

AUSTRIA Country Summary

Introduction and Overview

Austria is a federal republic with 9 provinces and about 8 million inhabitants, about the same size population as Sweden. As an Austrian family policy expert states in his report to the European Observatory, the federal constitution does not define an explicit Austrian family policy except to state that population policy implemented through family allowances are the responsibility of the federal government (Badelt, 1998; Badelt, 1997). He argues that no political party at present would define family policy so narrowly. Whether part of explicit or implicit family policy, Austrian family policy today, would be defined as including (in addition to population policy and family allowances): family law, labor market and employment policy, health policy, maternity and parental leave policy, and higher education at the federal level and it would include early childhood education and care, primary school, housing policies, and income transfers for children and families, at the provincial level.

Explicit goals of family policy include: the ability to lead the kind of family life that people prefer including the right to choose between paid work and family work; the ability of parents to afford children when they wish to have them; help in reconciling work and family life; and support in creating a partnership between men and women, based on equality (Schattovits, 2003).

Austria's family policy needs to be seen in the context of a number of long-term developments including demographic and social trends, changes in family law, and financial constraints resulting from Austria's entrance into the European Union (EU) and the European Monetary Union (EMU). Austrian family allowances were raised in the early 1990s, and a second year of parental leave was introduced. A third year was introduced in 2001 (a parental leave up to child's 3rd birthday) if each parent takes at least 6 months (otherwise the maximum duration of the leave would be 30 months (2 1/2 years)). However, the family benefit package was cut in 1995 and 1996 under the financial pressures imposed by entering the EU and the EMU. A new family policy package came into effect in the year 2000, enacted in response to a constitutional court decision requiring that the income tax system take more account of the costs of child rearing; this package will more than compensate for the earlier cuts.

Another Austrian family policy expert describes an important, ongoing, and intense discussion of how to assist parents with very young children (Schattovits, 1999). The current political debate has to do with whether parental leave policies should continue to be contingent on a mother's employment status or whether the benefit should be more like a universal mother's wage which could then be used to supplement family income and support a mother at home, or to purchase child care.

Schattovits (2003) notes that "the 1994 International Year of the Family provided the critical impetus to develop family policy as a separate area of politics", p. 4 One result was the establishment of a concept of a family program for Austria, using contributions from 15 working groups. The program set out the need for family policy, identified objectives and major topics of concern, and launched a national discussion. The initiative suffered setbacks in the mid-1990s, as discussed above. The "2000 Family Package" adopted at the end of the 1990s

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more than compensated for the earlier reductions in family allowances and doubled the child credit (about \$50 per child per month) beginning with the first child.

Austria's family benefits (family allowances and maternity and parental leaves and benefits) remain generous by EU standards but its overall policy package supporting the reconciliation of work and family life is low, largely owing to the limited availability of early childhood education and care services. Family benefits constituted 2.4 percent of GDP in 1995 (Bertelsmann Foundation, 2003).

According to Schattovits (2003) "Austria is in possession of a special instrument to finance specific pre-defined supportive measures to benefit families." (p.7) Introduced in 1954, funded by a payroll tax of 4.5 percent, this Family Fund funds the family allowances, the parental leave benefit, the mother-child benefit linked to prenatal care visits., and since 2001 has funded some family research studies.

At present, the Austrian Institute for Family studies holds the coordinating role for the European Observatory on Family Matters (formerly, the European Observatory on National Family Policies) but it is unclear whether this will have any impact on Austrian family policies -- or on EU policies. Austria has signed the UN Convention on the Rights of the Child and the Convention is viewed as raising children's issues high on the national political agenda.

Government Agencies

At the federal level, the formal responsibility for family policy lies with the Ministry of Family Affairs and Youth. This Ministry has responsibility for administering the Family Allowance Fund, but the major decisions regarding benefit levels, for example, are made by the Ministry of Finance. The administration of the parental leave policy and the parental leave benefit was in the Ministry of Labor and Social Affairs, but under the present government is in the Ministry of Women and Social Affairs. At the provincial level, the formal responsibilities for family policy is usually located in a special administrative unit, often combined with social affairs.

Demographic and Other Social Trends

Austria has a population of about 8 million (2000), 78 percent of whom are Catholic (Prinz, 1998). The population has become somewhat more diverse in recent years as a result of the political upheavals in Eastern Europe and the Balkans and the entry of refugees and immigrants.

Recent demographic trends in Austria are very similar to those in the rest of the EU: an increasing proportion of elderly in the population (15.4 percent) and a declining proportion of children (17 percent under 15 in 2000); higher rates of divorce and declining rates of marriage; later ages for first births; and declining fertility (1.3) in 1998 (European Commission, 2000). One special feature is that non-marital fertility in Austria has traditionally been very high by European standards and still is (31 percent in 1999) of all births are to unmarried women living in their parents' homes and not cohabiting with a male partner). Regional differences are very

pronounced and have been, historically. However, cohabiting relationships are only a recent phenomenon in Austria. While it existed earlier for widows (who did not want to lose their pension) it has only recently emerged as an important life style for young couples, usually as a prelude to marriage rather than an alternative (Prinz, 1998).

