment: 100 million Euro annually. 2011 – 2016
- 2nd National Energy Efficiency Action Plan
- Climate protection law 2011
- Climate protection initiative klima:aktiv
- Climate and energy fund
- Resource Efficiency Action Plan (REAP)
- Stakeholder initiative „Wachstum im Wandel“, i.e. growth in transition

#### **Renewable energies**

**IV.3.2** According to the directive of the European Parliament and the Council as of 23 April 2009 with regard to the promotion of the recovery of energy from renewable sources (2009/EG), Austria is to increase its share of renewable energy in the gross final energy consumption to 34 per cent by 2020. Following the calculation method of the above directive the share in the base year 2005 was 24.84 per cent, and in the year 2010 already 30.8 per cent. In July 2011 the new **Ökostromgesetz (ÖSG) 2012**, i.e. eco-electricity law 2012, was proclaimed. Amongst others, it is intended to make new technologies for green electricity production ready for the market as it politically focuses on the promotion of technology. Most of the provisions will enter into force as of 1 July 2012. Following the revision of the ÖSG in 2009, and the regulations on green electricity of 2010, the green electricity rate was raised,

<sup>33</sup> cf. Europe 2020. Austrian Reform Programme 2011 (April 2011), pp. 20ff

which led to a significant development of the technologies in the areas of wind power and photovoltaic systems. In the new ÖSG 2012, 80 million Euro will be made available for wind power installations, and 28 million Euro for photovoltaic systems, each sum paid out as a single amount. Wind power installations that would have received any contracts in the year 2012, or 2013 on the waiting list, will be given a contract immediately at the rate of 9.7 cent/kWh, for contracts otherwise envisaged to be concluded in the year 2014 or later, 9.5 cent /kWh are provided. For photovoltaic installations the similar rates will apply, deductions will range from 2.5 per cent to 22.5 per cent – depending on the time of contracting, and the rates applied for. The provisions in the ÖSG 2012 regulating the reduction of the backlog of the projects came into force already on 30 July 2011.

Irrespective of the measures set to reduce the existing waiting list by the already mentioned one-time budgets, the quotas of the annual support volumes will be increased. The annual amount granted to support green electricity plants to be newly contracted that is reduced, within the first 10 years, by 1 million Euro annually, amounts to 50 million Euro in the year 2013, broken down into:

- ▽ 8 million Euro for photovoltaic systems
- ▽ 10 million Euro for solid and liquid biomass as well as biogas (3 million Euro of which for solid biomass with a bottleneck capacity of up to 500 kW)
- ▽ at least 11.5 million Euro for wind power installations
- ▽ at least 1.5 million Euro for small hydropower stations
- ▽ 19 million Euro for the remaining pool (wind, hydropower, photovoltaic grid parity)

By the new breakdown into sub-categories, individual technologies are to be prevented to develop more strongly than others - as was the case in the past. As long as the above mentioned quotas are not exhausted, contracting applications will continue to be subject to mandatory contracting according to the ÖSG 2012. The rates, to be determined specifically for each calendar year, can be set by regulations valid for one, or more years – in the latter case a degression is to be provided for with any costs trends in mind. Up to the entry into force of a new regulation, the rates valid for the respective preceding year will apply, with a deduction of 8 per cent for photovoltaic, 1 per cent for wind power, and 1 per cent for any other green electricity technologies.

**IV.3.3** The EU Directive on renewable energy sources<sup>34</sup> aims, amongst others, at the share of renewable energy in the transport sector (mainly bio fuels, and electricity from renewable sources for rail and road transport) to be raised, by 2020, to 10 per cent. Blending bio fuels entails, at present, tax relief for mineral oil. To reinforce the intended use of using pure bio fuels, any conversion of vehicle fleets to a high share of bio fuels at more than 40 per cent bio diesel, and biogas, as well as superethanol E85, and vegetable oil, will be supported by the klima:aktiv mobil promotional programme. The substitution of fossil fuels by biogenetic fuels reached an energy-related share of 6.6 per cent in the year 2010. The attributable share of renewable energy sources for electricity used in the transport sector (railway, tram, etc.) was 65.3 per cent in 2010.

## Reducing the greenhouse gas emissions

**IV.3.4** Austria is, according to Decision 406/2009/EC of the European Parliament and the Council („Effort Sharing“ decision) committed to reduce its greenhouse gas emissions in sectors that are not subject to emission trading by at least 16 per cent based on the 2005 emissions by 2020. The largest greenhouse gas emitters in sectors outside emission trading in Austria are the sectors transport, industry, and manufacturing, energy, agriculture, as well as room heating and hot water in buildings. In November 2011, the parliament adopted a law on the protection of the climate (KSG, federal gazette I No. 106/2011), thus implementing a

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<sup>34</sup> cf. Directive of the European Parliament and the Council as of 23 April 2009 to promote the utilisation of energy from renewable sources (Directive 2009/28/EG)

key element of the government programme in the area of environmental policy. The law on the protection of the climate provides for the national implementation of targets specified in the international law as well as the Community law, as well as the assignment of responsibilities for the target compliance to sectors and local authorities. So that action plans can be tailored, and the long-term climate policy can be designed, the high-level national climate committee was established, consisting of representatives from the relevant ministries, the federal provinces and the social partners. Responsibilities for the implementation of the targets for the period from 2013 to 2020 will be binding as they will be assigned following a separate agreement between the federal government and the federal provinces on the basis of Art. 7 KSG (*Klimaschutzverantwortlichkeitsmechanismus*; i.e. system responsible for climate protection). The climate protection initiative **Klimaschutzinitiative klima:aktiv** is to supplement the former by counselling, raising awareness, training facilities, and quality assurance in the four priority areas energy efficiency, construction and renovation, renewable energies, and mobility (klima:aktiv mobil).

**IV.3.5** In addition to the already existing measures such as the development of the infrastructure, making public transport more attractive, and klima:aktiv mobil, with the priorities conversion of the vehicle fleet to alternative engines and electro mobility, climate-friendly mobility management, as well as the promotion of bicycle traffic and fuel saving initiative, building concepts will pursue thermal-energetic renovations of residential buildings, as well as promote the construction of low-energy and passive houses with technical energy standards observed as agreed on between the federal government and the federal provinces according to 15a- B-VG, i.e. federal construction law. Moreover, any successful CO<sub>2</sub> reduction will be monitored on a yearly basis.

**IV.3.6** Within the framework of the promotional programme „**Modellregion Elektromobilität**“ i.e. *model region electro mobility*, the number of model regions was increased from 5 to 8. Beside the federal provinces Vorarlberg, Salzburg, Vienna, the cities Graz, and Eisenstadt, also entities like Lower Austria-Vienna South, E-Logistics Greater Vienna, and the city of Klagenfurt have joined. The emphasis in the year 2012 is on the consolidation of existing model regions.

### Increasing energy efficiency

**IV.3.7** An important instrument for growth and competitiveness is the increase of the energy efficiency, which is, moreover, an important measure to combat energy poverty, since energy costs can be sustainably lowered thereby. As already laid down in the Reform Programme 2011, energy efficiency and saving measures, especially in buildings, transport, and households, in compliance with the decision of the national council 182/E as of 7 July 2011 [and implementing the proposed measures for an energy strategy are to be implemented in the coming years. In manufacturing, **energy management programmes** are reinforced, and the use of energy efficient technologies and processes will be promoted. A further important step is raising the awareness of energy efficient behaviour. For that purpose, energy audits and energy counselling for households, municipalities, and companies will be supported and relevant information campaigns will be held. Public research programmes are to support the implementation of the National Energy Efficiency Action Plan (including the further development of the monitoring system). An important contribution will be made by the energy efficiency package<sup>35</sup> which is being drafted at present. Summing up, energy savings amounting to 21.7 PJ per year until 2011<sup>36</sup> can be extrapolated from the measures so far implemented. In the year 2010, the final energy consumption with relation to the economic performance is by 4 per cent lower than in 1995.

<sup>35</sup> See also especially the „Zweiter Nationaler Energieeffizienzaktionsplan der Republik Österreich 2011“ (NEEAP), i.e. Second National Energy Efficiency Action Plan of the Republic of Austria

<sup>36</sup> cf. 2. NEEAP

**IV.3.8** In the framework of the funding offensive **thermal rehabilitation** 100 million Euro for the period from 2011 to 2016 per year are provided for by the public sector for any thermal rehabilitation of private homes, and buildings used for commercial purposes – which is supplementary to the measures set by the housing promotion measures of the federal provinces (see IV.3.6). For 2012, 100 million Euro will be available as an additional federal promotional measure, 70 million Euro of which are intended for private housing, and 30 million Euro for buildings used commercially. The promotional action 2011 stimulated by promoting renovation works in private homes and commercially used buildings, investments of approximately 860 million Euro. More than 12,000 jobs were partly safeguarded, and partly newly created therewith. Also a considerable environmental effect was a consequence of the projects approved in 2011 – savings amounted to a total of 4.4 million tons of CO<sub>2</sub> (with the useful life of the investments estimated at 30 years). Three quarters thereof go to private households, one quarter to commercially used buildings. These targets are strived for again with the promotions action. The promotion of thermal rehabilitation contributes both to compliance with the greenhouse gases targets and the increase of the energy efficiency, and creates an added value for growth and employment. Furthermore, the promotion of thermal rehabilitation may contribute to sustainably combatting the problem of rising energy costs for households.

