



REPUBLIC OF AUSTRIA

**NATIONAL REPORT ON
STRATEGIES FOR
SOCIAL PROTECTION
AND SOCIAL INCLUSION**

NATIONAL REPORT ON STRATEGIES FOR SOCIAL PROTECTION AND SOCIAL INCLUSION

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PART 1 – COMMON OVERVIEW

1.1. Assessment of the Social Situation – Challenges

The key challenges in the context of this strategy report are to ensure

- 1) more opportunities for disadvantaged children and youths,
- 2) enhanced employment participation of individuals furthest from the labour market,
- 3) improved social inclusion of individuals with physical, mental and psychological disabilities, and
- 4) adjustment of the welfare state system to demographic change.

Prevention of the Intergenerational Transmission of Poverty

In many cases, poverty and social exclusion at adult age are consequences of disadvantages and discrimination suffered in childhood. Factors that impair development in the early stages of life include in particular: low income of parents, poor education and training, impaired health status and tensions in the family environment.

The percentage of people at risk of poverty according to SILC 2004 was 12.8% (2003: 13.2%) and thus three percentage points below the EU-25 rate. The at-risk-of-poverty level in Austria is 25% above the EU-25 average if adjusted for purchasing power (and 13% above the EU-15 average). The poverty risk of children and youth (till age 15) is 15% and thus roughly three percentage points above the general at-risk-of poverty rate. It is mainly concentrated in households where parents are not sufficiently integrated into the labour market.

Labour force participation of mothers will reduce income poverty risks by up to two thirds: in lone mother households from 47% to 16%, in households with three and more children from 29% to 16%, in households with two children from 17% to 5%, and in households with one child from 13% to 6%.

According to a study conducted by Statistik Austria there is a need for roughly 18,000 additional childcare places (Vienna not included). A sufficient supply of care facilities is a precondition for the ability to reconcile work and family life and enhance women's career opportunities. Childcare facilities also provide a favourable preparatory setting for children's later educational career and particularly so for children from families with poor educational background.

The share of 18- to 24-year olds with only compulsory education (or less) and currently not in training (= "early school leavers") dropped from 10.2% in 2000 to 9% in 2005 (women 8.5%, men 9.4%). The EU-25 average is 15.2% (EUROSTAT). The EU objective of having at least 85% of 20- to 24-year-olds finish secondary level II by 2010 has already been attained in Austria, where this percentage is 85.9% as compared with an EU average of 76.9%.

Challenges concern in particular migrant youth whose percentage in "early school leavers" is higher than among Austrians (25% "early school leavers" as compared to 7% among Austrian nationals) (Statistik Austria). This is why the integration of children with a foreign mother tongue is being enhanced. German language tutorials are available at kindergarten for children who do not have a sufficient command of their future teaching language. Similar programmes are available for elementary schools for children who have an insufficient understanding of the teaching language, such tutorials comprising 11 hours a week of intensive German language tutorials.

Labour Market Opportunities for Disadvantaged Groups

As most other EU-15 countries, Austria suffered from below average economic growth (in longer-term comparison) in the first five years of the current decade. Austria's unemployment rate according to EUROSTAT rose from 3.6% in 2000 to 5.2% in 2005 (women: 5.5%, men: 4.9%). The employment rate according to EUROSTAT increased from 68.5% to 68.6% (due to sample changes in the labour force survey in 2004 the increase of the employment rate is

being underestimated, while that of unemployment is being overestimated). Women recorded an increase in the employment rate from 59.6% to 62% and men a decrease from 77.3% to 75.4%. Unemployment in 2005 was definitely less pronounced than in the EU-25 (8.8%), while the employment rate is much higher than the EU's 63.8%.

A target group of special relevance to labour market and social policies are people in unemployed households. In 2000, 4% of those aged 0 to 17 years and 8% of those aged 18 to 59 years lived in households where no member earned income from work. In 2005, the respective percentages were 6% and 9% (EUROSTAT). The extent of labour market integration has a direct impact on poverty risks. In 2004 the risk of becoming poor was 18% for inactive individuals of working age and only 8% for working people.

More than one third of unemployed women and men have no education beyond compulsory education (AMS). In 2005 the unemployment rate of people with no more than compulsory education (10.2%; women 9.8%; men 10.6%) was more than twice as high as that for people with higher attainment levels (4%) (Statistik Austria). However, major education attainment advances have been achieved for Austria's resident population aged 25 to 64 years: whereas in 1995 30.3% of women and men had no more than compulsory education at most, their percentage had dropped to 19.4% in 2005.

The risk of becoming poor despite some economic activity is above average for individuals with low income from work. The poverty risk of people with monthly gross incomes from work of less than € 1,000 is around 23%. Part-time work of more than 20 weekly hours only involves a higher poverty risk if this is the sole income from work in a household (SILC 2004).

The poverty risk of migrant households (27%) is due, *inter alia*, to the fact that migrants primarily work in economic or occupational sectors with a high risk of unemployment (65% are unskilled workers).

Female employment continued to rise. Women's employment participation has increased, their labour market integration is more stable, and the gender pay gap has been reduced (women earn 82% of men's average gross hourly wages according to SILC 2004).

Boosting the career opportunities of older workers is a special challenge. The employment rate in Austria of those aged 55 to 64 rose from 28.8% in 2000 to 31.8% in 2005 according to EUROSTAT (women 22.9%, men 41.3%). A greater labour market participation of older people is not only necessary for the financial sustainability of the welfare state and for making better use of the overall economy's potential, but it also contributes to strengthening social cohesion as an above average number of older people have insufficient training and poorer health.

The share of people of working age participating in further training rose from 8% in 2000 to 14% in 2005 (EUROSTAT), thus being above the EU-25 average of 11%. However, there is still a need to raise the participation of groups with above average employability problems (low education level, older age, first and second generation immigrants). According to the Labour Force Survey, the participation of individuals having no more than compulsory schooling (4%) is two thirds below the average participation rate in training measures.

Institutes of economic research forecast an economic growth of up to 3% for the year 2006. A marked increase in the employment rate and a reduction of unemployment can be expected. In 2005 the unemployment rate was clearly below the EU-25 rate (8.8%) while the employment rate was above the EU-25 average (63.8%).

Improving the Social and Economic Inclusion of Individuals with Physical, Psychological and Mental Disabilities

665,000 individuals (approx. 8% of the population) said according to SILC 2004 that they were highly impaired in doing their daily chores. Broken down by age groups, these would be roughly 330,000 individuals of working age and roughly the same number aged 65+ (no reliable data are available for children and youth).

Owing to this population group's low employment rate (36% of those aged 20 to 64 according to SILC 2004), higher unemployment rate (11% SILC 2004) and below average level of

pension benefits 19% are at risk of financial poverty, i.e. 6 percentage points above that of the general average.

Committed action by the government (see 2.3.) has resulted in a decline of unemployment among disabled people. The number of disabled people registered as unemployed with the public employment service dropped from 32,100 to 28,500 (AMS) between 2000 and 2005.

There are growing attempts to meet parents' desire for disabled children's integration into the mainstream education system (disabled children taught jointly with non-disabled children). The number of students in special schools decreased by 20% from 1997 to 2005, whereas the number of students in need of special therapeutic support in integration classes rose by more than 60% (Statistik Austria). These advances are due to the numerous policy measures taken to improve the educational integration of children and youths with disabilities.

Demographic Change

The number of over-60-year-olds will rise from 1.8 million in 2004 to 2.7 million in 2030 (+50%) according to Statistik Austria. This major increase of older people cannot be met by the social pension system alone. This is why the government's pension reforms introduced between 2000 and 2004 focused on raising the retirement age and introducing incentives for people to work longer.

The expected increase of very old persons (aged 75+) is even higher in percentage terms. It will rise from 620,000 to 970,000 in 2030 (+54%) and enhance the need for health and long-term care services.

The challenges for the healthcare system will be to keep ensuring equitable and low-threshold access to its services, to reduce the partially existing social, gender-specific and regional disparity in people's health status by enhancing preventative healthcare services for specific target groups, to resolve interface problems in service delivery and between health and nursing care sectors, to upgrade quality standards, and to ensure financial sustainability. The 2005 healthcare reform provided the basis for meeting these challenges.

As regards long-term care services, there is a growing need for skilled nursing staff for home, ambulatory and intramural care. A great variety of policies has been implemented in long-term and elder care in recent years: for the first time in 10 years long-term care benefits have been adjusted to current price levels; family hospice leave and favourably-priced self-insurance have been introduced; savings made with a building society have been opened up for long-term care provision; and more than 13,000 unemployed people have been trained to become qualified nurses. Since the major portion of nursing (more than 80%) is provided by family members, the greater employment participation of women and the decreasing physical proximity of family members will require more mobile nursing services and more counselling, relief services and financial support to nursing family members. Reconciling work and home nursing must be further improved.

In the short term, there is a need to extend and put on a legal basis the supply of nursing staff in Austria and to enhance relief services to help nursing family members in their day-to-day chores. In the medium term, Austria will have to upgrade ambulatory care at home and improve the transition from inpatient hospital care to home nursing, i.e. discharge management.

1.2. Overall Strategic Approach

Welfare state transfers (including pensions) and the delivery of social and healthcare services are the main pillars upon which social cohesion in Austria rests. They reduce income poverty among the population by more than two thirds from 42% to 13% (for households without retirement income from 30% to 12%) (SILC 2004). Moreover, they are indispensable in situations where help is needed for people in distress and especially for more vulnerable groups to improve their chances of social inclusion.

The objective is to ensure sustainability of the welfare state and its pillars, make delivery more efficient and effective and align such delivery with future demographic, social and economic developments.

Austria's strategic objectives are in conformity with the three overarching objectives of the Open Method of Coordination (OMC) of the European Union, i.e. to promote:

- a. social cohesion, equality between men and women and equal opportunities for all through adequate and financially sustainable social protection systems and social inclusion policies;
- b. better interaction of economic, employment, social and sustainable development policies;
- c. the involvement of stakeholders in the design, implementation and evaluation of policy objectives.

re a) Promote Equal Opportunities for All

Regarding the objective of the OMC to enhance social cohesion, Austria is pursuing three strategic priorities based on the analysis set forth in Section 1.1.: still more opportunities for children and youth; better employment opportunities for disadvantaged groups in the labour market; more participation options for people with disabilities.

Austria aims to reduce by one third the poverty risk of families with children from currently 15% to 10% and improve the development opportunities of disadvantaged children and youth within the next ten years. This is intended to break the vicious circle of poverty and social exclusion being passed down from one generation to the next, from parents to children (see Section 2.1.).

Enhanced employment participation should improve the income situation and social inclusion of groups with above-average labour market problems (see Section 2.2.).

The third priority of providing “enhanced participation of people with disabilities” includes policies and targets set to improve opportunities in early childhood, at school, in training and in working life, as well as the introduction of tools designed to enhance such people's participation in public life. The guiding principle behind this policy drive is to provide chances to disabled people which hardly differ from those provided to non-disabled people (see Section 2.3.).

Greater Employment Participation Ensures the Financial Sustainability of Social Protection Systems

As well as policies to improve people's financial situation and social inclusion, enhancing labour market participation is a major contribution towards ensuring the financial sustainability of social protection systems.

Labour market policies and other transfer systems which address the needs of individuals fit to work aim to establish a closer link between income support and activating measures. Income support is intended to prevent financial distress. However, it should also help advance labour market integration through skills training and other active labour market programmes.

The pension reforms introduced between 2000 and 2004 raised the statutory retirement age and changed pension levels by extending the active career period across which such levels are computed. To help people follow extended and more stable careers Austria has to introduce accompanying measures, *inter alia*, for the education and training sector, for reconciling work and family life, for labour market support policies and for an age-compliant design of workplaces.

Pension reform and greater employment participation will result in marked financial burden relief. Projections made for ECOFIN show that the percentage share of social pension spending in GDP is expected to rise by only 0.6 percentage points between 2004 and 2030. The reason for such a low rise in pension spending is mainly rooted in the expected rise in employment participation rather than in pension cuts. The average individual income

replacement rate of pension benefits (level of pension benefits as compared with last earned income) will be two thirds (gross) in 2030 based on an assumed insurance period of 40 years, i.e. it will be roughly the same as it is now.