Unemployment rates are low, about 3 percent for men and 4.5 percent for women.

Social Protection

Classified, like the Netherlands, as among the continental, "conservative" corporatist welfare states whose "social partners" (business, labor, government) strive for social and economic policy consensus rather than conflict, Austria has traditionally belonged to the group of western European welfare states with a generous social protection system. Following the original Bismarck model of a contributory social insurance system, its federal structure complicates its social policy. Nonetheless, it is the federal government that has primary responsibility for the basic social protection system: old age, retirement, and survivor benefits; disability benefits; workers compensation and unemployment benefits; health insurance; and family benefits, while local government has primary responsibility for ECEC.

Austria's entry into the EU in 1995 and the EMU subsequently, created significant financial pressures on the system and led to cuts in family policies, but by the end of the century the benefits had largely been re-instated. In 1997, social protection accounted for almost 30 percent of GDP, slightly above the EU average of 28.2 percent, but almost 11 percent of its social expenditures were for family benefits, a share that was not very different from that of the Nordic countries and well above the EU average of 8 percent.

Using 50 percent of median income as the poverty threshold, Austria's child poverty rate of 13.5 percent places it in the middle of the advanced industrialized countries, far higher than the Nordic countries and higher than Germany and Japan but lower than the U.S., UK, and Canada, among others. Households with children are especially vulnerable to poverty and half the low-income households in the mid 1990's had at least one child.

For more information on the social security systems, labor market regulations, collective bargaining, social and family policies, see the International Reform Monitor.

Child, Youth and Family Policy Regimes

Maternity, Paternity, Parental, and Family Leaves

Maternity Leaves are job-protected and paid leaves from employment for working women at the time of pregnancy and childbirth, for eight weeks before and after the delivery date, for a total of 16 weeks; mothers are required to take maternity leave. While on maternity leave women receive a cash benefit replacing 100 percent of their wages. Almost all mothers take this benefit.

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As of January 1, 2002, at the end of the maternity leave, mothers or fathers can take an extended parental leave until the child's third birthday, if each parent (overwhelmingly the father) takes at least six months of the leave. If it is taken only by the mother, the parental leave is limited to 30 months. Less than 2 percent of fathers take advantage of this policy. The benefit is income-tested at a relatively general level and is paid at a flat rate of 426 Ecus a month, through the unemployment insurance fund. Take-up is very high. Parents who choose to work part-time while on leave receive a lower benefit. Eighteen months of the leave count towards the individual's old age pension. A major problem has to do with the absence of a guaranteed right to part-time work and the lack of job protection while on leave.

Parents can take paid and job-protected leave to care for an ill child under age 12 or for a very young, ill or handicapped child.

Early Childhood Education and Care (ECEC)

In Austria, care of young children is still defined as the responsibility of the mother. The issue of whether or not the paid employment of women should be supported through the provision of high quality early childhood education and care services and after-school care for school-aged children is not high on the national policy agenda. Despite the rhetoric supporting "freedom of choice" regarding family life styles and mother's behavior, there are substantial difficulties for women taking paid employment, in finding care for their young children. Moreover, as in Germany, the school day is a short day, creating still another barrier to mother's employment. Compulsory school begins at age 6 and ends at age 15. Primary school hours are from 8:00 am to noon or 1:00 pm. There is a very limited supply of after-school programs.

Preschools are funded and operated under social welfare auspices (Moss, 1996). There are several types of centers as well as some organized family day care. Publicly funded services may be delivered by private non-profit organizations but most are operated by local government, including more than three-quarters of the kindergartens. These programs are the responsibility of the same department at both federal and provincial levels: the Ministry of Children and Family Affairs at the federal level and the Departments of Youth and Family Welfare in the provinces. Parents pay income-related fees.

Although there are common features between services for children under and over 3, there is not a fully integrated system. Among the centers for the under 3s (Krippen), the vast majority are located in Vienna. Most of these centers as well as more than half of all preschools for the 3-5 year olds (kindergartens) are open on a full-day basis but a significant number are open only in the morning or for two half-day sessions. Most of the Vienna centers operate a full day.

The main developments since 1990 include a considerable increase in the supply of center places and family day care and in the diversity of program initiatives. Coverage rates in the late 1990s were less than 5 percent for the under 3s but more than 75 percent for the 3-5 year olds.

Austria enacted a child care voucher in 2001 which provides parents with a voucher to either purchase part-time care for very young children or stay at home and provide that care themselves. Once the child is four years old, parents are given a strong incentive to use the voucher for preschool programs. Rearing children also provides additional credit towards a

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pension. The 2001 legislation set an income ceiling for qualifying for this benefit and limited the duration of the benefit to 30 months.