**IV.3.9** In the framework of **Promotion of the Environment in Austria (UFI)**, measures relative to energy efficiency and the use of regenerative energy sources (except electricity) in the commercial sector (energy supply, production process, building efficiency, and mobility) are set. For promotional funds within the UFI approximately 90 million Euro annually are available in the years from 2011 to 2014; on the basis of the CO<sub>2</sub> saving effects so far, yearly CO<sub>2</sub> saving effects will amount to more than 380,000 tons, over the useful life 7.8 million tons. In addition, the annual financial means for thermal rehabilitation measures in homes and commercially used buildings have effected 143,000 tons CO<sub>2</sub> per year (= 4.3 million tons over the useful life). Moreover, these measures stimulate considerable economic effects (especially employment, added value, budget revenues).

**IV.3.10** R&D in the field of sustainable energy technologies and climate research is promoted via the **Climate and Energy Fund (Klima- and Energiefonds (KLIEN))**, the emphasis being, beside energy technologies and climate research, on the utilisation of energy saving potentials in companies as well as on a regional level. In the period from 2007 to 2011, the climate and energy fund all in all placed orders amounting to nearly 600 million Euro for funding and research projects (thereof approximately 150 million Euro in the year 2011). So as to implement a sustainable energy utilisation right up to the long-term target of energy self-sufficiency the **Climate and Energy Model Regions** play an important role. At present, there are 85 climate and energy model regions, with 884 of the 2,357 Austrian municipalities with a population of approximately 2 million.

**IV.3.11** In the framework of the newly initiated programme **Fit for SET-smart energy demo**, the building up of suitable consortia and the creation of Smart Cities-Demonstration projects are promoted, the targets being the CO<sub>2</sub> neutral city, which is developed by the use and intelligent interlinking of new energy and transport technologies. At the same time, Austrian research institutions, companies and communities are to network internationally, and, thus, become „fit“ for European tenders for the Smart Cities Initiative of the SET Plan.

**IV.3.12** The revision of the **Normverbrauchsabgabe (NoVA)**, i.e. the standard fuel consumption tax, was a further step towards ecologisation. For new low-fuel consumption cars (CO<sub>2</sub> emissions lower than 120g/km), and alternative car engines a tax bonus can be claimed. At the same time, the malus assessment ceiling will be tightened, as from 2013, to 150g/km, 170g/km, and 210g/km, respectively. In 2011, the tax rates for petrol and diesel were raised, an air travel levy was introduced, and the energy tax reimbursement was limited to the manufacturing sector.

## Efficient use of natural resources – efficiency of resources

**IV.3.13** Implementing the priority of the Europe 2020 Strategy „A resource efficient Europe”, the national „**Ressourceneffizienz Aktionsplan**” (**REAP**), i.e. *resource efficiency action plan* was published. The long-term target of the action plan is to de-couple the Austrian economic development from the consumption of resources and the concomitant effects on the environment. The REAP specifies, in the medium and long terms, national targets defining the increase of the efficiency when using natural resources, identifying four vital areas of activity (resource efficient production, public procurement, circle economy, and raising awareness), and proposes instruments and first measures for the period from 2012 to 2013, for a concrete enhancement of the resource efficiency in Austria. The Austrian Mineral Resources Plan supports the enhanced recycling of existing substances and waste, the development of methods designed to reduce the use of materials, and the optimum consideration of mineral raw materials in the land use management.

**IV.3.14** With the revision of the **Österreichischer Nachhaltigkeitsstrategie**, i.e. *the Austrian sustainability strategy*, of the federal government (to be adopted in June 2012) the strategic frame for sustainable management will be created, which requests a qualitative growth path, and, addresses, beside politics, administration, and economy, all social groups. In addition thereto, the **Stakeholder Initiative „Wachstum im Wandel”**, i.e. *growth in transition*, which is also supported by more than twenty institutions (ministries, provincial governments, stakeholders, NGOs), wants to stimulate a broad discussion on the issue of an economic and financial system, fit for the future, and the evaluation of the future prosperity and quality of life. In workshops and conferences solutions are developed together ([www.wachstumimwandel.at](http://www.wachstumimwandel.at)). An important priority in the measures is the **social responsibility of enterprises (Corporate Social Responsibility)**, as well as the practical enforcement of **sustainable management**.

**IV.3.15** In close cooperation with the economy, R&D, as a priority, is supported with a view to resource-efficient and low carbon-economy via the **master plan green jobs**, as is the training of „energy managers“. At present, there are approximately 210,000 *green jobs* in connection with the protection of the environment and renewable energy in Austria. These jobs represent 11.8 per cent of the GDP. This goes to say that both turnover and employment in the environmental sector have risen more than proportionally than the economy as a whole, and thus have contributed positively to the employment development in Austria. The **Aktionsplan Nachhaltige Beschaffung (naBe)**, i.e. action plan for sustainable procurement, defines ecological minimum requirements for sustainable public procurement (BVerG), and the **Masterplan Umwelttechnologie (MUT)**, i.e. master plan environmental technology, pursues the goal of the reinforcement of environmental technologies. Via the **Initiative Green Events Austria** environmental and sustainability aspects are anchored strongly in the design of organisation processes of major projects (e.g. world skiing championship the Styrian town Schladming 2013). By measures in the field of achieving greater awareness (e.g. competition), both enterprises and individuals are being motivated to stage events as „green events“, and so achieve a broad impact and also save CO<sub>2</sub> and natural resources.

## IV.4 Education

**IV.4.1** The Austrian Reform Programme 2011 named, as the most important challenges in that field, the increase of the participation in education, the increase of the number of graduates from studies of the natural sciences and technology, the improvement of educational levels, as well as the reduction of the dropout rate, the improvement of the attractiveness and permeability of occupational training.



**IV.4.2** Within the framework of the recommendation on behalf of the countries/provinces, Austria is requested to take steps to improve results in the field of education, and to prevent students from dropping out.

#### ***Milestone projects and new initiatives***

- University structural funds 450 million Euro from 2013 to 2015
- Raising the global contribution to the universities 300 million Euro from 2013 to 2015
- Improvement of the teaching and overall study situation by rolling forward the offensive means: 240 million Euro from 2013 to 2015 (e.g. MINT/crowd offensive at universities, development of technical colleges, FWF overheads)
- Combatting the problem of students dropping out (prevention being the priority)
- Development of all-day schools: 80 million Euro annually up to 2014 (part of the Euro Plus Pact)
- New secondary school (as the school of the future an additional investment in the teaching quality, in individualisation, and team teaching)
- Teacher training NEW (enhanced quality of teacher training)
- National Strategy for life-long learning (implementation of the measure anchored in the „Europe 2020 Strategy“ in the educational sector)
- The new school-leaving and diploma examination (ensuring national and international comparability of certificates and diplomas)
- Taking school-leaving examinations at a later stage (less well-educated individuals returning into the educational system: 54.6 million Euro up to 2014)
- Occupational orientation and counselling (binding catalogue of measures in the 7<sup>th</sup> and 8<sup>th</sup> school years)
- Quality initiative occupational training (QIBB): development and permanent introduction of a comprehensive quality management system in vocational schools)
- Apprenticeship plus school-leaving diploma (raising the educational level of apprentices, and improvement of labour market opportunities for that target group)
- Mandatory kindergarten year for all five-year olds free of charge

**IV.4.3** In the Stability Package 2012-2016, the Austrian federal government has carefully seen to it that the leeway for future investments be maintained so that the obligations of the Euro Plus Pact can be fulfilled.

### **Measures in the framework of the Euro Plus Pact**

#### **Austrian university plan**

The superior target of the higher education area plan is a better coordination and harmonisation of the Austrian universities, and, thereby, their further successful development ensuring top quality both in teaching and research, and increasing the international visibility.