If, alongside the public pension system, we also take into account the other public systems most affected by demographic developments (healthcare, long-term care, education), the share of these aggregate expenses in GDP will not rise significantly either according to ECOFIN projections, namely from 24.4% in 2004 to 25.4% in 2030.

No doubt, demographic ageing poses enormous challenges. However, if we succeed in including more people into the labour market and ensuring longer working lives, the redistribution volumes from people of working age to older people will rise only slightly in an ageing society.

Reforms of Healthcare and Long-Term Care

A healthcare reform programme was adopted in autumn 2004 to tackle structural problems and ensure financial sustainability. This reform involved agreement on an inter-sectoral alignment of overall healthcare planning, finance and control by key stakeholders. Austria has opted for “rationalisation” over “rationing”. Organisational and structural measures are designed to reduce or eliminate in the long term any existing inefficiencies in resource allocation.

Austria’s structural healthcare plan (*Österreichischer Strukturplan Gesundheit – ÖSG*) is the new and binding basis for an integrated planning of national healthcare delivery. Its integration approach is paving the way for various inter-sectoral shifts in the healthcare system. Another objective of this reform is to ensure nationwide delivery and improve the quality of healthcare. The Federal Act on the Quality of Healthcare Services (*Bundesgesetz zur Qualität von Gesundheitsleistungen*) forms the basis for quality standards in the provision of healthcare services. The reform programme also includes policies to enhance health promotion initiatives.

More than 80% of individuals in need of nursing care are nursed at home, primarily by female family members. Such nursing, however, is provided at the expense of caregivers’ own retirement income provision. Hence it is necessary to give these women the opportunity to close gaps in their insurance records. This is why Austria has already introduced a number of preferential pension insurance options for periods of nursing close relatives. Improving the reconciliation of caregiving, work and family life should be a special priority. In the mid-1990s Austria’s Länder (provinces) agreed with the federal government on plans to ensure a decentralised and nationwide delivery of ambulatory, outpatient or inpatient services. Most of the agreed objectives have already been achieved, while they are also continuously adjusted to new requirements. In December 2004 an agreement between the government and the Länder on social care occupations was signed under Article 15a of Austria’s Federal Constitutional Act (B-VG), which contains uniform training and job standards. The goal is to introduce a uniform, graduated and modular design for training and career profiles both in eldercare and care for the disabled. The agreement has to be transposed into law by July 2007 and is intended to heighten the attractiveness of such occupations.

re b) Interaction between the Lisbon Strategy and the EU’s Sustainable Development Strategy

Effective interaction between economic, employment and social policy requires close coordination between the various policy domains. In institutional terms such interaction is ensured by close cooperation between the competent ministries in consultation with the Länder and other stakeholders. Last year the Federal Ministry for Social Security, Generations and Consumer Protection (BMSG) made numerous contributions in the preparation of the National Reform Programme for Growth and Jobs.

In the National Report on Social Protection and Social Inclusion Strategies the common objective of promoting employment is geared towards certain target groups at greater risk. This is how the Strategy for Growth and Jobs is supported and given a detailed focus.

A key area that illustrates the effective interaction between the various strategies concerns the correlation between employment participation and financial sustainability referred to above.

Another example would be the priority area of “fighting poverty and social exclusion of children and youth”, where a proper work-life balance is as important as education policy. Policies in these areas are thus of significance both to Guidelines 18 and 23 of the Strategy for Growth and Jobs (and thus part of Austria’s National Reform Programme) and – with a special focus on tackling and preventing poverty – to the current Report on Strategies for Social Protection and Social Inclusion.

Healthcare and long-term care are other areas illustrating the positive interaction between the various strategies. These two sectors constitute an important production and growth factor and make a disproportionately high contribution to employment growth in Austria. Against the backdrop of demographic developments there is reason to assume that the need for nursing and healthcare services will continue to rise, and that the expansion of social services will provide further employment gains.

re c) Involvement of Stakeholders

The current strategy report is based on a written consultation process and on consultation meetings between ministries, Länder, local authorities, social partners and umbrella organisations of NGOs. The strategy report has been adopted by the Austrian Council of Ministers.

Austria’s federal structure in healthcare and parts of social protection, the traditionally strong involvement of the social partners, the growing importance of non-profit organisations as providers of social services and the increased consultation of groups representing the interests of disadvantaged individuals result in a great variety of stakeholders when it comes to defining social and healthcare policies and their implementation. There are institutionalised planning, consultancy, coordination and implementation bodies for stakeholders in the relevant policy fields of social protection and healthcare.

(Plans to strengthen the involvement of actors in the area of “social inclusion” will be presented in Section 2.4.).

One objective of pension and healthcare reform programmes was to extend the active involvement of stakeholders. As from 2007 the range of players included in the Austrian Commission on Long-Term Pension Sustainability¹ will be enlarged (public agencies, social partners, political parties, senior citizens’ and youth associations, experts).

An inter-sectoral alignment of planning, finance and control of the entire healthcare system was agreed under the 2005 healthcare reform. Involvement of, and cooperation with, stakeholders will have a much greater priority than they used to have and will cover all stages from planning to implementation. The establishment of a Federal Health Agency (*Bundesgesundheitsagentur*) and of Provincial Health Funds (*Landesgesundheitsfonds*) are examples of this development.

A task force for long-term care provision (*Arbeitskreis für Pflegevorsorge*) has been established based on an agreement between the federal government and the Länder. This task force should give recommendations on joint objectives and principles of long-term care provision and make suggestions on the further development of minimum standards for social services. Alongside representatives of the federal government and the Länder, this task force also includes representatives of the social partners, of the Federation of Austrian Social Insurance Institutions², of the Austrian Working Group for Rehabilitation³ (which is the

¹ *Kommission zur langfristigen Pensionssicherung*

² *Hauptverband der österreichischen Sozialversicherungsträger*

umbrella of disability organisations) and the Austrian Senior Citizens' Council⁴. There are plans to widen the range of stakeholders represented in this body.

Statutory counselling bodies for disability, family, senior citizen and youth policies are in place where, among others, the largest NGOs active in these areas are represented. In future these bodies should be more involved in the preparation of the strategy report.

Social protection and healthcare systems have a number of differently designed monitoring and evaluation procedures (such as the ones defined by law for the social pension system) which are to be expanded in future.

1.3. Overarching Messages

Prevention of the Intergenerational Transmission of Poverty

As a rule, poverty and social exclusion at adult age are consequences of disadvantages and discrimination suffered in childhood. The objective is to reduce by one third the poverty risk of families with children from currently 15% to 10% and further improve the development opportunities of disadvantaged children and youth within the next ten years. This is intended to break the vicious circle of poverty and social exclusion being passed down from one generation to the next, from parents to children.

Labour Market Opportunities for Disadvantaged Groups

Within the framework of the federal government's job initiative called *Unternehmen Arbeitsplatz* an additional € 204 million (€ 285 million in total for 2006/2007) will be made available to the public employment service for labour market policies. With a record budget of € 1,772 million 133% more funds than in 1999 will be spent on the fight against unemployment.

Alongside the programmes planned by the public employment service, this initiative should help enrol an additional 61,000 individuals in training and job schemes. It is primarily targeted on groups that run higher poverty risks.

With this special initiative the federal government aims to sustain the current positive development in the labour market also in the years to come, raise the employment rate from 68.6% in 2005 to 70% (EU objective) prior to 2010, and further reduce unemployment.

Improving the Social and Economic Inclusion of Individuals with Physical, Psychological and Mental Disabilities

The key objective of the Austrian government's disability policy is to create the kind of framework necessary to provide chances to disabled people which hardly differ from those provided to non-disabled people. People with disabilities should have the opportunity to attend kindergarten, school and training establishments together with non-disabled children and adolescents. As a rule, employment promotion should focus on the primary labour market. Even severely disabled individuals should be offered employment alternatives. Participation in public life should be made possible by providing a non-discriminatory infrastructure. Additional funds are made available to achieve these aims.

Greater Employment Participation Ensures the Financial Sustainability of Social Protection Systems

As well as policies to improve people's financial situation and social inclusion, enhancing labour market participation is a major contribution towards ensuring the financial sustainability of social protection systems. The pension reforms introduced between 2000 and 2004 raised the statutory retirement age and changed pension levels by extending the active career period across which such levels are computed.

³ Österreichische Arbeitsgemeinschaft für Rehabilitation

⁴ Österreichischer Seniorenrat

Projections made for ECOFIN show that, in spite of the expected massive ageing of society, greater labour market participation and welfare state system reforms will result in only slight increases in the percentage share of welfare state spending of one percentage point between 2004 and 2030.

PART 2 – SOCIAL INCLUSION

2.1. Fight Poverty and Social Exclusion of Children and Youth

The objective is to reduce child poverty within the next ten years (especially by improving parents' labour market prospects) from currently 15% to 10% and further improve the development opportunities of disadvantaged children and youth.

The objective of providing an adequate coverage of the costs of raising children has largely been implemented with the introduction of the childcare benefit scheme, improved family allowance and tax burden relief. Such policies, however, have to be accompanied by a whole package of policy measures designed to improve parents' career and children's development prospects.

One priority of labour market policies and objectives is to offer appropriate programmes to women returners. The planned extension of care centres for children and people in need of nursing care will further improve the framework for reconciling work and family life.

Childcare facilities should enhance efforts to prepare children for school, while schools should enhance efforts to assist underachievers and impaired pupils (for instance, major efforts have been undertaken to provide early language tutorials to pupils with an insufficient knowledge of German, see Section 2.1.2.).

Additional labour market policy funds are being made available for providing more apprenticeship, training and job opportunities to young people. Opportunities for disabled children and youths should be upgraded in compliance with their needs (see also 2.3.1. to 2.3.3.). Child rights are to move more centre-stage within policy measures.

2.1.1. Childcare Facilities

In terms of poverty prevention, childcare facilities serve to pursue three objectives. A sufficient supply of childcare places helps parents make a career with adequate income from work, facilitates the transition to school for children and improves their future chances of participation.

There was an increase of children attending childcare facilities away from home (kindergarten, childminders, after-school day care centres, afternoon care in schools, etc.): between 2003 and 2005 it went up from 11% to 13% for 0- to 2-year olds, from 84% to 85% for 3- to 5-year olds and from 17% to 20% for 6- to 9-year olds (Statistik Austria).

A survey conducted by Statistik Austria in cooperation with the Länder and the federal government identified a need of 18,000 additional childcare places (Vienna not included) and of adjusting opening hours to parents' working hours. Länder funds (primarily for children aged 0 to 2 years) and federal funds (primarily for afternoon care for schoolchildren: see 2.1.2.) should be spent in the forthcoming years to meet this additional need which varies by type of region and Länder.

The federal government has made available money for testing innovative projects (flexible care hours, inter-age and inter-community care, inter-generational forms of care).

Childcare facilities should improve equal opportunities in the children's school career. This is why in future greater emphasis will be placed on offering targeted assistance in childcare facilities to children with poorer education backgrounds (see 2.1.2.).

2.1.2. Education

Under Austria's education policy two education policy packages were adopted last year to improve the chances of children from at-risk-of-poverty households: they focus on upgrading day care at school and promoting the language skills of children who do not speak German.

Day Care

Every child in need of day care should receive such care, which is why day care options have been expanded to meet such needs while leaving it to parents to make use of them. The measures have begun to take effect: in 2006 80,000 students are using day care. The number of children in day care has risen by 70% within five years.

Beginning in the school year 2006/07, parents have to be informed about available day care options. Moreover, a mandatory needs assessment has to be conducted. The inter-class, inter-grade and inter-school organisation of day care facilitates the creation of day care groups. The federal government pays for ten care hours per week for 15 students.

Early Language Tutorials at Kindergarten and Elementary School

A good command of the language is a precondition for rapid integration, better educational achievement and more labour market opportunities. All children should understand the teaching language, which is German. The earlier language skills are promoted, the better will be children's chances in future. Two measures have been introduced for children who do not speak German:

1. Early language tutorials at kindergarten: this initiative is being jointly implemented by federal authorities (i.e. by the ministries responsible for education, interior and social affairs), by the Länder, local authorities and private agencies with due regard to the statutory distribution of responsibilities. School enrolment dates have been advanced to enable head teachers to assess the language skills of children one year prior to school entry. This will ensure appropriate assistance in due time at kindergarten. The federal government supports the competent Länder and local communities with € 80 per child. This is intended to enhance such programmes that are already in place at Länder and community levels and give all children who do not understand German the opportunity of learning the language properly.