Child and Family Allowances

Family allowances in Austria are a universal cash benefit provided to families, based on the presence, number, and age of children living in Austria, beginning with the first child. They are the single most important benefit going to families with children (Badelt, 1997). They are financed through employers' contributions and government payments out of general revenue. In 2001 they were about \$110 per child per month for each child up to age 10, higher for a child aged 10-19, and still higher for children aged 19-26. Still higher allowances are paid to disabled children, regardless of age. A supplementary allowance is paid to those receiving unemployment insurance benefits. As of 2002 the family allowance for children aged 4 and older was raised again.

The Family Allowance Fund also finances a health program for children under age 4.

Child and Family Tax Benefits

The tax unit for income tax purposes is the individual. Since 1993 the most important tax benefit for families is a refundable tax credit that is higher for each subsequent child, refundable (non-wasteable), and that constitutes the equivalent of an additional family allowance. The credits were introduced as the result of a decision by the Constitutional Supreme Court, which ruled that the tax benefit for children had to be equal to the benefits provided children under social insurance or social assistance. However, the fact that there are higher credits per child for larger families continues to generate debate.

There are several other minor tax benefits including: a tax benefit for one-earner families; a tax benefit for lone parents; a tax benefit for the payment of child support; tax benefits which are tailored for employees in general, tax allowances for special kinds of expenditures such as private health or retirement insurance, housing loans, etc.

Child Support

The Federal government provides advance maintenance payments to minor children if the father who is legally obligated to make these payments fails to do so (Badelt, 1997).

In addition to concern with domestic violence, the issue of joint custody after divorce has become a major subject of discussion. Legislation adopted in 2001 enables divorce courts to grant legal custody to both parents and is hoped to have positive effects for the children.

Other Child Conditioned Income Transfers

Austrian families also receive economic support through various public social insurance schemes: Widows and orphans receive Survivors' Benefits when the primary breadwinner dies. They also may receive dependents' benefits under Workers Compensation and under unemployment insurance. Dependent family members are covered under the breadwinner's health insurance without any payment (Badelt, 1997).

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Since 1993, women who have custody of their children are rewarded by four years notional contributions to the retirement old age pension scheme for each child, which makes it easier for them to obtain an old age pension of their own, rather than only as dependents (Badelt, 1997).

Child and Adolescent Health

Austria has a national health insurance program which covers just about the entire population. Health policy for children is not a very visible subject in public policy discussions. Infant mortality rates are very low and immunization rates are high, but there seems to be some decline in parents bringing children to be vaccinated. Since January 1998 all recommended vaccinations are available free of charge to Austrian children until the end of compulsory school.

There is some evidence that childhood social deprivation is reflected in child health status, but this, too, is not an issue that is high on the national policy agenda. The birth allowance that had been provided to parents who had their child receive regular medical check-ups during their first four years was abolished in 1996. This has raised questions about possible negative consequences and is being monitored.

School-Aged Children: Policies and Programs

About 6 percent of 6-10 year olds are in after-school programs.

Youth

Youth unemployment rates (under 25) are unusually low at 6.5 percent for women and 4.7 percent for men in 1998 (OECD, 2000a).

There is growing concern about youth and their risk-taking behavior, in particular their being exposed to smoking, alcohol, and drugs. Eighty percent of youth over age 15 smoke, about half regularly; 96 percent have tried alcohol; about 6 percent of those aged 14-22 consume alcohol daily. Between 15 and 20 percent have tried marijuana and an unknown percentage have experimented with hard drugs. Thirty percent of road accidents are to youth between the ages of 16-24. Teen non-marital pregnancy rates are down. In 1990, sex education of young people was declared an explicit goal of federal policy. [Click here to view in PDF format a table on the ages at which children and youth are legally entitled to carry out a series of acts in EU countries.](#)

Austria was one of the fourteen countries participating in the OECD thematic review, [From Initial Education to Working Life—Making Transitions Work](#). For more detail on the transition to working life in Austria, see OECD's background report on Austria.

Reconciliation of Work and Family Life

According to Christoph Badelt (1998), former Austrian representative to the European Family Observatory, the issue of reconciling work and family life is one of the most intensely debated issues in Austrian family policy. He states "there are few subjects in family policy where basic ideological differences can be seen as overtly as here. While most political groups officially advocate freedom of choice between work at home and paid work and also endorse any political measure to make it easier to re-enter the labor market after a period of child related family work, there are significant differences in practical policy as to how far-reaching these measures should actually be and how much public money should be devoted to this purpose. These differences

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can easily be illustrated in the area of child care facilities, the political support for leave arrangements, etc” (p. 198).

Numerous measures have been enacted recently to facilitate the reconciliation of work and family life (Council of European Ministers, 1998):

- As of January 1, 2000, credit for child rearing in calculating old age pension benefits;
- The right of parents on parental leave to earn additional income without losing their parental leave allowances;
- The reduction of working hours for persons providing care for close relatives;
- Flexible, paid vacation arrangements;
- Efforts at encouraging firms to be more "family friendly" and the development of a family and work audit emphasizing the benefits of family friendly measures to firms.

Nonetheless, a high wage disparity between men and women remains.

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