Subprojects of the university plan:

1. Building scheme: the target is a clear ranking, as agreed on site with the universities, of future construction and renovation projects that will be pursued according to an agreed time schedule.
  2. Research infrastructure/international: the research infrastructure plan defines the locations where, in the future, major research centres for fundamental research are to be built, the objective being the achievement of any international competitiveness by national coordination, and a stronger profile by prioritisation.
- Coordination measures: the objectives are development and organisation of an institutionalised coordination panel („university conference“), and corresponding mechanisms involving relevant stakeholders
  - development of coordination measures, especially for teaching and research

- creation of new instruments, and new communication cultures regulating the university area, respectively
- 3. capacity-oriented university financing (financing enrolment): financing the universities is to be built on the three pillars teaching, research, and development, respectively, as well as opening up the arts, as well as infrastructure. „Enrolment financing“ aims at making available a sufficient number of places securing adequate conditions and capacity transparency. The capacity-oriented university funding is to be gradually introduced in the next academic-standards agreement period (2013-2015).

### **Raising the number of places in technical colleges**

The qualitative further development of the technical colleges is, amongst others, part of the so-called technical colleges plan that lays down the priorities of that sector for the respective three following years (from 2010/11 to 2012/2013). Here, the priorities are, amongst others, technology/natural sciences, development of studies whilst in employment, development of applied research, as well as internationalisation. Furthermore, the quality criteria for the technical colleges were extended by the implementation of the law regulating the quality assurance for the universities (HS-QSG), and the revision of the law regulating the technical colleges (FHSTG), which is linked to the former. The offensive means are to be continued and will additionally create, once the project has been completed, approximately 5,000 college places in the academic year 2016-2017.

### **Improvement of the research-based teaching and overall studying situation**

So as to enhance teaching, and following that, enhance the quality of university education, and at the same time, raise the efficiency, additional offensive means were made available for the universities. Beside the development of the technical colleges, the priorities are

- the improvement of the situation at universities in the so-called “popular subjects”, and the augmentation of the important MINT subjects (mathematics, informatics, natural sciences, and technology).
- the restructuring of the cooperation of universities with non-university institutions, and
- the restart of the „overhead financing“ for the universities within the framework of the research financing by the FWF.

### **Development of schools offering a full-day service**

In 2006, 62,700 places were available, the number rising to 105,000 places in the school year 2011/12. Day-care by schools is offered in at least one school per district. All in all, already 25 per cent of the schools in the primary and secondary sector I provided for day care. In the year 2012/13, that number is to be doubled, vis-à-vis the year 2006, to approximately 120,000 places.

By 2015, 80 million Euro will be invested annually for the educational offensive, the target being the creation of day-care schools where demanded. For that purpose, the 105,000 places for day care at schools existing at present will be increased, and, including the after-school care facilities, all in all 210,000 places, which is double the number, will be available by 2015.

The parliament adopted the package to develop the day-care schools:

- beside options across classes, grades, and schools there will be interdisciplinary day-care options.
- as from 12 pupils registered – if no interdisciplinary day-care option is available – day care on behalf of a school is mandatory.
- leisure-time educationalists can train (2 semesters, while in employment) at the pedagogical universities, graduating as “academic leisure-time educationalists”.

15a agreements were entered into with the federal provinces, providing for the allocation of the offensive means designed for incentive funding, and partly for the development of the infrastructure. Here, also uniform quality criteria have been anchored, the target being especially also an enhanced cooperation with sports and cultural associations as well as music schools.

## Increasing the number of individuals participating in education, preparation for university studies, and increase of mobility in the tertiary sector

**IV.4.4** The following measures contribute to the increase of the share of university graduates, and a conscious choice of any study programme, respectively, and are designed to be effective for several years. The results can be evaluated only at a later date.

### Strategic orientation and implementation of existing measures

**IV.4.5** For university education it is vital to promote the quality of the counselling process for the choice of any study programme, making for a conscious choice, and also a better distribution of the student flows. The existing counselling service is to be augmented in the future. The project **Studienchecker**, i.e. check your studies, takes place in approximately 190 schools (secondary schools and vocational colleges) in the school year 2011/2012, and will also spread to all federal provinces as from that school year. For the following years, the project will gradually cover all schools in 2014/15. Information relative to university studies is considerably improved by a relaunch of the website [www.studienwahl.at](http://www.studienwahl.at), the revised version being online since 1 December.

**IV.4.6** To enhance effectiveness, the projects preparing for university studies will be improved, and, in the framework of **Studienberatung NEU**, i.e. counselling for university studies NEW, the concepts thereof will be mandatory. For the time being, measures already started such as the *Studienchecker*, and the counselling for studies programme for military servants were deepened, the cooperation with the Austrian students' union developed, and online counselling probed. Only following these measures – not earlier than in 2015 – counselling for university studies are expected to be mandatory. These measures are being evaluated at the moment. In the long term, effectiveness (especially of the programme *Studienchecker*) can only be evaluated on the basis of a long-term study that has just been started.

**IV.4.7** So as to achieve a coordination of the entire university area also for the purpose of enhancing the efficiency of the system, the cornerstones of the rolling **Hochschulplan**, i.e. *university plan*, were drafted in the autumn of 2011. The individual partial objects (construction development plan, research infrastructure/international matters, coordination measures, and „capacity-oriented university financing/enrolment financing) are developed further and continuously implemented.

**IV.4.8** In Austria, a qualitative and quantitative **further development and consolidation of the technical colleges sector** is being conducted. Additional funds will create new places for enrolment at the technical colleges.

**IV.4.9** So as to increase the mobility in the tertiary sector, various measures are continued, among them **Erasmus back to school**. Only in the last academic year, more than 80 Erasmus students returned to their former schools, to communicate their Erasmus experience there. More than 3,500 pupils up from their ninth year at school received valuable information and practical tips this way. In October 2011, that successful project was continued.

**IV.4.10** For Austria, the promotion of the international mobility of students is of particular importance within the mobility programmes.

Using the European international and national programmes such as, for instance, ERASMUS and CEEPUS, a targeted increase of the mobility of students and graduates was achieved. Beside the **Austrian database for scholarships and research promotion**, [www.grants.at](http://www.grants.at),

the Europe-wide EURAXESS initiative **EURAXESS – Researchers in Motion** is a fixed part of the information activity for researchers in motion.

## Number of graduates from natural sciences and technical studies

### Strategic orientation and implementation of existing measures

**IV.4.11** The **information offensive for the MINT subjects** is to inform students and beginners more intensively on the diversity of studies possible in the subjects mathematics, informatics, natural sciences, and technology at universities and technical colleges, as well as to dismantle barriers and fears of contact, and to explain any job opportunities. With **additional means for MINT** and the so-called **popular subjects**, the teaching quality is to be improved, and MINT projects are to be financed and implemented. In the years from 2011 to 2012, additional means will amount to a total of 40 million Euro.

**IV.4.12** Extension of programmes to promote the next generation of highly qualified young researchers. To achieve a sufficient number of graduates of mathematics, natural sciences, and technical studies, schools are expressly encouraged to network, with universities and non-university institutions, as well as the industrial sector. For that end, the **platform „Young Science“** was presented in November 2011, which is to strengthen the cooperation between school and university. The initiative Young Science encompasses, amongst others, the children's universities, the project rio+20, as well as the **programme Sparkling Science**. The latter was further developed following its high efficacy in the course of the year 2011, and will be continued in the coming years. Additionally, a quality seal will be granted, in the year 2012, to those schools that cooperate intensively with research and university institutions.

**IV.4.13 IMST – „Innovationen Machen Schulen Top“, i.e. innovation make for top quality in schools**, is a flexible supporting system to strengthen, establish, and structurally anchor any innovation culture in the subjects mathematics, informatics, natural sciences, German and technology (MINDT) at Austrian schools. IMST significantly triggered, in the last years, the development in the further structural upgrading process of the educational system, also with regard to the development of teaching contents and of schools.

**IV.4.14** The central issue is, first and foremost, the provision of interfaces between the educational and the innovation systems, so that children and juvenile persons may gain the decisive competences enabling them to actively participate in a society more and more oriented to innovation. Within the framework of the **Initiative Talente Praktika, i.e. initiative talents internships**, research internships for pupils are promoted. In the year 2011 only, 1,387 qualitatively upgrade FTI internships were promoted, a third thereof (31.6 per cent) claimed by girls. Here, 1,000 Euro per internship are granted, and the respective enterprise remunerates the trainees with at least 700 Euro gross.

## Improvement of the educational level and reduction of the dropout ratio

*Country-specific recommendation No. 4 : „...take steps to improve educational outcomes and prevent school drop-out.“*

**IV.4.15** The data with regard to the problem of dropouts reveal the following: 8.3 per cent of the 18- to 24-year olds did not, in 2010, according to the calculations relative to the EU benchmark of early school leaving, have any secondary school-leaving certificate II, or had completed an apprenticeship, and did not attend any further classes at the time of the survey. Austria has already reached the core objective (9.5 per cent) for the drop-out ratio, yet important measures will be set further on in that vital issue.