2. Language tutorials at elementary schools: children who cannot be enrolled in early language tutorials at kindergarten, either because they do not attend kindergarten or because they arrive in Austria at elementary school age, will receive language tutorials at elementary schools. The government's education package II (*Schulpaket II*) provides that children who do not master the teaching language will be removed from mainstream instruction for 11 hours and taught German in intensive language tutorial groups comprising eight to twelve children, while during the remaining hours they will be with their homebase class to maintain social integration. The federal government currently provides 1,600 compulsory school teachers as tutors for the integration of children who do not understand the teaching language. As from 2006/2007 another 330 teaching placements will be additionally created for this purpose.

Promotion of Reading Skills

Reading is the most important cultural technique. Who understands the meaning of written words and sentences is able to continue targeted education and training and has better career prospects. Hence it is one of the key tasks of schools to see to it that students really understand what they read. The objective is to enhance all students' reading motivation and skills, help weak readers catch up with their peers and develop a comprehensive reading culture at school which is borne by the entire teaching staff.

As early as 2002 the "fit for reading" campaign (*Lesefit*) was launched at elementary schools. Another initiative called "Promote reading!" (*Lesen fördern!*) aims to strengthen the reading skills of all students. Hence every school is called upon to introduce individual and needs-compliant measures to promote reading with due regard to the varying motivations and reading habits of their students. Improving the reading skills of all students should be

achieved by making it mandatory to carry out the Salzburg screening test for reading (*Salzburger Lesescreening*, a standardised test to identify students' reading ability) in the 3rd and 5th grade followed by appropriate reading tutorials at class and/or school levels.

The education ministry supports this education initiative by the following measures: in-service teacher training, nationwide annual reading symposium, provision of the Salzburg screening test, studies, development of teaching tools and materials, support to reading promotion programmes of schools, as well as continuation of the fit for reading campaign⁵ under which, *inter alia*, a brochure on the significance of reading is made available in German, Turkish and Bosnian/Croat/Serbian at the time of school enrolment.

2.1.3. Labour Market Programme Targeted on Young People

The labour market policy strategy for young people is based on the statutory objective of 2004 to enable all young adults aged under 25 years to participate in a training or re-entry programme if no suitable employment can be offered to them within 3 months.

This will be implemented by a wider range of options for apprenticeship-seeking youths under the Youth Training Consolidation Act (JASG), by youth-specific training and employment programmes (e.g. Jobs4Youth) and special apprenticeship subsidies to employers (Blum Programme). The number of participants in Jobs4Youth will be raised by 22,000 (2006) from a baseline of 51,400 (2005). Participation in labour market oriented skills training measures thus should be boosted by roughly 30% in 2006. The Blum Programme was applied to 10,600 apprenticeship places in April 2006. Owing to this and other programmes the number of apprenticeship places has been on the rise for the first time since the late 1990s. According to the statistics of the Austrian Economic Chamber (WKÖ) new apprentices have increased by 7.3% compared with December 2004.

In 2006 and 2007 the job creation programme of the Austrian government called *Unternehmen Arbeitsplatz* will make available an additional € 150 million for the labour market policy (LMP) budget for young people. This will provide money for supporting another 30,600 young people.

The objectives defined for Austria's public employment service (AMS) in 2006 stipulate that at least 96% of young people who lost their job must not become long-term unemployed (i.e. registered with the AMS for more than 6 months). They must be given some job or training prior to flowing into long-term unemployment.

Completing compulsory education is an essential criterion for job entry, especially for young people with migration backgrounds. The planned number of people participating in this AMS programme has been raised by 1,600 to 1,900 for 2006.

"Give youth a chance" (*Der Jugend eine Chance*) is a job coaching and placement project launched in autumn 2005 by the public employment service and the Austrian Economic Chamber to eliminate long-term youth unemployment. The project is scheduled to run till July 2007 and should reach up to 2,000 long-term unemployed youths. Under this assistance project young people will get a personal coach and placement officer. It starts with a two-month skills training module designed to teach social skills and remove any education deficits. The coach's major function is to provide intensive assistance to these young people, get concrete job offers for them and help them with interviews, job preparation and/or contacts with employers.

Implementation of all these programmes should reduce youth unemployment in 2006 for the first time in years.

⁵ LESEFIT – *Lesen können heißt lernen können*, i.e. FIT FOR READING – knowing to read means knowing to learn

2.1.4. Advance on Maintenance Payments for Lone Parents

The above average at-risk-of-poverty rate among lone parents is also due to some fathers' unwillingness to pay maintenance and to loopholes in the law. To reduce poverty risks for children in lone mother households due to defaulting fathers, the Federal Ministry for Social Security, Generations and Consumer Protection (BMSG) and the Federal Ministry of Justice (BMJ) have established a joint working group to amend the Advance on Maintenance Payments Act (UVG). The working group should suggest solutions for cases where, under the current legislation, children are not entitled to advances on support payments because the defaulting party is unable to pay or has died. Moreover, procedural arrangements should be simplified and accelerated.

2.1.5. Health Policy Programmes

The health situation of children and youths from low-income families is poorer than that of children from other social groups, although there is equitable access to healthcare facilities, and low-income earners are subject to virtually no patient deductibles. Their poorer health status is mainly due to unhealthier habits and living conditions. This is why the focus has been on health promotion and preventative healthcare.

The nationwide, regional and local services of healthcare providers and schools include: preventative dental care; eyesight tests; medical check-ups; preventative vaccination; speech therapy; programmes for overweight youth; nutritional and postural advice and advice on how to move properly; prevention of alcohol and other substance abuse. Under the mother-child card programme medical check-ups have been extended up to a young person's 18th year. The objective is to intensify existing initiatives at kindergartens and schools and raise the participation of children from low-income families.

2.1.6. Social Care in Crisis Situations

Austria's Länder offer a whole series of social care options for families in crises, ranging from low-threshold anonymous counselling to concrete individual assistance. The services are provided by mobile teams, extramural or intramural facilities. Service delivery is designed to reduce hazards for children and adolescents on the one hand, and help those raising children to acquire the skills necessary for caring and providing for children themselves.

There are plans to upgrade and improve the quality of care assistance by youth welfare authorities to crisis-prone families based on the growing need for such services identified by the Länder. This is aimed at avoiding any additional risks and enabling children to stay with their families if possible.

Wherever children and young people can no longer be raised at home because of their family situation, they may move to group homes, residential facilities and foster families. Since demand for such services is also rising, they will be expanded. This is primarily true of places in foster families and temporary care places for children and adolescents in case of acute family crises.

Experience has shown that requirements for foster parents can be met in those Länder where foster families are supported financially and covered by some social protection scheme. The objective is to introduce suitable support measures for foster parents in order to meet current demands in the Länder by an appropriate supply of potential foster parents.

Austria's Länder also provide temporary lodging to women and children subject to domestic violence at one of their women's shelters. Styria adopted anti-violence legislation under which every abused woman and her children are legally entitled to such lodging financed by fixed benefit rates. In addition, the Länder have children's shelters and apartments for immediate crisis intervention. Counselling centres for men also try to help abusive men overcome the domestic pattern of violence and abuse.

Upper Austria, for instance, is now devising a set of indicators to assess future needs and will prepare a needs and development plan for public youth welfare by 2008.

To minimise any negative consequences for children the federal government has introduced joint custody after divorce. Equal parenting, also after separation, should be supported by a range of public assistance programmes (mediation, assisting and accompanying children when visiting the other parent). Four district courts are currently testing pilot projects.

According to estimates made by the debtors' counselling offices⁶ some 300,000 households are currently highly indebted. One eighth of the offices' clients are under 25. Debt prevention among school students is an important consumer policy objective. There are plans to enhance instruction on consumer policy issues at school, prepare appropriate teaching materials (such as DVDs on indebtedness) and try to mobilise students by other forms of teaching (such as composition contests).

2.1.7. Resocialisation of Juvenile Delinquents

Since imprisonment exacerbates social disintegration and is the economically most expensive form of sanction, it is intended to introduce community work as an alternative to short prison terms and to imprisonment for failure to pay fines. Another option is electronically monitored home detention. Such programmes should be accompanied by intensive assistance by probation officers.

Under existing regulations, assistance to juvenile delinquents can only be initiated by court judgement or by order of the public prosecutor. As a rule, such intervention comes late. Now there are plans to offer voluntary assistance to adolescents and young adults from the date the offence is reported.

Delinquents usually exited the labour market early on. For this group of persons the primary and secondary labour market presents too high a threshold. There are plans to introduce individualised education and training measures and low-threshold work training programmes in conjunction with assistance by social workers. Some of Austria's Länder (provinces) intend to intensify cooperation between the judiciary, youth welfare and *Neustart*⁷.

2.1.8. Child Rights

In 2004 the federal government adopted a comprehensive set of measures within the National Action Plan for the Rights of Children and Young People. Its key objective was to recognise girls and boys as rights holders and heighten their involvement in decision-making processes. A working group composed of representatives of ministries, Länder (provinces), municipalities, local communities and NGOs monitors the implementation of, and coordinates, the roughly 200 policy measures contained therein.

The Länder have statutory agencies, i.e. the ombudsoffices for children and youth, which counsel and mediate in conflict situations. Moreover, they are raising the public's awareness as to the need of enhancing the implementation of child rights. Some Länder have incorporated child rights into their constitutions.

2.2. More Labour Market Opportunities

The key objective in tackling and avoiding poverty for people of working age is to improve their labour market opportunities.

Within the framework of the federal government's job initiative called *Unternehmen Arbeitsplatz* an additional € 204 million (€ 285 million in total for 2006/2007) will be made

⁶ *Schuldnerberatungsstellen* (public agencies counselling indebted individuals or households)

⁷ *Neustart* (new start) is an organisation that helps society resolve and overcome conflicts and, in so doing, provides protection from crime and its consequences.

available to the public employment service for labour market policies in 2006. With a record budget of € 1,772 million 133% more funds than in 1999 will be spent on the fight against unemployment.

Alongside the programmes planned by the public employment service, this initiative should help enrol an additional 61,500 individuals in training and job schemes. It is primarily targeted on the following groups (number of participants in brackets): young people (30,600), women (15,300), unskilled men of prime working age (7,100), older men (4,100), employment promotion schemes in the form of combined wage models (3,000), and people intending to take up jobs in healthcare and long-term care (1,400). Add to that additional funds for subsidising 3,000 people with disabilities.

With this special initiative the federal government aims to sustain the current positive development in the labour market also in the years to come, raise the employment rate from 68.6% in 2005 to 70% (EU objective) prior to 2010, and further reduce unemployment.

The plans explained below are based on the revised (2006) “labour market policy targets set by the Federal Minister of Economics and Labour for the public employment service”⁸ and the medium-term and annual objectives of the public employment service (AMS) based upon these policy targets. The annual objectives of the AMS include concrete labour market policies for specially disadvantaged groups in the labour market.

2.2.1. Long-Term Unemployed

Austria’s labour market policy is guided by the principle of preventing long-term unemployment (LTU) by intervening as early as possible. The objectives for 2006 define that placement efforts and skills training are to ensure that 97% of the registered unemployed do not enter LTU (i.e. out of work for more than 12 months).

To prevent LTU Austria’s public employment service (AMS) takes supplementary measures for the group of “chronically long-term unemployed” (i.e. those unemployed who had continuing employment spells or interrupted their entry in the unemployment register for no more than 2 months within the past 12 months). At least 37% of the chronically long-term unemployed should be placed in a job.

Target attainment should be facilitated by intensified assistance, use of the combined wage model in existence since 2006, temporary wage cost subsidies, promotion of non-profit employment projects and socio-economic enterprises, job coaching and awareness raising among employers in cooperation with social partners.

The Länder, the AMS, the social partners and non-profit organisations cooperate under the current ESF and EQUAL projects, as well as under the territorial employment pacts (TEPs), to enable the long-term unemployed to enter employment through a number of well-aligned social, skills training and job promotion programmes. Supporting projects for the long-term unemployed at the interface between unemployment assistance and social assistance will be one of the priorities in the 2007–2013 ESF programming period. Owing to the great number of necessary players (Länder, AMS, social partners, NGOs) this is to be implemented via the TEPs.

The Länder have programmes designed to facilitate access to the labour market for social assistance claimants who are capable to work. These programmes are to be enhanced in the forthcoming years. One example is the City of Vienna which plans to launch a joint employment project with the employment service in autumn 2006 to enable 200 young social assistance claimants to enter the primary labour market and stay there. The objective is to achieve a success rate of 50% for these previously out of labour force young adults.

⁸ *Arbeitsmarktpolitische Zielvorgaben des Bundesministers für Wirtschaft und Arbeit an das Arbeitsmarktservice*

2.2.2. Older Workers

The negative social consequences of a low employment rate and higher unemployment rate are particularly obvious among older workers with insufficient training or poor health and thus greater risks.

The employment rate of those aged 55+ is to be raised over the next years. Implementation steps include: legislation to raise retirement age, company-related training measures and employment subsidies for older workers (e.g. reorientation; training to remedy skills deficits or acquire new skills in placement foundations and other facilities; integration subsidies), incentives to recruit older workers (part-time allowance for older workers, incentive-disincentive system, subsidies to non-wage labour costs) and in-house further training, health and awareness programmes in association with the social partners. These programmes are designed to reach a greater number of people with training and health problems.

Just as for young people, the employment service (AMS) is also obliged by law to offer training or reintegration programmes to workers aged 50+ if they cannot find a job within three months. This policy objective is defined in the AMS's 2006 targets as follows: placement efforts and labour market support programmes are to be used to prevent 90% of the older unemployed from flowing into LTU.

The policy objective mentioned in Section 2.2.1. of intensifying assistance and support to the long-term unemployed and enable at least 37% of them to take up a job will have a special focus on older workers.

Under a special AMS programme innovative projects for an age-compliant design of the world of work, and for training and reintegrating older workers with employment handicaps, are being carried out from 2005 to 2007. The measures are targeted on employees aged 40+ and job-seekers aged 50+. The programme is implemented with social partner providers. The measures range from skills training concepts, employment projects to regional models of promoting an age- and ageing-compliant world of work through holistic advice to employers and employees.

Training the skills of older employed persons is one of the priorities of Austrian (ESF) projects. In 2005 subsidies were granted for roughly 14,000 employees aged 45+ (2004: 10,900). Within the new ESF programming period 2007–2013 there will be a focus on older workers both under the first key area of action “Adaptability” and under the second “Enhancing Access to Employment”.

2.2.3. Women

The economic situation of women and of families with children is closely connected with the extent of mothers' labour market attachment. The poverty risk of households with non-working mothers is three times as high as that of households with working mothers (see 1.1.).

The Austrian government's labour market policy is intended to eliminate any gender-specific segregation of the labour market. The public employment service (AMS) is obliged by law to combat gender segregation and the discrimination of women in the labour market. A special programme called “women in crafts and engineering”⁹ 2006-2008 has been launched by the AMS, under which (young) women are supported for three years in their attempts to widen the range of job options and embark on “non-traditional” vocational careers.

The gender mainstreaming approach is adopted across labour market policies. Target monitoring systems examine all LMP objectives by gender. Gender-specific objectives have been defined for most of the groups mentioned in 2.1. and 2.2.

⁹ *Frauen in Handwerk und Technik*

Women accounted for 43% of the unemployed, while they accounted for 50% of active labour market policy spending in 2005. This excess proportion in subsidy spending should be maintained in 2006.

A special focus of active labour market programmes for women is providing support to women with care duties, especially helping women return to the labour market after having taken a “baby break”. Skills training measures are to be offered to 25,000 women returners. In 2006 and 2007, the federal government’s job initiative *Unternehmen Arbeitsplatz* is to spend an additional € 18 million for promoting the employment of women returners. Around € 76 million have been earmarked in the government’s programme for policies targeted on women.

2.2.4. Migrants

To improve labour market prospects of migrants and reduce the gap between the unemployment rate of Austrians and migrants, general LMP measures are to be supplemented by programmes targeted on migrants. Such special programmes would include guidance for individuals whose mother tongue is not German, second chance to complete lower level secondary education, specific training courses to enhance migrants’ access to higher qualification labour market segments, or work and job application assistance programmes.

Support to individuals with migration backgrounds is part of all ESF priorities (see also 2.2.5.).

The 2005 Aliens Law Codification (*Fremdenrechtspaket*) systematically revised provisions on the entry, residence and permanent immigration of foreign nationals. Labour market access for the groups of people coming under EU directives (i.e. those entitled to stay under long-term residence permits, those having come to Austria under family reunion programmes) has been facilitated and such people’s sustained integration into the labour market has been secured. For this purpose the codification of law for permanent labour market access and that for permanent residence have been aligned to one another as much as possible.

2.2.5. Individuals with Low Skills

In response to substantial structural changes in the labour market and the increasing interdependence of training background and employment opportunities, Austria’s public employment service enhances the delivery of skills training programmes. The share of unemployed persons attending such courses should be raised from 28% in 2004 to 36% in 2006, with three quarters of the subsidised individuals participating in skills training. Two thirds of the active labour market policy budget should be spent on training measures.

In 2006 courses should be held for 73,000 low-skill individuals aged 25 to 50, supplemented by courses for 96,000 young people and older workers.

Special attention is paid to the effectiveness and sustainability of such training measures. For this purpose appropriate standards are devised and incorporated into mandatory target attainment plans.

Adult education involves plans to implement projects under the ESF programme, their focus being on basic and second-chance education, plus skills training for migrants. Roughly € 40 million (ESF and national appropriations) are earmarked for this purpose for the 2007 to 2013 programming period.

The EQUAL Development Partnership *In.Bewegung* paves the way for a quality-assured delivery of basic education/literacy programmes. Alongside a wide range of information, counselling and public awareness measures, this partnership should also develop innovative models of education work.

2.3. Enhanced Participation of People with Disabilities

The key objective of the Austrian government's disability policy is to create the kind of framework necessary to give the same chances to disabled people and to non-disabled people, provided they are realistic. People with disabilities should have the opportunity to attend kindergarten, school and training establishments together with non-disabled children and adolescents. As a rule, employment promotion should focus on the primary labour market. Even severely disabled individuals should be offered employment alternatives. Participation in public life should be made possible by providing a non-discriminatory infrastructure.

2.3.1. Measures Targeted on Children and Youths

All the Austrian Länder offer early assistance to children with retarded development and disabilities. Such early assistance is mostly provided to families and includes counselling and support, promotion of children's development and cooperation with childcare facilities and schools. Early assistance is supplemented by therapies, such as physiotherapy, ergotherapy and speech therapy. Some Länder have created specific therapy centres for children and young people with disabilities.

The majority of children with disabilities is increasingly being looked after in integration day care centres. In Vorarlberg this form of integration childcare is now the only one available. Providing care for disabled and non-disabled children together is what parents actually want.

In some Länder there is a need for additional early developmental assistance for disabled children and adolescents, and there are plans to step up service delivery accordingly. For instance, Upper Austria introduces special and mainstream day care for schoolchildren in rural areas and enhances mobile integration counselling and therapy.

Between 1997/1998 and 2004/2005 the number of special school students dropped from 16,000 to 13,300, whereas the number of students requiring special assistance within integration classes at elementary and lower secondary schools rose from 9,000 to 15,000 between 1997/1998 and 2004/2005. The objective is to offer integration classes up to the 8th grade throughout Austria.

2.3.2. Vocational Support Measures for Disabled Youth: "Clearing"

The Clearing programme aims to assist disabled youth at the interface between school and work. A key success factor of this programme is the active involvement of these young people, their parents and teachers. In line with differing levels of responsibility, Clearing is based on close cooperation between the Federal Social Welfare Authority¹⁰ (leading authority), the provincial education boards, the public employment service (AMS), the Länder, form teachers, parents and disability centres. This programme should provide needs-compliant apprenticeship places, employment relationships, AMS measures or continuing education to disabled youth.

Clearing measures have been stepped up since 2003. 3,400 young people successfully completed their Clearing procedures in 2005 (versus 1,700 in 2003 and 2,400 in 2004). The objective for 2006 is to raise the number of programme participants to 5,400.

¹⁰ Bundessozialamt

2.3.3. Vocational Support Measures for Disabled People of Working Age

In its government programme the federal government defined as one of its key objectives the labour market integration of people with disabilities. The employment campaign for people with disabilities¹¹ (annual earmarked funds: approx. € 70 million) is being continued in 2006, and there are plans to provide such additional funds also in 2007.

The activities of the Federal Social Welfare Authority and of the public employment service (AMS) focus on the primary labour market and on contributory employment (i.e. fully covered by social insurance scheme).

In 2005 the Federal Social Welfare Office supported measures for 27,500 individuals. In percentage terms, the subsidies to individuals rose 13% as compared with 2004. The women's share in all these measures is 40%. In compliance with gender mainstreaming, all measures are checked for their potential of structurally improving the employment prospects of women with disabilities. The share of women in all measures run by the Federal Social Welfare Office should be raised from currently 40% to 50% in the medium term.

Vocational integration of young people with disabilities, individual workplace support and integration-type vocational training are other priorities of the employment campaign for people with a disability. "Integration-type vocational training" introduced with the 2003 Amendment to the Vocational Training Act (*BAG-Novelle 2003*) has provided a fresh impetus to the vocational integration of individuals with social, learning or physical disabilities. Under this new training programme it is possible to either extend apprenticeships by up to two years or, if apprenticeships cannot be fully completed, to train selected skills enabling such young people to enter the labour market. Private-sector companies offering integration apprenticeships and training to young people will receive subsidies from the Federal Social Welfare Authority to training support schemes. The number of subsidised training relationships is to be raised from currently 1,100 to 1,500.

The "individual workplace support"¹² service initiated in 2004 offers severely disabled people (having difficulty accessing and retaining jobs despite appropriate skills) "individualised support" within the workplace. Supportees will receive the kind of practical assistance needed to do their job or complete training. Growing demand has resulted in the Federal Social Welfare Authority raising the number of supportees to 200 in 2006 and 2007.

Alongside the Federal Social Welfare Authority, the public employment service (AMS) is another key player in efforts to integrate people with a disability into the labour market. The great priority given to this group within AMS-run activities is illustrated by the fact that 41% of unemployed people with a disability were subsidised through training and upskilling programmes in 2005. Additional funds of € 18 million are to be used in 2006 to subsidise another 3,000 disabled individuals (in addition to the 5,600 supported since 2005).

The second round for proposals under the EQUAL Community Initiative began in January 2005. Funds have been granted for eight development partnerships around the priority of facilitating the integration of people with disabilities into the labour market (priority 1B), with five development partnerships working at regional and three at sectoral levels. Development partnerships aim to test new approaches, concepts and methods against discrimination in the labour market. Development partnerships of the second round for proposals are given funds totalling € 14 million. The money is financed in equal halves by the ESF and by Austria.

Alongside priority themes, the second EQUAL round continues its focus on the horizontal issues of gender mainstreaming as well as information and communication technologies to be included in all EQUAL activities.

¹¹ *Beschäftigungsoffensive für Menschen mit Behinderung*

¹² *Persönliche Assistenz am Arbeitsplatz*

In the 2007 to 2013 programming period initiatives will be offered to the following target groups under priority 13: young people with a learning, social and/or emotional disability; older disabled workers who are at risk of losing their jobs or in need of reintegration assistance (at the interface between work and disability pension); as well as people with psychological, mental or sensory impairment. Promoting equal opportunities for women and men is another focus within these target groups.

2.3.4. Support Measures for Severely Disabled People

Austria's Länder offer a number of policy measures to enable this group to participate in social life: subsidised employment in the primary and secondary labour markets and in sheltered workshops; occupational therapy sessions; housing with full or partial attendant care; "train independent living" programmes designed to help the severely disabled enter independent living arrangements; mobile services including living-related support, individual support, family relief care schemes and leisure assistance services.