**IV.4.16 Counselling and professional orientation:** A working group launched by the Federal Ministry for Education, Arts and Culture, consisting of representatives of other ministries and the social partners, has adopted and implemented a comprehensive package of measures for the 7<sup>th</sup> and 8<sup>th</sup> years at school: letter from the minister „counselling and orientation, the key to a successful decision for further careers in education and occupation“ sent to all 1,700 principals of lower secondary academic schools and lower secondary schools, and special needs schools. Circular letters from the Ministry for Education, Arts and Culture (BMUKK), „catalogue of binding measures for the 7<sup>th</sup>. and 8<sup>th</sup> year at school with regard to information, counselling, orientation“ (steps taken by the schools within the regular teaching hours and the mandatory teaching unit „occupational orientation“, binding real-life contacts days in enterprises, company visits, excursions), visit to an occupational information point, responsibility of the heads of schools – site-specific concept, readers for any implementation (information, educational material, and methodological background knowledge) in the form of a web portal.

**IV.4.17 Oberstufe NEU, i.e. upper secondary level NEW: individualisation and targeted support:** For several years educational pilot schemes have been installed at secondary academic schools and vocational colleges, the target being an efficient reorganisation of school careers. Since this school year, approximately 40 schools have been involved all over Austria. On the basis of experiences made, a working group of the Ministry for Education, Arts and culture (BMUKK) conceived a model called *upper secondary level NEW*, which establishes competence modules per semester. At the centre thereof, an early warning system has been enlarged, individual tutoring, and individual training options are provided for. The learning/teaching matter is specified per semester, leading to an intensified learning and working environment, giving a good insight into any deficits on behalf of the pupils. An enlarged early warning system featuring concrete performance agreements was implemented. that is to say performance is to be rendered step by step and continuously, and preparation for university studies is improved It also concerns promoting independence and personal responsibility, also any response to personal interests, gifts and talents.

#### Strategic orientation and implementation of existing measures

**IV.4.18** According to the international recommendations (OECD, EU), any postponement of decisions to be made in educational careers, as well as individual learning are central in preventing pupils from dropping out too early.

**IV.4.19** The development of the *Neue Mittelschule, i.e. new secondary school*, to be the standard school is a central reform project. The structural changes are accompanied by a quality offensive, the target of which is a modern school for excellence entailing a new learning culture. A relative amendment is presently being discussed in parliament. For the first time in 50 years, this new secondary school, as a new school type, will be a standard school type in Austria. The *new secondary school* will empower pupils according to their interests, inclinations, gifts, and capabilities, to go on up to further higher educational institutions, and prepare them for their occupational or professional lives. Approximately 230 million Euro per year will be invested in that reform once fully established, amongst others in the individual support by team teaching in the mandatory subjects German, mathematics, and modern foreign languages. For individual support, six additional teaching units will be made available per week, which makes for approximately 4,000 new jobs for teachers.

The issues at stake in the reform project, such as, for instance, a curriculum, in its approach corresponding to the curriculum of the secondary academic school, clear corridors when changing into a higher school, and, over and above, a new teaching and learning culture focussing on the individual, as well as targeted support for weaknesses and also strengths, are implemented. Also, every school will be autonomous in its priorities. Learning designers will be available to help as curricula are adjusted. The teachers will no longer be transmitting knowledge but accompanying the learning process. Also, further lower levels of secondary

academic schools (AHS) are invited to participate in developing this future-oriented model, which – according to the state of the art – paves the way for further educational careers of 14-year olds in a targeted way.

**IV.4.20** The ***Bund-Länder-Initiative Erwachsenenbildung***, i.e. initiative of the federal government and federal provinces in adult education, provides for educational qualifications to be obtained free of charge at a later date. The law regulating the course scheme in the upper secondary levels restricts the possibility of repeating a class. Also, in the modular upper levels, individual support as well as the early warning system is to help prevent pupils or students from dropping out.

**IV.4.21** In the field of ***vocational training*** numerous activities are to help weaker pupils, by targeted supporting measures in the first year of a vocational school or vocational college. Increasingly, the teachers will be made aware of the drop-out and early-school-leaving issue, additionally there will be new information material giving respective research results so as to enhance the professional performance of teachers.

**IV.4.22** For **pupils with another first language than German** various measures are set:

- pre-school promotion: assessment of language standard, and support in the acquisition of skills in German in the kindergarten; development and implementation of the BESK-DaZ [form to document the language skills of children with German as a second language] (as from 2009/10)
- promotion in schools: enlarging the support the acquisition of skills in German for pupils with other languages than German as their first language in secondary schools and vocational schools (for 50,000 pupils)
- increasing the number of “courses promoting language standards“ for non-regular pupils with German as their second language)
- development of first-language education: 22 languages, approximately 31,000 pupils are to benefit

In addition, there on-going training and further education measures for teachers:

- teacher training: increasing enhancement of the aspects multilingualism, intercultural competence, and migration pedagogy at the pedagogical universities.
- diversity in pedagogical professions: initiative for the intercultural approach of the pedagogical universities (teachers with a migration background, German as a second language, teaching in the respective mother tongues, diversity and leadership, multilingualism ...)

**IV.4.23** Furthermore, measures in the fields „professionalization of teachers, principals and the educational authorities“, and „supporting parents with a migration background“ are set.

**IV.4.24** A central instrument to improve the educational level is the measure ***PädagogInnenbildung NEU***, i.e. *teacher training NEW*. In June 2011, a preparatory team working on teacher training NEW presented their recommendations for the structure of the training scheme of teachers, defined cornerstones of the curricula, and presented the requirements and the immediate needs for action for the executing institutions of teacher training. The identification of the need for action underlies any further steps necessary in the reform process.

In October 2011, the top priority „three reform packages for the pedagogical universities“ was specified. In December 2011, a new public employment law for teachers of the pedagogical universities was presented, programmes supporting doctoral- and habilitation scholarships for the pedagogical universities were instituted, especially for the secondary level I, and also new study programmes (master programmes for mentors, learning designers, and school management) were made public.

On 29 February 2012, a „development council for teacher training NEW“ was instituted to accompany and develop further the executive institutions for teacher training.

**IV.4.25** The ***Nationale Strategie zum Lebenslangen Lernen***, i.e. *national strategy for life-long learning* was adopted in July 2011 by the federal government. The task force, consisting of representatives from the four ministries involved (the Federal Ministry for Education, Arts and Culture BMUKK, the Federal Ministry for Science and Research BMWF, the Federal Ministry of Labour, Social Affairs and Consumer Protection BMASK, and the Federal Ministry of Economy, Family and Youth BMWFJ) was constituted. The National Platform will be set up in spring 2012. Concrete implementation results

- the new secondary school
- increasing the number of day-care schools
- upper secondary level NEW
- 15a B-VG, i.e. federal constitution act, agreement on school-leaving certificates to be obtained at a later date
- inter-ministry agreement on the cornerstones and the basics for the establishment of the national qualification framework NQF

#### New initiatives and planned measures

**IV.4.26** Since the last contribution made to the NRP in the year 2011, more new projects were drafted, or correspondingly enhanced:

- The new school-leaving and diploma examination: it safeguards the best certificate for all pupils – irrespective of the school site; a uniform certificate or diploma makes for national and international comparability. The results from the pilot schemes are summarized and analysed by the federal institute for educational research (BIFI) and the university partners; any findings will be included in future political decisions in the educational sector.
- obtaining school-leaving exams at a later date: from 2012 to 2014, 12,400 individuals will have the opportunity, within the initiative adult education, to hop on board any adult education free of charge. The investment in that initiative for less well educated individuals amounts to 56.4 million Euro.
- occupational orientation and educational counselling: occupational orientation schemes have already been applied; now, the effectiveness of information, counselling, and orientation in the fields of education and job is to be improved in the 7th and 8th year of school by a binding catalogue of measures.

#### **Enhancement of the attractiveness, quality and permeability of vocational training**

**IV.4.27** The target of ***QIBB (QualitätsInitiative BerufsBildung***, i.e. *quality initiative vocational training*), is the development and permanent introduction of a comprehensive quality management in vocational schools to safeguard and further develop teaching quality as well as the quality of the administrative performance of the federal, and provincial levels, respectively, and the schools themselves.

- since 2009: implementation of peer review in QIBB – evaluation procedures to develop quality standards in schools
- 2011-2013: development of competence profiles, and a framework curriculum for persons in charge of quality control in QIBB
- the quality management to be legally defined as the task of the educational authorities, or the heads of schools, respectively

**IV.4.28** ***Apprenticeship with school-leaving diploma***: since the beginning of the school year 2008/09, the *Berufsreifeprüfung*, i.e. a secondary higher school-leaving exam, can be taken free of charge. Since April 2009, competent institutions have been contracted in all

federal provinces, with preparatory courses offered by general and vocational adult education institutes (bfi, WIFI, VHS), and secondary schools (vocational schools, colleges). In the year 2008, 2,088 persons were enrolled, the number increasing to more than 9,000 until November 2011 in all federal provinces of Austria.

## ***IV.5 Reduction of poverty and social exclusion***

**IV.5.1** Austria has, within the framework for the fifth core target of the Strategy Europe 2020, aspired to reduce the number of individuals living in poverty or at risk of poverty within the next ten years by at least 235,000. The target group was defined, on EU level, with the indicators „at risk of poverty“, „considerable material deprivation“, and „households with very low gainful employment“. A close connection with regard to meeting the targets between that Europe 2020 core target as to the social inclusion and those in the field of education as well as the objectives to increase the employment ratio becomes visible from the composition of the indicators.

### ***Milestone projects and new initiatives***

- nursing fund: 1.335 billion Euro from 2011 to 2016
- needs-based minimum benefit scheme
- platform to combat poverty
- youth coaching
- labour market offensive: 750 million Euro
- improved inclusion into the labour market of health-impaired individuals
- combatting child poverty: mandatory kindergarten year free of charge, and increasing the number of day-care centres

### New initiatives and planned measures

**IV.5.2** By means of the care fund constituted by the care fund law in July 2011 (see also chapter on Employment and National Social Report)<sup>37</sup>, the following targets will be pursued:

- safeguarding the existing opportunities as well as the promotion of the development and institution of care and nursing services according to demand in the field of long-term care of the federal provinces and the municipalities;
- further development of care services for persons in need of care according to demand, and affordable care and nursing services in the field of long-term care;
- harmonisation in the field of care and nursing services in long-term care;
- improvement of the transparency, validity, and comparability of care services by way of an adequate care services database, and data statistics all over Austria (as from mid-2012).

The care fund will grant financial support of a total of 685 million Euro to the federal provinces purpose-bound to partially cover the expenditure accruing for the development and Institution of care and nursing services in the field of long-term care for the years from 2011 to 2014. In the course of the consolidation package a further 650 million Euro for the years 2015 and 2016 is agreed on so as to continue that policy. Furthermore, a working group to focus on structuring will design respective proposals for further reforms to sustainably safeguard, and further develop the care services, and to continue the care fund, with all stakeholders included, until the end of 2012.

<sup>37</sup> As from 2012 the member states are to report annually, supplementary to the NRP, on the current developments and strategies in the fields of OMC social protection and social inclusion, and submit in-depth information on the fields OMC – social inclusion, pensions, and health/long-term care. For Austria, that report will be submitted in May 2012, with long-term care being one priority.



**IV.5.3** Involving the actors and involved individuals, when working out and implementing poverty combatting and inclusion measures, is a central element. So as to fully take into account the multidimensionality of combatting poverty and inclusion, and in accompaniment of the implementation process of the core target in that field, as well as the concrete design of the corresponding lead initiative, a permanent dialogue was established with all relevant actors in Austria. That process of discussion to accompany the Europe 2020 process conceives regular platforms to take place at least every half year, and to be supplemented by further meetings to discuss specific topics in sub-groups.

#### Strategic orientation and implementation of existing measures

**IV.5.4** The risk of poverty and exclusion has become a focal point of political attention in Austria since the beginning of the economic and financial crisis in the year 2008. Against that background it may well be mentioned that, between 2008 and 2010, a reduction of the risk of poverty and exclusion in Austria by nearly 160,000 persons could be achieved due, amongst others, to political measures to **increase fair chances for young people when entering the labour market**, by **promotional programmes in the field of education**, as well as by other measures tailored to target groups to promote the **inclusion of individuals capable of working and difficult to place on the labour market**. In addition, all efforts to increasingly improve the quality of jobs are made, and financial incentives to employ persons, or keep them in employment, respectively are set. The improvement of the income situation of households had, furthermore, positive effects on the fight against child poverty (see chapter on Employment).

**IV.5.5** That successful strategy that comprehensively pursues the principle of active inclusion is to be continued in 2012, with the focus, against the background of an ageing population, beside an emphasis on social policy, especially on the target groups of the long-term unemployed, individuals returning to the labour market, young persons, and children, and now with even more priority, the labour market needs of health-impaired persons, and disabled persons.

**IV.5.6** A further priority to be continued in 2012 is the **prevention of generational transmission of poverty**. Here, the approach is at the interface between education, training, and profession, to set support measures for socially disadvantaged children and young persons. For the educational sector, the development of all-day school care, and target-specific programmes (e.g. for migrants), are to sustainably improve the situation of groups at risk of poverty, and across the generations (see also chapter on Education).

#### **Combatting long-term unemployment by an improvement of the participation in the labour market of working-age groups at risk of poverty and exclusion**

**IV.5.7** In the field of combatting long-term unemployment, the Austrian federal government relies on measures to improve the employment situation of working-age groups threatened by poverty and exclusion (see also employment targets). Several measures are implemented in the framework of the existing operative programme Employment of the **European Social Fund (ESF)**. The diversity of the projects promoted by the EFS can be found in the website <http://www.esf.at/esf/projekte/>.

**IV.5.8** The introduction of the **Bedarfsorientierte Mindestsicherung (BMS)**, i.e. *need-based minimum benefit system*, was adopted in October 2011 in all provinces of Austria. It harmonises with the different social benefit provisions of the federal provinces, makes for a targeted promotion of the employment of such groups of the population as are particularly at risk. By that measure, former individuals receiving social benefits could be included in active

labour market projects of the labour market services (AMS), and the social inclusion of long-term risk groups is sustainably supported by activating initiatives.

**IV.5.9** Mainly for older long-term unemployed persons, financial means such as **subsidies on wages**, and **inclusion support** are increasingly appropriated; moreover, a comprehensive information offensive is to push the readiness of enterprises to employ older employees.

**IV.5.10 Qualification measures**, and the on-going **improvement of the quality of labour** are further starting points to promote any new employments or employees staying on in employment. Also, in the long term, various types of precarious employment are to be cut back, as likewise income poverty is to be combatted so as to achieve supplementary synergy effects.

### **Measures preventing health risks at the workplace and increased labour market integration of individuals with impaired health and individuals with a disability**

**IV.5.11** Another priority is the **prevention of health risks at the workplace**, and the **increased counselling services for individuals with impaired health and individuals with a disability**. So that older, or health-impaired, individuals, can stay on in employment longer, or be reintegrated in the labour market, numerous services will be created in support thereof. So, for instance, the chamber of commerce, together with the social insurances, sports associations and other institutions, has founded the health-related initiative „proFITNESS: healthy workforce - healthy enterprise, so as to support SMEs in measures of health promotion in enterprises, give them a survey on the existing opportunities and convince them of the advantages of health promotion activities in enterprises. With the Stability Package, a large labour market offensive was agreed on, amongst other things, to open up new opportunities for older employees of employees with impaired health, the goal being to reduce the number of early retirements without increasing, on the same scale, the costs arising from unemployment at the same time. All measures are tailored to consider social balance.

**IV.5.12** Health-impaired individuals under 50 years of age will, as from 2014, be included in the **occupational rehabilitation at the labour market service AMS**. Basically, the occupational rehabilitation is to comprise occupational training corresponding to the respective current qualification level.

**IV.5.13** The measures set to integrate individuals with disabilities in gainful employment prioritise accompanying support, such as individual counselling and accompanying juvenile persons at the interface school/working world, which make for an important contribution to a sustainable first integration of disadvantaged young persons in the open labour market.

### **Reduction of women-specific disadvantages in income and employment issues**

**IV.5.14** A long-term challenge is the **improvement of income opportunities**, the **compatibility of job and family**, as well as the **increase of the participation of women in employment**, and the discrimination of women as regards income, and participation in the labour market. The increased participation of women in the labour market has led, despite the crisis, to an improved income situation of the households, and to a reduction of child poverty (see chapter on Employment).

Yet, households in which women are the primary breadwinners are more than average at risk of poverty. Single mothers are an especially threatened risk group, and therefore, a priority for gender-specific measures.

**IV.5.15** The federal government sets measures to move the development of the gender pay gap towards the EU-27 average by 2020. For that purpose, a few steps have been made, on the one hand, to increase the transparency of incomes, and on the other hand, awareness campaigns are to reach young girls and positively help them when making career decisions (see chapter on Employment).