Most Austrian Länder have identified gaps in assistance delivery, and there are plans to extend such delivery. Quality of service delivery, too, is to be changed to enable people with severe mental, psychological or physical disabilities (some with multiple disabilities) to lead a largely independent life.

Although many of them, because of the severity of their disability, cannot realistically expect a job in the primary labour market or independent living arrangements the programmes offered to them are increasingly being geared to empowerment. In this context the individual support tool plays a key role and its use is to be stepped up in most Länder. This will also provide relief to family members. Regarding employment, the Länder intend to supplement existing occupational therapies, day structuring programmes and integration enterprises by supported employment in private-sector enterprises.

In terms of housing, some Länder have launched housing campaigns for people with severe disabilities. They focus on small community-integrated forms of living with partial or full attendant care to enable them to stay within their accustomed social environment and foster their independence.

2.3.5. Equality of People with Disabilities

In July 2005 the Austrian parliament adopted a law package introducing comprehensive anti-discrimination legislation in many areas of daily life. It includes a Federal Disability Equality Act (B-BGG), a comprehensive amendment to the Disability Equality Act (BGG), as well as an amendment to the Federal Disability Act (BBG).

These Acts are intended to improve the framework for eliminating discrimination in key areas of life and help people with disabilities to participate in social life on an equal footing with non-disabled people. The new disability equality law contains a discrimination ban and sanctions, i.e. the possibility to sue for damages either in the form of an individual action or in the form of an association's action by the umbrella organisation of disabled people's interest groups. Conciliation proceedings at the Federal Social Welfare Authority have to be instituted prior to legal proceedings. Conciliation would also include professional mediation services. An independent disability ombudsoffice has been established at the Federal Ministry for Social Security, Generations and Consumer Protection (BMSG) counselling and helping those affected by discriminatory practices. Moreover, the Austrian sign language has been officially recognised at constitutional level.

In the next years investments in 1,000 enterprises – primarily SMEs with up to 50 employees – are to be supported to build barrier-free premises within the meaning of the Disability Equality Act (BGG). Subsidies amount to 50% (up to € 50,000 per project) of the costs of building conversion to meet disability accessibility criteria.

Most Austrian Länder have legal obligations and plans to make public buildings disability accessible. Most building codes set forth that disability accessibility has to be implemented according to the latest state of the art for all planned new buildings, additions and conversions. Currently surveys are being conducted (or planned) to identify the *status quo* and capital investment needs. The Styrian provincial government decided to make all Styria-owned public buildings barrier-free by 2010.

2.4. Involvement of Stakeholders

As mentioned in Section 1.2., this strategy report is based on a consultation process involving meetings and written exchanges between the relevant federal, provincial, municipal and local authorities, social partners, umbrella organisations of NGOs and service providers and statutory counselling bodies for youth, disability, senior citizens and family affairs.

There are plans for the “social inclusion” strand to have social developments and existing policies monitored and evaluated by independent experts based on EU-agreed and national indicators and on other sources (experiences made by ombudsoffices, non-profit organisations, service providers, etc.). The results of these analyses should become the central point of departure for preparing the next strategy reports. The stakeholders involved in the current strategy report will also become involved in the design and follow-up of such monitoring and evaluation.

The ombudsoffices established by provincial and federal authorities for the whole population and for specific groups of the population (children and youth, people with disabilities, patients, people in need of long-term care, etc.) should be increasingly consulted when it comes to identifying shortcomings in the quality and quantity of welfare service delivery. The two anti-poverty umbrella organisations have been commissioned by the Federal Ministry for Social Security, Generations and Consumer Protection to ask their member organisations, *inter alia*, about areas in need of welfare state reforms (see Annex). The outcome of this study will also serve as a basis for future planning.

PART 3 – NATIONAL STRATEGY REPORT FOR PENSIONS

Substantial reforms introduced by Austria in recent years have been decisive steps towards ensuring the financial sustainability of the social pension system. Starting out from a pension reform in 2000 and a set of measures submitted by an experts' commission the government launched two other pension reforms in 2003 and 2004 to harmonise the different systems for individual occupational groups (under the statutory pension scheme) and federal civil servants. In response to the need for strengthening intra- and inter-generational solidarity the 2003 pension reform introduced uniform standards for retirement age and pension assessment basis (which defines pension levels) to gradually take effect across a transition period. The 2004 pension reform introduced a personal pension account for all new entrants into the labour market in or after 2005 (as well as for those already employed at this point in time and aged under 50 years) as a last step in pension harmonisation designed to implement, and provide some social cushion to, the objectives defined by the 2003 pension reform.

3.1. Adequacy of Pensions

Alongside the general objective of ensuring reasonable retirement incomes, Austria has very flexible rules regarding minimum income provision geared to the varying living situations of retirees. Individuals whose pension benefits and any other income are below a defined threshold called "equalisation supplement reference rate"¹³ (=minimum pension) will receive an equalisation supplement to make up for the difference. In 2005 this means-tested minimum pension was €662.99 a month for singles and € 1,030.23 for couples. In the past this rate was often raised more than standard pension benefits to ensure a decent standard of living. A closer look at the past ten years shows that the minimum pension for singles has risen roughly in line with the inflation rate and with average per capita income, while the minimum pension for couples has gone up much more. An analysis of poverty risks by household category illustrates that the share of retiree households in at-risk households is higher than that of working households but that the distance to the threshold of poverty risk is significantly smaller.

As already announced (cf. Report on the Austrian Pension Strategy 2005, p. 9) bringing the minimum pension for singles up to the threshold of poverty risk is the declared objective of Austria's pension strategy. Raising the reference rate to € 690 a month for singles and to € 1,056 for couples (effective on or after 1 January 2006), with these amounts being means-tested on other benefits granted to minimum pension claimants (cf. Report on the Austrian Pension Strategy 2005, p. 9), is another step in combating poverty.

Regarding measures to promote the second pillar (cf. Report on the Austrian Pension Strategy 2005, p. 11) recent positive developments continued in 2005. The number of people entitled to future and to current pension benefits under company pension funds and the number of contracts and entitlements under employee income provision funds (MVK or "new severance pay scheme") have risen substantially. Although the new severance pay scheme in existence since 2003 is subject to labour law, employees may choose between receiving all of the saved and pensionable amount in one single payment or leave it in the fund for accruing future pension entitlements.

¹³ *Ausgleichszulagenrichtsatz*

3.2. Financial Sustainability of Pension Systems

The gradual increase in retirement age begun under the 2000 pension reform – and continued under the 2003 pension reform – has been effective in that the average *de facto* age of retirement increased for both women and men in 2004 and 2005.

3.3. Modernisation of Pension Systems

Alongside measures designed to improve the situation of women (cf. Report on the Austrian Pension Strategy 2005, pp. 23/24), positive trends can also be identified when comparing the pension levels for newly granted pensions across several years. Whereas between 1998 and 2001 the average first-time pension for men rose more than that for women, there was a reversal of this trend between 2001 and 2004, i.e. the average first-time pension for women rose significantly more than that for men. Recent years also show quite clearly that the number of women having no pension of their own has been declining continuously. Women who contributed to the rebuilding of Austria after World War II and gave birth to and raised at least one child are now entitled to receiving a one-off payment if they or their husbands claim only minimum pensions or comparable benefits under other statutory provisions.

To maintain the flexibility of the pension system and strengthen solidarity within a generation, regulations for pensions claimed within the so-called “early retirement corridor”¹⁴ were supplemented by an ordinance issued in March 2006, which defines pensions for people doing physically demanding work¹⁵ (will enter into force on 1 January 2007). Women and men who have an insurance record of 45 years of contributory employment and did a physically demanding job for ten years within the last twenty years of their career (prior to entering retirement) may retire in their 60th year and only lose 1.8% in pension benefits per year.

In line with the policy objective of involving stakeholders in decision making, three retiree representatives serve and vote in the Commission on Long-Term Pension Sustainability¹⁶. The tasks of this commission include making proposals for annual pension adjustments, commissioning expert opinions to monitor the financial development of the pension insurance system, and, if there are any deviations from defined indicators (such as future life expectancy), reporting on such deviations and suggesting solutions.

¹⁴ *Korridorrente* for people retiring between their 62nd and 65th year, such pensions carrying an actuarial discount of 4.2% per year of retirement before the age of 65, cf. Report on the Austrian Pension Strategy 2005, p. 18

¹⁵ *Schwerarbeitspension*

¹⁶ *Kommission zur langfristigen Pensionssicherung*

PART 4 – NATIONAL PLAN FOR HEALTHCARE AND LONG-TERM CARE

4.1. Summary

Austria's federal constitution defines the terms of reference for legislation and law enforcement. The healthcare system is within the remit of the federal government, with one exception: hospital care, where the federal government is only responsible for general policy legislation. Legislation on how to implement and enforce such policies is up to the Länder. The terms of reference for social policy matters are shared by the federal government and the Länder. Both areas are subject to the following rule: to ensure appropriate health and long-term care the federal government and the Länder have to conclude agreements according to Art. 15a of the Federal Constitutional Act (B-VG).

The healthcare and social sector is a major production and growth factor in economic terms. Health and nursing care spending accounts for roughly one tenth of the gross domestic product, and for years the percentage of people (directly) employed in healthcare has risen more than the percentage of people employed in the entire economy.

Health and social care ranks second after business services regarding the various sectors' contribution to employment growth within the European Union. The situation in Austria is no different. Almost 50% of the 8.07 million Austrians are actively employed. Between 1995 and 2004 the number of actively employed people increased by 0.4% on an annual average; across the same period the number of "health and social care" workers rose by an average of 3%. This trend appears to continue. Estimates indicate that the gaps in growth rates will stay the same. Roughly 4,500 people per year will take up additional jobs in the healthcare sector by 2007. Of these 4,500 workers added every year until 2007 at least two thirds will be women. The number of long-term care workers rose by about 20% between 1999 and 2003, with 80% of such workers being women and the pervading trend being towards higher qualification.

This means that health and social care is an important labour market segment for women. More than three quarters of those employed in healthcare are women, whereas they account for two out of five in the entire economy. Therefore, healthcare and long-term care are areas that contribute to implementing the Lisbon strategy of growth and jobs.

Employment development in health and social care is closely connected with changes in the population's age structure and growing demand. Demographic development and the patients' and clients' greater demands on the level of service provided are confronting the health and social care sector with major planning challenges and tasks.

One of the current challenges concerns well-trained nursing staff. The need for nursing and long-term care is becoming increasingly complex and raises the quality and quantity standards expected of nursing staff.

The joint objective of health and social care is to give priority to "outpatient (ambulatory) over inpatient" care. Patients and clients should be treated and nursed at the care level most appropriate for them. Under the currently applicable agreement according to Art. 15a B-VG on the organisation and funding of the healthcare system, a "cooperation area" introduced at the level of the Provincial Health Platforms¹⁷ is an important step in changing the organisational structure and also towards good governance. In the area of long-term care the federal government and the Länder concluded an agreement according to Art. 15a B-VG concerning joint measures for individuals in need of such care. This agreement entered into force on 1 January 1994 wherein the Länder undertake to decentralise and upgrade social services to ensure nationwide service delivery by 2010.

¹⁷ *Langesgesundheitsplattformen*

This agreement on long-term care also stipulates that the reconciliation of nursing job and family life should be facilitated. Since the majority of people in need of long-term care are nursed at home, it is also necessary to provide a better framework for reconciling paid work and informal care of a family member. For this purpose the government introduced the family hospice leave scheme and measures to assist nursing family members.

The borderlines between acute illness and chronic illness requiring long-term care are blurred. The continuity and quality of treating and managing patients and clients is a major concern in both fields. Under the currently applicable healthcare agreement between the federal government and the Länder attempts are being made to improve interaction between these two areas. The agreement expressly states that framework specifications should be developed by 2008 for managing these interfaces within the healthcare system including the transition to long-term care. Under the agreement on long-term care the Länder have undertaken to coordinate ambulatory, outpatient and inpatient care.

Prevention plays a key role in both fields. The 2005 healthcare reform places much greater emphasis on nationwide health promotion and preventative programmes. For instance, the Federal Ministry for Health and Women (BMGF) has launched a major awareness campaign promoting a “healthy lifestyle” and involving partners from science, industry and the media. Health promotion and preventative care are to be seen as components of a well-functioning interaction management system.