**IV.5.16** Also the current improvement of child-care services and nursing services for dependants in need of care accelerates these efforts, following the fact that women more than proportionally take responsibility for family work. The promotion for fathers to take paternal leave is to support, with a view to that drawback, changes in the current behaviour.

### Combatting poverty of children and youth, and inherited poverty

**IV.5.17** The risk of negative effects of **poverty of children and young persons** on their further opportunities in life is a considerable problem. On the one hand, any synergy effects may reduce the risk of a family's poverty; on the other hand, concrete measures are set in the field of education, labour market, and integration to guide, as successfully as possible, that group as they leave school to enter the world of work. Special target-specific promotional measures are to prevent the intergenerational inheritance of poverty. Active measures to lower the dropout ratio are as important here as the earliest possible promotion of language skills of children with a migration background (see chapters on Employment and Education).

**IV.5.18** So as to counteract the multi-cause genesis of poverty of young persons, a broad range of measures has been set up. Beside such measures in the fields of education and training, and in the labour market (e.g. guarantee of apprenticeships), the measure **coaching youth** was created, to support young people when choosing among their occupational training options, and their way into the world of work (see also Euro Plus Pact). That broadly designed concept supports the personal and social stabilisation of young persons, identifying perspectives and solution skills, mainly also against the backdrop of particularly difficult familial and social circumstances.

### Reconciliation of family and working life

**IV.5.19** Also the introduction of a mandatory year in the kindergarten free of charge improves the opportunities in the educational careers of, amongst others, disadvantaged children and, at the same time, facilitates any parents' opportunities to participate in the labour market, and supports **compatibility of family and job**.

**IV.5.20** A vital prerequisite for the improvement of income opportunities and the participation of women in the labour market is the compatibility of family and job following the increasing number of day-care centres for children, and nursing services (amongst others, with carers coming to the homes). For that purpose, additional means are made available by the federal government and the federal provinces. Apart from raising the number of child care centres for the under-6-year olds, also the number of all-day schools is increased, thus making for better prerequisites for women to enter into gainful employment and improve the income situation of the households.

**IV.5.21** Single-parent households as well as families with many children, who are among the risk groups with regard to poverty, are to benefit most from the higher number of child-care centres.

## IV.6 Competition and entrepreneurial environment

**IV.6.1** The priorities in that field are the improvement of the access to funds on behalf of Austrian SMEs, the enhancement of competitiveness, and further internationalisation. Many of the measures already listed in the Austrian Reform Programme 2011 were designed to be effective over several years, and are continued accordingly.

### **Milestone projects and new initiatives**

- reform of the competition and cartel law
- SME fitness package
- service portal for businesses
- implementation of the services directive

### New initiatives and planned measures

**IV.6.2** With the implementation of the EU services directive, vital legal and administrative obstacles in the trade with services have been removed, following the country specific recommendation as of June 2011

*Country-specific recommendation No. 5 : “ ... Accelerate the adoption of the outstanding „horizontal law“ implementing the Services Directive ...“*

The services directive 2006/123/EC regulates the liberalisation of the (cross-border) services transport (establishment and performance of services), and was to be transposed into

national law by 28 December 2009. One federal and nine provincial laws regulate the horizontal elements according to their respective competences. The services law on the federal level contains the following provisions:

- It refers to the **points of single contacts** (9 PSCs). In first-instance lawsuits applications in writing may be submitted to the point of single contact (lapse of time 3 workdays after submission with the contact person), which the PSC then transmits to the competent authority.
- It establishes the **information requirements on behalf of the PSC** vis-à-vis the service providers and service receivers, as well as the obligation to assist on behalf of the authorities.
- Applications can be submitted **electronically** to the authorities. The authorities must also be able to **deliver electronically**.
- The services law provides for the legislators to refer to the services law in their legislation by any opt-in to the **approval fiction** in the process (= applications are considered to be granted by act of law, if the authority fails to act within the deadline).
- The services law provides for the **cross-border cooperation** between any **administration authorities** (via the e-information system IMI), and identifies contact points on the federal level.
- Furthermore, the services law provides for the **obligation to inform on behalf of the service providers** vis-à-vis the service receivers.

The services law on the federal level came into force on 21 November 2011. The corresponding services laws on the provincial levels contain similar horizontal elements in the competence of the federal provinces. All federal provinces have already adopted their respective services laws. Brussels has already been notified of the complete implementation of the relative legislation.

## Competition and entrepreneurial environment

**IV.6.3** With the **reform of the competition and cartel law** the policy relative to competition and innovation strength in Austria is to be enhanced. For that purpose, bills of law have been drafted to be passed in parliament by the summer. The revision of the competition law is to especially strengthen the Austrian federal competition authority (BWB), which is not subject to supervision, its authorisation to investigate is to converge with EU Commission standards, and requests for information are to be enforced faster - by official reply - in the future.

*Country-specific recommendation No. 5 :  
„...enhancing the powers of the competition  
authority ...“*

Furthermore, the principal witness regulation is improved. A parallel amendment of the local supply law provides for the competition authorities to be able to more easily prove any cases of price abuse by market leaders supplying electricity and gas in the future. The model for that amendment

that especially provides for the energy suppliers to cooperate is Germany. The same goes for the provisions regulating the collective supremacy on the market, which is to be adopted in the Austrian legislation. In the cartel law, any supervision is to be more effective and transparent, with any loopholes to be closed. There is to be more transparency for consumers and enterprises.

**IV.6.4** With regard to the **country-specific recommendation to remove unjustified restrictions for any trades and occupations**, it may be noted that in the last years various measures have been set to dismantle any restrictions: for instance, interdisciplinary

*Country-specific recommendation No. 5 : “ ... foster  
competition, in particular in the services sector, by  
relaxing barriers to entry, removing unjustified  
restrictions on some professions, ...“*

associations between certified management accountants and tax advisors - that has been possible for several years – can be established, and the same is envisaged for master builders and civil engineers. In May last year the European Court of Justice decreed the restrictions for notaries public would collide with EU law, and the respective

regulations were accordingly amended in November 2011. In the field of the commercial law the provisions to improve the conditions for tradesmen are constantly improved: beside various implementations of directives such as Directive 2008/48/EC on consumer credit contracts in the field of the financial intermediaries a new trade was created, viz. the “credit intermediaries”. Furthermore, the so existing legal regulations concerning the premises of shopping centres became inapplicable. Further amendments are being prepared. The business group catering for passenger transport in passenger vehicles (taxis) has not yet been dealt with in the course of the Community’s liberalisation of the commercial law, however, for that group measures have been taken in Austria to widely harmonise the regulations applying with regard to access to the market and to the trade with those of the regulations applying to bus and coach transport services.

## Promotion of entrepreneurship / start-up dynamics

**IV.6.5** In the past year, the focus was on the **promotion of young enterprises**. Restructuring the promotion for young enterprises by the **Austria economy service company (aws)** was implemented in revised directives and programme documents that came into force as of 1 January 2012.

**IV.6.6** The **SME Fitness Package**, which was initiated in May 2011, targets founders of enterprises as well as small and medium-sized enterprises. The package, i.e. a chequebook is to support the re-establishment of an existing enterprise, as well as any re-structuring process, and it lists the existing promotional options. The programme for the establishment of enterprises is the labours market service's (the AMS's) offer to support unemployed individuals desiring to start their own companies, such as counselling, further training, and a start-up allowance granted.

**IV.6.7** To give a fresh impetus Austrian equity financing helps innovative enterprises to access **venture capital and risk capital**, new macro-economic measures were created in conformity with the market, such as VC initiative, the Cleantech fund, and the SME fund.

**IV.6.8** Within the framework of the **tourism strategy** of the federal government the priorities for 2012 were agreed upon with the partners on the provincial level. The central elements are, beside the political harmonisation of tourism issues between the federal government and the federal provinces, the increased cooperation between tourism marketing, that is to say promotional measures as incentives for innovation and investment. This packages of measures it to contribute to the competitiveness of the Austrian tourism industry.

**IV.6.9** With the **service portal for entrepreneurs (USP)**, Austria implements a priority of the annual growth report 2012. The (USP, see [www.usp.gv.at](http://www.usp.gv.at)) is, so far the largest single measure within the framework of the initiative „lower administrative costs for enterprises“, the target being to position the portal as *the* electronic interface of enterprises with the public administration. The USP comprises information and transaction sectors, and is to facilitate compliance for enterprises with their legal obligation to report to the authority. Information as to establishing an enterprise, taxes & finances, environment & transport, etc. will be given. The USP is continuously implemented. In the first stage, the USP will provide central information and single-sign-on links. In the second phase, the focus is on the support of processes for enterprises as well as the unification and harmonisation of the obligation to notify, so as to contribute to lower the costs and reduce the time used, and increase the attractiveness of the business location Austria, also vitally contribute to the administration reform. In the course of the year 2011, the USP was further developed step by step, and many new important issues added. At present a pilot operation is under way with a few selected enterprises that are testing certain functionalities within the areas approved. These pilot operations serve to prepare the full implementation of the USP. In the future, the administrative procedure will clearly be facilitated, saving a lot of time, too, thanks to the USP. The pilot operations are to merge into full operations by 2012.