There are efforts in both health and long-term care to enhance “quality work”. Creating uniform and binding quality standards in association with quality assurance procedures for social services is a challenge to be met by federal and provincial governments. A first step in this direction is the agreement concluded between the federal government and the Länder according to Art. 15a B-VG on social care occupations, which entered into force in July 2005 and introduced uniform standards for social care training and work. The agreement between federal and provincial governments applicable to the healthcare sector since 1 January 2005 includes provisions on developing and introducing a binding and efficiency-enhancing quality system for healthcare in Austria. Since the legal framework for binding quality work standards has been strengthened by legislation on the quality of healthcare services and by the above agreement, future challenges concern the implementation and application of the defined standards.

The European Commission suggested to identify 3 – 4 most important strategic policy issues where a mutual exchange and mutual learning from European actions could bring the most added value. Austria proposes the following policy issues:

- Interaction/interface management – in association with a needs-compliant access to all levels of care for all individuals (“coordination of care”).
- How can support to families providing long-term care to a family member be improved?
- In view of the existing skills bottleneck, how can nursing and social care occupations be made more attractive?

4.2. Healthcare

4.2.1. Brief Description of the Healthcare System

The healthcare system is the responsibility of the federal government with one important exception: hospital care, where the federal government is only responsible for general policy legislation. Legislation on how to implement and enforce such policies is up to the Länder. Therefore, federal and provincial governments conclude mutually binding agreements to ensure healthcare within their terms of reference.

Providing healthcare to the population and controlling the healthcare system are considered to be largely a public task in Austria. Healthcare services as such are delivered by public, private not-for-profit and private for-profit organisations or individuals.

In Austria there is basic agreement on having a “mixed funding system” for this purpose. Roughly half of healthcare spending is financed by social health insurance contributions, about one fifth by tax revenue, three tenth by private households (including [supplementary] private health insurance).

If measured against international indicators, Austria has a well-developed healthcare system in terms of both quality and quantity. Almost every Austrian can reach some healthcare facility within an hour.

The system revolves around a social health insurance system, which is mandatory and covers around 98% of the Austrian population. Social health insurance covers all services linked with the treatment of an illness. Benefit claims and their scope are basically independent of the contributions paid. All individuals covered by social health insurance are entitled to the services and benefits recognised by legislation as social health insurance services and benefits. Eligibility is not subject to restrictions, nor is it subject to means-testing. Social health insurance is re-distributive in that contributions are income-dependent and social health insurers guarantee that beneficiaries may access needs-compliant healthcare services. When using certain healthcare services, insurees have to make co-payments or reckon with patient deductibles. However, there are exceptions to this rule for social reasons (need for social protection) for low-income earners or individuals providing verifiable proof of above average expenses due to illness.

Owing to the high percentage of people covered by social health insurance in Austria the main motivation for purchasing a supplementary private health insurance is to cover the cost of better hospital accommodation and catering (hotel component) and the cost of choosing one’s treating doctor at private hospitals. Roughly one third of the population has a (supplementary) private health insurance. Such (supplementary) private insurance schemes finance around 7% of the costs of public hospitals.

2005 Healthcare Reform

In view of financial challenges it is necessary to keep ensuring high-quality, effective, efficient, freely accessible and equitable healthcare in Austria, while also ensuring the financial sustainability of Austria’s healthcare system.

Owing to the very complex organisation and finance structures of healthcare against the backdrop of various forms of organisation of social insurance carriers and hospitals, a growing number of structural weaknesses have come to the fore in recent years, such as insufficiently integrated service delivery and a dual funding system (meaning that inpatient and ambulatory care are financed separately) without any financial equalisation options. A healthcare reform was adopted in autumn 2004 to address the above structural weaknesses and ensure financial sustainability.

Better integration of healthcare delivery is one of the main objectives of this healthcare reform. Health platforms (*Gesundheitsplattformen*) were established at provincial level to improve healthcare planning and monitoring. Enhanced involvement of patient representatives (patient ombudsoffices) help ensure an efficient and effective service delivery. Austria’s structural healthcare plan (ÖSG) is the new and binding framework for an integrated planning of the structure of national healthcare delivery. Its integration approach is paving the way for various inter-sectoral shifts in the healthcare system and will thus form the basis for further healthcare reform steps. Other objectives of this reform are to provide nationwide delivery, improve the quality of healthcare and ensure its financial sustainability.

4.2.2. Accessibility

Austria’s healthcare system is characterised by low-threshold, basically equitable access to all medical and therapeutic care services for all members of the population and by the guiding principle that care may not be rationed on grounds of age, sex, income, social status, religion, ethnic origin, etc.

As already mentioned, the benefits of compulsory social health insurance include universal access to both inpatient and outpatient healthcare services. Social assistance schemes (which come under the responsibility of the Länder) will pay either the contributions to social health insurance or the cost of treatment for some of the non-health insured. Despite this extensive coverage there are still almost 2% of the Austrian population (insufficient data make it impossible to provide more detailed figures) who are not covered by health insurance. Major improvements could already be achieved for some of these individuals by the introduction of new legal provisions, such as the inclusion in social health insurance of asylum seekers in need of assistance and protection or the introduction of a service cheque which provides social security for those working in non-standard jobs. Moreover, the legal framework has now been created at federal level for social assistance claimants to receive e-cards. In addition, the federal government is currently holding talks with the Länder and social insurers on including social assistance claimants in the statutory social insurance system. Maintaining a low-threshold access to Austria's healthcare system is also the reason why voluntary welfare organisations have specialised themselves in offering basic and primary care to people having no health fund voucher or e-card (i.e. are without health insurance). They offer these services in cooperation with public authorities. The chosen best practice example of an outpatient clinic operated by Caritas Graz (*Marienambulanz in Graz*, see Annex) is only one of many ambitious projects in this field.

There are no appreciable waiting lists for medical services owing to high staffing and equipment levels. Only a few "non-emergency operations", such as endoprothetic and eye operations, occasionally require longer waiting times. Austria currently has no nationwide data on waiting lists.

The gradual implementation of performance quantity standards (at all care levels) included in the above mentioned structural healthcare plan will facilitate a more uniform regional distribution of service delivery, help maintain an equitable access to healthcare and ensure the quality of service. Implementing this plan should contribute to alleviating or eliminating in the long term any existing over- or under-supply and thus any inefficiencies in resource allocation.

Such service delivery planning will pay special attention to those areas of healthcare still suffering from gaps in service delivery (such as palliative and hospice care, neurorehabilitation, nationwide psychotherapy options). For instance, there are plans to introduce graduated palliative and hospice care by 2012 and provide for longer-term and sustainable financing arrangements.

Nationwide binding framework provisions for efficient interface management at the transitions from one care system to another (especially quality standards for admission and discharge management) within the healthcare system and, if applicable, to the long-term care system are designed to ensure a needs-compliant access to all areas of healthcare for all people. These framework provisions should be tabled by 2008.

In Austria there is a growing emphasis on "gender awareness in healthcare policy". The long-term objective is to take into account the health needs, risks and resources of women and men in all areas of healthcare. In this context there is a special focus on improving the low-threshold access for socially and culturally disadvantaged groups, especially women. Women's health should be addressed by a defined inter-sectoral approach in curative, rehabilitation and health promotion terms.

However, there is a need for further policy measures to gradually reduce the existing disparity in the Austrian population's health status not only between different age groups, men and women, but also between the regions and here in particular between the east and west of Austria. Less favourable socioeconomic structures in parts of Austria's east have resulted in a west-east divide (identifiable in e.g. higher mortality and increased incidence of obesity in certain areas of the east). There is a particularly high prevalence of diabetes in low-income districts, especially women in rural areas are affected (with this situation being frequently exacerbated by unemployment). These are the points of departure for directing health promotion and preventative measures towards such regions.

4.2.3. Quality

4.2.3.1. Overview of the Development of Quality Work in the Austrian Healthcare System

Healthcare policy efforts to expand quality work began as early as 1990.

At federal level a great number of laws, ordinances and regulations were adopted in the past years for the sole or partial purpose of issuing quality specifications (*status quo*: approx. 50 standards). They refer to recording duties, to pharmaceuticals and medicinal products, to healthcare occupations, to the rights of patients and to quality work at hospitals. In addition, a variety of standards have been decreed at Länder level.

The federal government also supported and financed a great number of quality-related (project) activities in the past years, on issues such as interface management, quality reporting, patient guidance, use of antibiotics, structural quality criteria, use of blood components, hygiene, output quality, quality assurance in microbiological diagnostics, patient safety and prevention of adverse events. These (project) activities were often launched in response to current health policy requirements. Staff from all areas of healthcare participated in these activities. For references to websites of selected quality projects go to: www.bmgf.gv.at/cms/site/inhalte.htm?channel=CH0005&thema=CH0027

Patient rights are defined in various laws, such as hospital law and laws related to healthcare workers. With most of Austria's Länder the federal government has meanwhile concluded a patient's charter to ensure the enforcement of patient rights. The new Act Governing Living Wills (*Patientenverfügungsgesetz*) introduces a clear legal framework that defines the formal requirements and contents, the validity and counselling requirements for a living will or advance directive and is thus another important step towards strengthening patient rights.

Provincial laws have been adopted to establish independent representative offices for patients, whose services are available free of charge. The Länder also have arbitration bodies of medical associations.

There have been nationwide health promotion initiatives in recent years aimed at giving greater priority to health promotion over curative medicine. Important steps towards ensuring sustainability of such initiatives have been the adoption of the Health Promotion Act (*Gesundheitsförderungsgesetz*) and the establishment of the Healthy Austria Fund (*Fonds Gesundes Österreich*) with an annual budget of € 7.25 million. In addition, the Federal Ministry for Health and Women (BMGF) has launched a comprehensive public awareness campaign on the issue of "healthy lifestyle" (for more information see website <http://www.isch.at>). At the same time the Federation of Austrian Social Insurance Institutions has intensified medical check-ups. The partners of the Federal Healthcare Agency (BGA) have stepped up mammography screening programmes, while the Länder have enhanced kindergarten- and school-based efforts to improve the health status of children from low-income families. More specifically, they also take measures to assist overweight children and their families. The X Team Power Generation project of Vorarlberg has been chosen as a best practice example in this area (see Annex). The social partners' initiative Job and Health (*Arbeit und Gesundheit*) has a service portal (www.arbeitundgesundheit.at) advising visitors on how health promotion and health and safety at work can be implemented for the benefit of enterprises and for the well-being of all employees, and encourages employers to enhance health activities. Basically, there is a need for greater awareness of the variety of health determinants.

Federal Act on the Quality of Healthcare Services

The federal government considers the new health reform adopted on 1 January 2005 to be a significant step towards quality service owing to the Federal Act on the Quality of Healthcare Services¹⁸ (for a full text version of this Act in German, and summaries and commentaries in

¹⁸ Bundesgesetz zur Qualität von Gesundheitsleistungen

English, see homepage: http://www.bmgf.gv.at/cms/site/attachments/3/4/1/CH0027/CMS1043931577060/health_care_quality_act.pdf and http://www.bmgf.gv.at/cms/site/attachments/3/4/1/CH0027/CMS1043931577060/commentary_on_the_health_care_quality_act.pdf).

With it the federal government tries to give a structured framework to the great variety of quality issues addressed in recent years, provide nationwide coordination and, in so doing, pursue a targeted quality strategy in consultation with all the major actors. The key contents of this Act concern standard development, structural/procedural/output quality, quality reporting, incentive and control mechanisms for quality work. Moreover, there are plans to establish a Federal Institute for Healthcare Quality (BIQG). This institute will provide assistance in tackling all the challenges mentioned in the above Act. Based on this Act, which has meanwhile entered into force, it will also be possible for the government to issue ordinances on implementing details.

Quality Provisions under the New Agreement between the Federal Government and the Länder according to Article 15a B-VG on the Organisation and Finance of the Healthcare System (2005-2008)

Under the above agreement the federal government and the Länder have committed themselves to the common objective of promoting quality work in healthcare within their respective terms of reference.

Applicable since 1 January 2005, this agreement advocates the introduction and further development of a quality system for healthcare in Austria. High quality healthcare is also the defining criterion for the newly established Federal Health Agency (*Bundesgesundheitsagentur*) with its Federal Health Commission (*Bundesgesundheitskommission*), and for the Länder's Health Platforms (*Gesundheitsplattformen*) under the Provincial Health Funds (*Landesgesundheitsfonds*). The Federal Health Commission is composed of representatives of the federal government, the Länder, the Federation of Austrian Social Insurance Institutions, of the Association of Austrian Cities and Towns¹⁹ and the Association of Local Communities²⁰, denominational hospitals, patient representatives and the Austrian Medical Association. This composition reflects the major finance providers' and healthcare partners' desire to cooperate in this field. (For the full German text of the agreement under Art. 15a B-VG see Homepage: www.bmgf.gv.at/cms/site/detail.htm?thema=CH0038&doc=CMS1104315559331)

Miscellaneous

Under an amendment to the Doctors' Act (*Ärztegesetz*) the Austrian Medical Association established a private company for quality assurance²¹. This company has meanwhile developed quality standards for self-employed doctors. Subject to the approval by the Federal Ministry for Health and Women, these standards will become mandatory for a five-year period under an ordinance issued by the Austrian Medical Association. The first such ordinance took effect in February 2006. Evaluation outcomes should be available by the end of 2008.

There has been a general trend in Austria in recent years towards the use of evidence-based medicine and health technology assessment methods. These initiatives are being supported, *inter alia*, by the federal government, social insurance institutions, some hospital operators and scientific institutions. Also the Federation of Austrian Social Insurance Institutions has followed this trend by introducing an office for evidence-based healthcare. A Ludwig Boltzmann Institute for Health Technology Assessment took up work in April 2006.

¹⁹ *Städtebund*

²⁰ *Gemeindebund*

²¹ *Gesellschaft für Qualitätssicherung & Qualitätsmanagement in der Medizin GmbH = ÖQMed*

4.2.3.2. Challenges / Reform Efforts

The framework for mandatory quality work has been strengthened by the legal standards referred to above. Future challenges will lie in the practical implementation of the agreed contents.

A key role will be played by the Federal Institute for Healthcare Quality (BIQG) soon to be established. The BIQG is to be equipped with the appropriate staff and technical resources and will be the pivot of scientific monitoring and operational implementation of quality policies. To ensure the BIQG's widespread acceptance, it will be necessary to involve as many healthcare players as possible. The BIQG should work in association with other health-specific bodies (Austrian Federal Health Institute – ÖBIG, Healthy Austria Fund) to achieve the desired synergies. The corresponding Bill for creating an umbrella organisation called Health Austria (*Gesundheit Österreich*) has already been adopted in parliament.

The BIQG's duties will include the following policy areas:

- development of standards for structural / procedural / output quality
- quality reporting
- development of indicators
- administration of quality registers
- support measures and incentives
- control mechanisms

Another challenge will be the development of structural quality criteria under the Austrian Structural Health Plan (ÖSG). The ÖSG provides the framework for detailed planning at regional levels and / or at the level of individual inpatient and ambulatory healthcare areas, as well as in rehabilitation and at the transition to long-term care. Compliance with the quality criteria defined in the ÖSG is the pre-condition for healthcare delivery. With a planning horizon until 2010, the ÖSG is an example of the fundamental change that has taken place in the federal government's planning activities away from location planning and towards a performance-oriented expense-side planning system; see also:

www.bmgf.gv.at/cms/site/detail.htm?thema=CH0037&doc=CMS1136983382893

Other future challenges for quality work are connected with EU-level developments:

For instance, the Austrian Presidency put the issue of type II diabetes centre-stage in the first half of 2006 (www.diabeteskonferenz.at). At national level, Austria is stepping up efforts to develop nationwide outline conditions for a disease management programme for type II diabetes.

Another challenge for quality work is the ongoing development of new or revised quality indicators by the OECD and the European Union.

4.2.4. Long-Term Financial Sustainability

Austria spent € 22,770 million on healthcare (including long-term care) in 2004. Public healthcare expenditure accounts for roughly 70% of total expenditure in this field (for further information go to:

www.bmgf.gv.at/cms/site/detail.htm?thema=CH0014&doc=CMS1140519699834).

A new computation approach to healthcare spending has been introduced in Austria. It is based on the System of Health Accounts – SHA, developed by the OECD, and ensures a comprehensive and complete presentation of healthcare expenditure and the international comparability of data. However, the complexity of this new SHA accounting system requires gradual implementation in Austria. Application of this new system has resulted in an increase of the health spending figures published so far, placing Austria among the upper middle Member States.

Improving the impact of the funds used in healthcare is another ongoing challenge. Austria has given priority to “rationalisation over rationing”. To ensure financial sustainability of the Austrian healthcare system, it will be necessary to exploit existing efficiency potentials by

- improving interface management
- improving healthcare integration – integrated healthcare plan
- reducing the number of acute beds and / or converting them into long-term care beds
- developing quality standards for the healthcare system
- intensifying health promotion / prevention / check-ups.

The use of modern information and communication technologies is another focus of healthcare reform. Great hopes are placed in the use of new technologies, such as the “electronic health file”. The e-card was introduced throughout Austria in 2005. Health-economy tools such as evidence-based medicine (EBM) and health technology assessment (HTA) are to be used more widely.

Under the current agreement, the so-called “reform pool” (an instrument to enhance cooperation) should increase allocation efficiencies and help stakeholders to make up for performance shifts (due to e.g. the reduction of inpatient capacities). Possible reform pool projects could include the Disease Management Programme Diabetes, supporting medical home care, and the development and expansion of integrated hospice and palliative care. A number of such projects are in preparation.

Based on the commonly agreed assumptions of the EU’s Economic Policy Committee (EPC) on the development of healthcare spending Austria made a variety of calculations and addressed the issue of rising public healthcare spending – as a percentage of GDP. Demographic changes alone would increase the ratio of healthcare spending by 1.7% by 2050; the assumption that the older population’s health status will improve (as observed in Austria in the past) gives an increase in expenditure of 1.0%. Based on the assumption that the share of people in the last phase of life will become smaller for every age cohort, while the average life expectancy continues to rise, the ratio of healthcare spending will rise by 1.3%.

Pharmaceuticals

To ensure a sustainable dampening of the dynamic development of the costs of pharmaceuticals, there are ongoing policy level talks and agreements concluded with doctors’ and pharmacists’ associations and the pharmaceutical companies entitled to distribute such products in Austria. These price dampening measures and a number of structural changes (such as the reimbursement scheme for pharmaceuticals²² which provides for a transparent market access for therapeutic innovations and generics) reduced the average rates of cost increase from 7% to 9% at the beginning of this millennium to around 3% in 2005.

Financing Health Insurance

A major challenge is the financial situation of social health insurance. Considerations in the current policy debate to achieve a turnaround in social health insurers’ finances revolve around revenue increases by general contribution hikes or enhanced patient co-payments on the one hand, and on expense-side measures such as reducing costs by cutting back on the costs of medicinal products on the other.

In view of existing financial challenges, the 2005 health reform was accompanied by immediate measures to ensure the finances of social health insurers by revenue-side measures totalling approx. € 150 million. This package of measures includes an increase in the maximum contribution base, a (temporary) increase of health insurance contributions by 0.1 percentage points (0.05 percentage points for employers and employees each) and an increase of the earmarked tobacco tax. Moreover other cost dampening measures have been taken as were in previous years. While allowing exceptions for reasons of social

²² *Erstattungskodex*

hardship, they include increased patient co-payments in such areas as prescription charges (which rise anyway owing to an index clause), contributions to hospital charges (raised by some Länder) or new rules for existing cost reimbursement schemes, e.g. for vision aids. In 2004 and 2005 the health insurance contributions of retirees were raised by 0.5 percentage points each year.

Contrary to forecasts, the social health insurance's accounts show a profit for 2005 (before changes in reserves). This result is most likely due to the successful implementation of the pharmaceuticals policy package, the better-than-projected development of contribution revenue, the cap on administration costs introduced by the federal government, as well as a financial contribution of €100 million made by the work accident insurance to the social health insurance. The forecasts for the 2006 accounting year point towards another annual loss for the entire body of social health insurers, but with original deficit forecasts having already been revised downward. The financial situation of social health insurers will thus remain tight.

May we reiterate that the objective of the described policy measures is to ensure that Austria can keep up with medical progress – while focusing more on the needs of patients – and achieve further efficiency increases in its healthcare system. The initiated measures have created the framework for avoiding the introduction of further patient deductibles and rationing policies. The political consensus is to keep the existing statutory compulsory insurance. There is no intention of introducing a free choice of health insurance funds.

4.3. Long-Term Care

4.3.1. Brief Description

In 1993 a comprehensive reform of long-term care provision was introduced in Austria. The entry into force of the Federal Act Governing Long-Term Care Benefits (BPGG), Federal Law Gazette no. 110/1993, and of nine more or less identical Länder Acts, on 1 July 1993 ensured a universal benefit system for long-term care accessible to all those in need of long-term care.

The federal government and the nine Länder (provinces) concluded an agreement under Article 15a of Austria's Federal Constitutional Act (B-VG) concerning joint measures for long-term care patients (Federal Law Gazette no. 866/1993). According to this agreement the Länder undertake to establish and upgrade a decentralised and nationwide delivery of ambulatory, outpatient and inpatient care services. For this purpose the agreement includes a catalogue of services and quality standards for social services. Moreover, the Länder are responsible for networking the organisation of service delivery and ensuring information and counselling. The federal government, in turn, has undertaken to provide social insurance cover for (informal) caregivers. The parties to this agreement also agreed to create a working group on long-term care provision responsible, *inter alia*, for compiling every year a joint annual report on long-term care in Austria.

4.3.2. Accessibility

Long-term care should be affordable for those in need of such care and must not result in financial dependence and poverty.

The **BPGG** introduced a graduated seven-category, needs-compliant long-term care benefit. Patients are legally entitled to this benefit irrespective of their income or wealth, and irrespective of the reason for requiring such care. Under the Länder's long-term care benefit legislation, persons not entitled to benefits under the BPGG will receive long-term care benefits from the Länder at the same rates and in accordance with the same rules as under the BPGG.

The other guiding principles governing long-term care benefit legislation are:

- Long-term care benefit legislation covers all groups of individuals with a disability and/or in need of long-term care.
- Long-term care benefits are not provided by statutory health insurance but are social security benefits in their own right.
- Identical needs are met by the provision of identical benefits .
- The only criterion determining the level of long-term care benefits granted is an existing need for care and assistance.
- Long-term care benefits are designed to provide flat-rate cash benefits to help pay for additional expenses incurred because of a person's need for care. It is, however, only a contribution towards such expenses.
- Long-term care benefits are to give the individuals concerned a better chance to manage their own lives, such as staying in their own homes.
- Labour and social courts are the competent bodies for dealing with legal disputes.

Long-term care benefits are payable 12 times per year; the following table shows the categories of long-term care benefits and the number of beneficiaries:

	Amount in € on or after 1.1.2005	Beneficiaries / federal level	Share	Beneficiaries / Länder level	Share
Category 1	148.30	68,844	21.90 %	11,339	20.00 %
Category 2	273.40	108,905	34.64 %	17,930	31.62 %
Category 3	421.80	51,289	16.31 %	10,742	18.94 %
Category 4	632.70	47,813	15.21 %	7,271	12.82 %
Category 5	859.30	24,536	7.80 %	4,556	8.03 %
Category 6	1,171.70	7,902	2.51 %	3,072	5.42 %
Category 7	1,562.10	5,080	1.62 %	1,799	3.17 %
Total		314,369	100.00 %	56,709	100.00 %

As at: federal government – January 2006, Länder – December 2004

Sources: Federation of Austrian Social Insurance Institutions, report of working group on long-term care provision 2004

Long-term care benefit statistics BMSG, Division IV/4

Benefit categories 1-4 are based on the hours of care needed as assessed by a medical expert. If necessary, other care professionals (e.g. nurses) will be consulted for a holistic approach to judging an individual's care situation. From category 5, a quality criterion is added over and above the hours of care required.