The advantages of the USP at one glance:

- register once, and use various applications of the administration (single-sign-on)
- 24/7 - information around the clock
- comprehensive information, tailored to meet the individual needs of the individual companies
- cost saving by online-services for applicants
- central administration in proceedings for users and their rights
- simple and uniform access
- maximum security

The comments of the USP law specify 100 million Euro for any short-term and medium-term relief measures for the enterprises, and approximately 300 million Euro for long-term relief measures.

**IV.6.10** With the **initiative to reduce administrative costs for enterprises** so as to support the economy, and strengthen the business location, the federal government has continued, since 2006, an ambitious programme to reduce bureaucracy for the Austrian enterprises. By

2012, the Austrian enterprises are to be relieved by more than 1 billion Euro, in 2010 the first step, approximately 564 million Euro, was made.

To achieve the target in full, now all the measures planned for 2012 are to be implemented in a consistent way, the most important measures being

- e-invoicing – acceptance for the electronic invoice to be equal to the printed invoice
- USP phase 2: optimisation of the process, avoiding multiple notification; implementation 2012-2014
- simplification measures in the trade and commerce law, commercial register NEW, legislative simplifications, central information platform

## *Euro Plus Pact*

### Measures set by the Euro Plus Pact 2012 Survey

#### Foster competitiveness

Here, too, the Strategy for Research, Technology and Innovation (RTI) is the central element. For the period under review, the important steps were the setting up of the Task Force RTI, the enlargement of existing financial support of the FWF to indirect costs, the increase of the research allowance, and the increase of the cap for contract research.

In the current reform package (1st Stability Law 2012) the following measures with regard to the support for research funding through the research premium are planned:

4. Increase of the cap for contract research: the envelope, so far amounting to 100,000 Euro for the research expenditure for contract research, is to be raised to 1 million Euro. At a rate of 10 per cent this means an increase of the maximum rate of support from previously 10,000 Euro to 100,000 Euro instead. This new provision will be valid as from fiscal years starting with 1 January 2012.
5. Inclusion of the Forschungsförderungsgesellschaft mbH (FFG), i.e. limited company promoting research, when any annual premium is claimed: so that, with any allowance for in-house research claimed, procedures assessing the contents are improved as an expert opinion of the FFG is to be submitted that basically evaluates the compliance of the requirements for entitlement to any allowance. That expert opinion will serve as a basis for decisions made by the financial authorities when allowances are to be granted.
6. Enhanced legal certainty by research validation and official decision.
  - 6.1 Research validation: to make for enhanced legal certainty for the taxpayers with relation to research allowances to be claimed annually, the financial authorities may officially confirm, according to Art. 118a BAO, i.e. federal fiscal code, a certain research project to basically comply with the requirements entitling it to any allowance. Here, also an expert opinion drafted by the FFG must be presented proving the requirements of a research and experimental development to be complied with.
  - 6.2 Decision of the competent authority on the annual assessment base: any taxpayer can file for validation of an allowance's assessment base with the financial authorities. Here, also a relative validation on behalf of an auditor must be submitted. The financial authorities will issue their decisions – for any respective fiscal year – on the assessment base for the research allowance (according to Art. 108c para 8 EStG, i.e. income tax law). Research validations and official decisions can be filed for as from 1 January 2013.

Already with the budget law 2011, the research allowance was again raised from 8 per cent to 10 per cent.

So as to improve conditions for excellent research groups and to augment competition-oriented research at universities, the **Fonds zur Förderung der wissenschaftlichen Forschung (FWF)**, i.e. fund to promote scientific research, Austria's central institution to promote basic research, was amended to make financing possible, as from 2011 onwards, of 20 per cent of the overhead costs following any individual project promoted by the FWF, and all projects of the programme to *develop and open up the arts (PEEK)*.

#### **Austrian university plan**

The superior target of the higher education area plan is a better coordination and harmonisation of the Austrian universities, and, thereby, their further successful development ensuring top quality both in teaching and research, and increasing the international visibility.



Subprojects of the university plan:

4. Building scheme: the target is a clear ranking, as agreed on site with the universities, of future construction and renovation projects that will be pursued according to an agreed time schedule.
5. Research infrastructure/international: the research infrastructure plan defines the locations where, in the future, major research centres for fundamental research are to be built, the objective being the achievement of any international competitiveness by national coordination, and a stronger profile by prioritisation.
  - Coordination measures: the objectives are development and organisation of an institutionalised coordination panel („university conference“), and corresponding mechanisms involving relevant stakeholders
  - development of coordination measures, especially for teaching and research
  - creation of new instruments, and new communication cultures regulating the university area, respectively
6. capacity-oriented university financing (financing enrolment): financing the universities is to be built on the three pillars teaching, research, and development, respectively, as well as opening up the arts, as well as infrastructure. „Enrolment financing“ aims at making available a sufficient number of places securing adequate conditions and capacity transparency. The capacity-oriented university funding is to be gradually introduced in the next academic-standards agreement period (2013-2015).

### **Raising the number of places in technical colleges**

The qualitative further development of the technical colleges is, amongst others, part of the so-called technical colleges plan that lays down the priorities of that sector for the respective three following years (from 2010/11 to 2012/2013). Here, the priorities are, amongst others, technology/natural sciences, development of studies whilst in employment, development of applied research, as well as internationalisation. Furthermore, the quality criteria for the technical colleges were extended by the implementation of the law regulating the quality assurance for the universities (HS-QSG), and the revision of the law regulating the technical colleges (FHSTG), which is linked to the former. The offensive means are to be continued and will additionally create, once the project has been completed, approximately 5,000 college places in the academic year 2016-2017.

### **Improvement of the research-based teaching and overall studying situation**

So as to enhance teaching, and following that, enhance the quality of university education, and at the same time, raise the efficiency, additional offensive means were made available for the universities. Beside the development of the technical colleges, the priorities are

- the improvement of the situation at universities in the so-called “popular subjects”, and the augmentation of the important MINT subjects (mathematics, informatics, natural sciences, and technology).
- the restructuring of the cooperation of universities with non-university institutions, and
- the restart of the „overhead financing“ for the universities within the framework of the research financing by the FWF.

### **Development of schools offering a full-day service**

In 2006, 62,700 places were available, the number rising to 105,000 places in the school year 2011/12. Day-care by schools is offered in at least one school per district. All in all, already 25 per cent of the schools in the primary and secondary sector I provided for day care. In the year 2012/13, that number is to be doubled, vis-à-vis the year 2006, to approximately 120,000 places.

By 2015, 80 million Euro will be invested annually for the educational offensive, the target being the creation of day-care schools where demanded. For that purpose, the 105,000 places for day care at schools existing at present will be increased, and, including the after-school care facilities, all in all 210,000 places, which is double the number, will be available by 2015.

The parliament adopted the package to develop the day-care schools:

- beside options across classes, grades, and schools there will be interdisciplinary day-care options.
- as from 12 pupils registered – if no interdisciplinary day-care option is available – day care on behalf of a school is mandatory.
- leisure-time educationalists can train (2 semesters, while in employment) at the pedagogical universities, graduating as “academic leisure-time educationalists”.

15a agreements were entered into with the federal provinces, providing for the allocation of the offensive means designed for incentive funding, and partly for the development of the infrastructure. Here, also uniform quality criteria have been anchored, the target being especially also an enhanced cooperation with sports and cultural associations as well as music schools.

### Foster employment / National Job Plan

Austria supports the reinforced efforts combatting youth unemployment on the EU level in the sense of a European youth initiative as presented among others in the European Commission’s communication „Opportunities for young people“, in the statement of the members of the European Council as of 30 January 2012, in the Joint Employment Report, and in the Synthesis Report for the Implementation of the European Semester<sup>38</sup>. Austria has already placed a strong emphasis on youth employment as stated in the already mentioned Euro Plus Pact, which is part of Annex II of the National Reform Programme 2011.

In the national context, top priority will be given to the labour market and employment policy for young people in the year 2012. In the year 2011, more than 600 million Euro were made available out of the Labour Market Service (AMS) funds, the insolvency remuneration fund, and the Federal Social Welfare Office (Bundessozialamt, BSB), for the promotion of apprenticeships, employment, and qualification of young people – the latter group thus being that target group that was the most intensively supported group within the Austrian labour market policy. Such funds will also be available on the same level in 2012.