Visually impaired, blind and deaf-blind individuals, as well as individuals requiring the active use of a wheelchair most of the time for being able to lead a self-determined life, are subject to statutory minimum categories that take into account the special care needs of such disabilities.

80% of all people in need of long-term care are cared for by **family members** at home. This is why one of the inherent principles of the Austrian long-term care system is to strengthen the position of caring family members. Also the study²³ compiled by the Austrian Federal Health Institute (ÖBIG) on the situation of caring family members and published by the Federal Ministry for Social Security, Generations and Consumer Protection (BMSG) stresses the importance of providing support at various levels to further improve the position of nursing family members.

Various policy measures have already been introduced for this purpose:

- improved social protection: individuals giving up employment to look after a relative may keep paying into their pension insurance at lower rates; non-employed caring family members may enter favourably priced self-insurance under the pension insurance scheme for caring family members;
- non-contributory co-insurance in health insurance for family members receiving and giving care;
- accompanying measures under the family hospice leave scheme;
- financial support for the recruitment of substitute carers to assist caring family members who are temporarily unable to provide care for reasons of illness, holidays, other family duties, workplace duties, etc.;
- free advice to caregivers over the “care hotline” (*Pflegetelefon*) made available by the Federal Ministry for Social Security, Generations and Consumer Protection (BMSG);
- an Internet database called *Handynet-Österreich* serves as an information pool.

A study by Badelt et al. on the impact of the long-term care system (Vienna, 1997) confirmed that the situation of those receiving and those providing long-term care had been substantially improved by long-term care benefit legislation and the measures accompanying it, although there are still a number of problems in the overall system of long-term care provision.

This system is a combination of cash benefits and benefits in kind. Alongside the introduction of uniform long-term care benefits at federal level, the second priority of long-term care provision is to upgrade **social services**, which are the responsibility of the Länder.

The objectives of this system are:

- Individuals in need of long-term care should be able to choose freely among the services offered.
- Upgrading ambulatory care should have priority over inpatient care facilities.
- Nursing homes providing institutional care should be appropriately distributed across Austria, decentralised and well-integrated into residential communities.
- The introduction of new nursing structures should alleviate the burden on caring family members. Special emphasis should be placed on relief (such as day care, short-term care and holiday care).
- Alternative care facilities (such as group homes, day care facilities, etc.) should be developed.

Social services will never be a full substitute for family care, but are indispensable in supporting and taking some of the burden off family caregivers. The growing number of single households and rising female employment will require the introduction of more such social services.

²³ *Situation pflegender Angehöriger*

Based on the agreement referred to above the range of social services offered will be expanded in all Länder. Expansion requires longer-term planning. For this purpose the Länder presented needs assessment and development plans between 1996 and 1998 and now have to implement them gradually until 2010. In so doing, they keep an eye on current developments and revise these plans when needed.

Since the mid-term of this planning horizon was reached in 2002/2003, it was deemed appropriate to take a look at the interim results of social service expansion based on the Länder's needs assessment and development plans. A study on the expansion of services and facilities for long-term care patients in Austria²⁴, compiled by the Austrian Federal Health Institute (ÖBIG), was published by the Federal Ministry for Social Security, Generations and Consumer Protection (BMSG) in November 2004. A key finding is the identified need for more nursing and care staff in ambulatory services and in old-age and nursing homes. The study also observes a general tendency towards better-qualified staff.

Based on the above mentioned agreement the federal government and the Länder will have to pursue a joint strategy also beyond 2010. The 2004 annual report of the task force for long-term care provision reveals that since reforming long-term care provision people have increasingly relied upon ambulatory services; for instance, between 1999 and 2004 the take up of such services jumped 17.4%.

Challenges

The following challenges have been identified for the long-term care system:

- provide more support to caregivers;
- improve reconciliation of paid work and informal care work;
- encourage pilot projects to study and improve the situation of nursing family members;
- enhance expansion and integration of social services;
- enhance reduction of regional disparities;
- create the necessary networking structures and possibly smooth transitions between mobile and inpatient services;
- provide a greater range of alternatives to institutional care, such as day care facilities (geriatric day care centres), assisted living, etc.;
- address interaction between various systems: discharge management, i.e. transition from hospital to ongoing care by social services.

4.3.3. Quality

Standards

The Länder have undertaken to ensure the professional quality and good governance of social services. If the Länder do not deliver such services themselves, they will have to see to it that other providers provide quality and needs-compliant services based on the guiding principles of appropriateness and efficiency.

The agreement between the federal government and the Länder on joint policies for people in need of long-term care contains minimum standards to be observed by social services. Particular emphasis is placed on standards for ambulatory care which include:

- free choice between available services
- networking and holistic approach to service delivery
- service delivery also on Sundays and public holidays
- quality assurance and monitoring by the Länder.

The agreement also defines minimum standards for institutional care, including specifically:

- small, transparent facilities

²⁴ *Ausbau der Dienste und Einrichtungen für pflegebedürftige Menschen in Österreich*

- integration of facilities into the community
- minimum standards regarding furnishings and equipment
- minimum number of rooms and services
- unlimited visiting hours
- free choice of doctor
- legal protection for nursing home residents
- supervision by the Länder.

Meanwhile all the Länder have adopted rules for supervising old-age and nursing homes, which include special provisions ensuring the legal protection of residents.

Operative since 1 July 2004 (Federal Law Gazette I no. 12/2004), the new Federal Act on Residential Home Contracts (*Heimvertragsgesetz*) adds new provisions for the protection of old-age and nursing home residents to the existing Consumer Protection Act (*Konsumentenschutzgesetz*). Moreover, on 1 July 2005 a Federal Act governing the protection of personal freedom while under institutional care in an old-age home or other nursing and care facility (*Heimaufenthaltsgesetz*) entered into force (Federal Law Gazette I no. 11/2004).

Owing to demographic ageing the elder and disabled care sector will offer more job openings in future.

A study by the Austrian Federal Health Institute (ÖBIG) on workers in the elder and disabled care sector²⁵ (published by the Federal Ministry for Social Security, Generations and Consumer Protection, Vienna, 2005) examined staff developments in this sector between 1999 and 2003. It turned out that nursing staff in elder care facilities rose by roughly 20% across this period. Already identified for the 1993 to 1999 period, the trend towards quality nursing and care continued between 1999 and 2003. In all, the study illustrates that the sector of care for the elderly and disabled is also an important sector in employment policy terms.

Quality Assurance

Quality assurance in home care is becoming increasingly important, a key tool being home visits by certified health and nursing care workers to check, but also to inform and counsel, all those involved in any given care situation at home.

Since this quality assurance policy is of major significance to both the receivers and the givers of care, it has been appropriately upgraded and institutionalised under the name of “quality assurance in home care”²⁶ at the competence centre of the farmers’ social insurance institution for all social insurance institutions. This policy also has a preventative aspect in that it aims to delay or avoid the need for long-term nursing care.

Challenges

In their study on future elder nursing and care²⁷, August Österle and Elisabeth Hammer examined in 2004 the framework, policy approaches and development perspectives in long-term care provision. The authors suggest to enhance preventative measures in long-term care and, more specifically, to improve the situation of informal caregivers. Social policy assistance to people in need of care will have to be based on a broader financial basis. However, greater expenses will be offset by major employment effects.

Creating a uniform and binding definition of quality and quality assurance for social services is a common challenge to be met by the federal government and the Länder. A first step in this direction is the agreement between the federal government and the Länder under Article 15a of Austria’s Federal Constitutional Act (B-VG) on social care occupations.

²⁵ *Beschäftigte im Alten- und Behindertenbereich*

²⁶ *Qualitätssicherung in der häuslichen Pflege*

²⁷ *Zur zukünftigen Betreuung und Pflege älterer Menschen*

To enhance assistance to those concerned the Federal Ministry for Social Security, Generations and Consumer Protection has examined options of creating a platform for caring family members to exchange views and experiences.

Planned Strategic Changes

Ensuring care for the elderly and disabled will only be possible if sufficient nursing staff is available. This is why the federal government and the Länder have agreed to improve the working and training conditions of nursing staff and facilitate the reconciliation of a nursing profession and family life.

In December 2004 an agreement was signed between the federal government and the Länder under Article 15a B-VG on social care occupations, which defines uniform standards for training and work. The goal is to introduce a uniform, graduated and modular design for training and career profiles both in eldercare and care for the disabled. The agreement has to be transposed into law by July 2007 and is intended to heighten the attractiveness of such occupations. This will raise the appreciation for social care occupations and enhance labour market opportunities and mobility. It will also result in major quality improvements both for the occupational groups concerned and the receivers of care.

In addition, the Länder launched a benchmarking process at their 2005 conference of provincial social care representatives for the purpose of assuring the quality of social services. Providing support to caring family members is a top priority issue within long-term care, as the work of such informal carers is of invaluable importance to society as a whole but frequently associated with great physical and psychological stress.

4.3.4. Financial Sustainability

Cost and Finance

Long-term care benefits are social security benefits in their own right. They are not provided by statutory health insurance, all the more so as funding is not ensured by the contributions of insurees but by federal and Länder budgets.

In 2005 the federal government spent € 1566.4 million on benefits paid under the Federal Act Governing Long-Term Care Benefits (BPGG).

The Länder's expenses on benefits under provincial long-term care benefit legislation amounted to around € 281.8 million in 2004, with the municipalities and communities also contributing towards finance.

The costs of social services are covered by the Länder's budgets (social assistance) on the one hand, and by municipalities and communities on the other, while the users of such care services have to contribute towards these costs with socially graduated amounts. Expenses on benefits in kind for social services totalled € 920 million in 2001. The Länder contributed roughly € 823 million to this sum on accommodation in old-age and nursing homes.

Challenges

The major challenges regarding the financial sustainability of long-term care lie in demographic developments and ageing, although one has to bear in mind that, in light of medical progress, ageing need not necessarily involve greater care needs.

On the other hand, medical and technological progress result in an ever increasing number of very old people with greater care needs. In Austria the number of people aged 65+ will increase by around 60% by 2030 and the number of people aged 85+ will increase by around 138% (population projection 2005 – 2050 of Statistik Austria).

The traditional social networks that so far have assured the major portion of care services are subject to fundamental changes. Women, who still shoulder the major burden of informal care work, now have a much greater labour market attachment and will thus no longer be available for looking after older family members as they used to be. The resultant drop in care capacity within families will enhance the need for professional caregivers (social services).

PART 5 – OVERVIEW OF ANNEXES

Annex 1: Statistics

This Annex includes data on social inclusion according to the guidelines of the Social Protection Committee (SPC) and the Indicators' Sub-Group of the SPC. In addition, every year the Federal Ministry for Social Security, Generations and Consumer Protection (BMSG) commissions Statistik Austria to conduct a detailed evaluation of the Community Statistics on Income and Living Conditions (SILC). Evaluation outcomes (in German, title: *Einkommen, Armut und Lebensbedingungen*) are downloadable from http://www.statistik.at/fachbereich_03/eusilc_start.shtml and form the basis for the social report submitted to the Austrian parliament every two years.

Annex 2: Good Practice Examples on Social Inclusion, Healthcare and Long-Term Care

Social Inclusion

- 1) Programmes to prevent eviction and ensure housing in a number of Austrian Länder
- 2) Social partner initiatives to improve the labour market opportunities of disadvantaged groups
- 3) Austrian poverty conferences
- 4) Individual training support and assistance under integration-type vocational training

Healthcare

- 1) Marienambulanz in Graz
- 2) X-TEAM power generation (raising awareness as to the body weight of children/adolescents aged 8 to 16 years and their families in Vorarlberg)

Long-Term Care

- 1) Assisted living in Upper Austria

Other good practice examples are included in the statements submitted by stakeholders (Länder, Federal Ministry for Education, Science and Culture) – see Annex 4.

Annex 3: Summary of a Study Analysing the Impact of Social Services in Avoiding and Fighting Poverty in Austria

The BMSG has commissioned social service umbrella organisations to compile a study analysing the significance of NGOs in tackling poverty in Austria.

Annex 4: Contributions by Stakeholders

In line with the request for a high degree of transparency the contributions of stakeholders and actors received in the course of this reporting exercise will be communicated to the European Commission.