The measure **Youth Coaching** (also see education and poverty target) will be established as from 2012, for the time being only in the federal provinces Vienna and Styria, to counsel, and individually support pupils at risk of exclusion in their 9<sup>th</sup> school year. The scheme will be gradually established in all federal provinces by the year 2014. The objectives of *youth coaching* mainly being:

- counselling pupils at risk of dropping out from school and supporting their finding continued education and training according to their strengths and needs
- assisting in their orientation with regard to education, training, and professional careers, also young people with special pedagogical requirements (who until 2011 were taken care of by the measure *Clearing*),
- identifying and compensating psycho-social problems likely to impede any educational career,
- arranging contacts with other helpdesks, counselling centres, or internships, respectively.

New directions in the highly successful dual occupational training scheme were set out to safeguard any individual successful training. The measure **Apprentice coaching** anchored in the occupational training law as amended in 2011 provides for counselling, accompanying, and supporting apprentices and enterprises to avoid, amongst others, any interruptions of apprenticeships. Here, information is to be made available, following such positive experience with the occupational training assistance, for apprentice, enterprise, and vocational school to liaise at regular intervals, and to promote quality assurance.

<sup>38</sup> Especially as referred to the „**Jugendgarantie**“ i.e. Guarantee for Juvenile Persons, which is to safeguard employment or further training within four months after leaving school “ (COM(2011) 933 final p. 11)

The measures already stated in the National Reform Programme 2011 „**Action Future Youth**“ and **Training Guarantee**<sup>39</sup> are to be continued. The implementation of the **Supra-company Apprenticeship** (Überbetriebliche Lehrausbildung, ÜBA) will also be pursued, in the school year 2011/2012, on a high level. These measures will see to it that such young people that cannot train in enterprises will have the opportunity to acquire occupational skills on a high level. An evaluation of the labour market effects of the supra-company apprentice training confirms that the ÜBA contributes sustainably to improve the labour market situation of such young people that complete their apprenticeship that way.

The following measures are to further develop the **Supporting Instruments for Apprentice Training in Companies**:

- promotion of company-based apprenticeships adequate to the training requirements of such companies (on-going process)
- uniform standards of final apprenticeships examinations by a „clearing board“ (as from 2012) reviewing the test examples
- training literature relevant to practical working situations for trainers and instructors, complementary to the job profiles (as from 2012)

The following out-of-school measures to promote juvenile persons are continued:

- on the federal level: focus on occupational orientation
- job talks 2.0

The youth placement foundation „**Just NEU**“, i.e. *just NEW*, as well as the twenty **production schools**<sup>40</sup> will also be continued in the year 2012.

In the sense of a future-oriented integration policy the National Action Plan for Integration provides for strengthening the labour market integration of **young people with a migration background**. Young migrants, especially youth less inclined to education are to be increasingly included in qualification measures for professions that the labour market has a high demand for. The programmes that have been developed with a view to support young migrants entering the labour market such as the promotion of supra-occupational apprenticeships or lower-threshold opportunities in that field as are the „production schools“ play an important role. The young people with a migration background are to benefit over and above also from the measures of the *youth and apprentice coaching scheme* set to help prevent them from dropping out.

### Enhance the sustainability of public finances

In connection with the necessity to safeguard the long-term financial viability of the public pension system, a series of measures is set to raise the effective retirement age.

- Pursuing the reform of the invalidity pension law: further expansion of health and occupational rehabilitation;
- Gradual increase of the present benchmark for the qualifying to invalidity pension (protection legislation governing the entitlement to invalidity pension) from age 57 to 60.

The Stability Package 2012-2016<sup>41</sup> of the federal government also aims at keeping up to 195,000 health-impaired and older people in employment. It hopes to raise the de-facto retirement age by

- continuing the reform of invalidity pension – expansion of rehabilitation in employment<sup>42</sup> (see also poverty target),

<sup>39</sup> See also survey of measures National Reform Programme 2011

<sup>40</sup> See also survey measures National Reform Programme 2011

<sup>41</sup> See also Austrian Stability Programme for the period 2011 to 2016

- tightening the prerequisites for entitlement to file for a corridor pension (retirement as from the age of 62, with annual deductions) – entitlement in the future only after 40 instead of 37.5 insurance years
- reductions for early retirement (i.e. before the statutory retirement age) are raised from 4.2 per cent to 5.1 per cent per year of early retirement.

The so-called **account credit model** is to serve as a further incentive for employees to remain in gainful employment as from 2014. By such instrument, a standardised pension account for all insured individuals will be created, making pensions calculations clearly understandable, and also any pension entitlement directly readable in the respective statement.

The Stability Law 2012 plans, for the labour market, to pave the way for **claims of elderly persons' part-time payments** not only (as presently) up to the earliest possible time that entitlement prerequisites for old-age pensions are satisfied, but **beyond the statutory retirement age** (max. five years). Simultaneously with the amendment planned for January 2013, the revised blocked scheme for old-age part-time employment shall only be applicable if, at the same time, a replacement worker (a formerly unemployed individual or an apprentice) is hired.

It is also planned to extend the **mandatory unemployment insurance contributions up to 63 years of age**, or at the instance of retirement entitlement, respectively, to fund promotional payments. **Schemes promoting employment for older unemployed individuals** in addition to the existing integration allowances are to provide for new jobs for 40,000 50+year olds.

In addition approximately 70,000 persons are to be counselled annually within the scheme „fit2work“, older and health-impaired individuals are to be additionally included in assistance granted by the PES (Labour Market Service Austria, AMS), and 32,000 individuals impaired to a higher degree yet still able to work are to benefit from professional rehabilitation measures. Over 750 million Euro will be made available for this **Labour Market Offensive**.

### Reinforce financial stability

The tight implementation of the budget legislation reform in its two steps in 2009, and 2013, has already laid the cornerstones for the long-term sustainability of the public budgets in Austria with its four main elements such as the binding multiannual expenditure frame, flexi-clauses, and the performance orientation. The parliament approved by decision on 7 December 2011 the “Austrian debt brake” thereby consistently continuing the stability-oriented perspective in macro-economic policy making. With such concept, the structural budget balance is considered the new target of the economic policy. Any deviations will be adjusted by quickly effective correction mechanisms. Here, such deviations will be entered in a controlling account bound to be adjusted economically adequate if a threshold value is surpassed. By such approach, the debts are guaranteed to be reduced in periods of economic upswing, while in phases of economic slowdown the stabilising function of public finances remains ensured. Moreover, a more precise assignment of budgetary responsibilities to all government levels ensures a national orientation towards the budgetary targets. As a further pillar, the legislation explicitly lays down that the legislative acts of the European Union that request the maintenance of budgetary discipline must be complied with. The debt brake aligns, with a prescribed structural deficit on behalf of the federal government

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<sup>42</sup> Persons under 50 years of age, who, considering their health status, stand a chance of gainful employment in the labour market should strive for re-entering the labour market. If the prerequisites for a pension payment following any reduced capacity to work are likely to be met, the respective individual is entitled to rehabilitation in employment. The named new regulations will be negotiated and finalised in the course of the year 2012.

of a maximum of -0.35 per cent of the GDP in the year 2017, with an ambitious implementation of the prerequisites of the European Fiscal Pact.

The Austrian Stability Pact (Österreichischer Stabilitätspakt (ÖStP)) 2011 has become effective retroactively as of 1 January 2011, and provides, amongst others<sup>43</sup>, also a „rendezvous clause“ for amendments concerning EU legislation (negotiations for amendments). Owing to the enhanced economic governance of the EU member states, negotiations for the amendment of the Austrian Stability Pact 2011, which was concluded until 2014, have already become necessary so that by establishing tighter targets than before, the implementation of the new consolidation path, and following that, a structurally balanced budget for Austria as from 2012 can be ensured. The Austrian Stability Pact is an anchor especially also for the implementation of a “debt brake” for the federal government, the federal provinces, and the municipalities. An agreement was reached with the federal provinces and the municipalities in Salzburg on 29 November 2011 on vital elements to be now negotiated in detail.

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<sup>43</sup> The Austrian Stability Pact ÖStP 2011 has introduced a series of innovations: ambitious, realistic stability contributions on behalf of the federal government, the federal provinces, and the municipalities, tightening of sanctions for failure to meet the targets improvements of the budget coordination and medium-term budget management (the first data on the basis of the new forms are to be supplied in June 2012 ), the determination of the autonomous liability for the federal government, the federal provinces, and the municipalities, enhanced transparency, and a „rendezvous clause“ for amendments concerning EU legislation (negotiations for amendments).