

# **Annual National Report 2012**

## **Pensions, Health Care and Long-term Care**

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## **1 Executive Summary**

This report deals with old-age pensions, health policies and long-term care schemes in Austria. It highlights system characteristics, recent reforms and political discourses as well as current challenges.

No major reforms of the Austrian statutory pension system have been decided during the year 2011, whereas the first elements of the reform of early retirement “due to very long insurance periods” (i.e. of the so-called “Hacklerregelung”), and the reform of invalidity pensions, both decided in late 2010, came into force. During most of 2011, problems within statutory pension system popped up now and then as a topic of public and political debates, but overall it is fair to say that respective discussions were not very intense. This changed towards the end of the year, when it became clear that the national government is going to elaborate a “consolidation package”, following the aim to consolidate public budgets. This consolidation package was presented in February 2012, entailing several more substantial reform measures within the policy area of pensions. In terms of envisaged cuts in spending the policy area of public pensions is one of the most important elements of the consolidation package. When compared to earlier budget forecasts, retrenchment in the sector of public pensions is planned to amount to EUR 6.092 billion between 2012 and 2016, which accounts for about 34.4% of the overall expenditure cuts of the consolidation package. Some of the most important measures regarding pensions are beyond standard indexation of pension benefits in 2013 and 2014, tightening access to early retirement according to the so-called pensions corridor, a partial reform of part-time allowance for older workers and different reform steps regarding invalidity pensions. Overall, these measures follow two main goals: cost containment on the one side and increasing the actual retirement age on the other side, both being the topics most widely discussed in Austria in respective debates during recent years.

A number of other challenges evident within the policy area of pensions have not, or only rudimentarily, been addressed since the beginning of 2011, both in terms of debates and actual measures decided. This holds true, for example, for the question of adequacy of minimum pensions (in terms of poverty prevention), for questions of the (rather low) intra-generational distributional impact of the pension system and regarding high differences in benefit levels according to gender.

A related development is evident concerning health care. Here, debates and reforms during the last years again had their focus on financial sustainability, whereas at the same time it appears that decision makers largely take it for granted that the Austrian health system guarantees a high degree of accessibility and high quality services. It is fair to say that reforms decided in 2009 and implemented during 2010 and 2011 were rather successful in improving the financial situation of the health insurance providers, of which some were said to be close to bankruptcy in 2008. However, hardly any progress has been made regarding another long-standing challenge within the Austrian health system: the very complex structure of decision-making and financing that is supposed to result in substantial inefficiencies, especially regarding the hospital sector. Institutionalised negotiations on a more structural reform between different relevant stakeholders took place since early 2011, however with no concrete outcomes up to now. Here, the consolidation package changed the situation only insofar, that a specific target for fiscal consolidation has been set concerning the hospital sector (to be reached until 2016), and as well as regarding further cost containment to be implemented by health insurance providers. However, both topics are subject to further negotiations, with more concrete plans expected before summer 2012 (at the earliest).

Political discourse on questions of long-term care gained some increased public visibility only during the first six months of 2011. The background was a discussion about organisational features of the system of long-term care cash benefits which started by late 2010, and problems with short-term financial sustainability regarding intramural and extramural social services, to be organised and financed by the nine federal provinces. The result was a (not very broad) reform package, decided in spring 2011. Hereby, all competencies regarding cash benefits were bundled at the level of the central state and a “long-term care fund” was introduced to safeguard the financing of respective social services until 2014. Within the consolidation package of 2012, the latter instrument was expanded until 2016 (by assigning additional funds) and no retrenchment was planned in this area. It is fair to say that these measures at first instance aim at prevailing the status quo (even in times of tight budgets), but that, at the same time, they fail to address more structural problems of the Austrian LTC system. A working group has been installed to come up with new proposals for a more structural reform of LTC back in earlier 2011. Results are, however, not expected before the end of 2012. Furthermore, it has to be awaited if this working group will only come up with new models regarding questions of financing, or if it will also present new strategies regarding other long-standing challenges of the Austrian LTC system, e.g. unfavourable working conditions in this sector and a lack of qualified personnel, access to and the quality of at-home and semi-outpatient care services or a variety of problems related to a rather large sector of informal care.

## **2 Current Status, Reforms and the Political and Scientific Discourse during the previous Year (2011 until February 2012)**

### **2.1 Overarching developments**

Like most of the other EU Member States, Austria was hit by the financial and economic crisis as from the third quarter of 2008. In 2009, real GDP slumped by 3.9% in Austria (EU- 27-average: -4.3%), but the economy started to recover as from the following year, with a growth rate of real GDP of 2.3% in 2010 (EU-27: 2.0%) and of 3.1% in 2011 (EU-27: 1.5%).<sup>1</sup> However, forecasts for 2012 only estimate a real GDP growth of 0.7% for Austria (EU-27: 0.0%) and growth is expected to remain rather weak in 2013 (Austria: 1.9%; EU-27: 1.5%).

Rather strong automatic stabilisers, together with an income tax reform decided in early 2008 and comparatively large anti-cyclical recovery packages, helped to stabilise the national economy. The unemployment rate increased from 3.8% in 2008 to 4.8% in 2009, but in 2010 it again fell to 4.4% which represents the lowest level of all EU Member States. The yearly average for 2011 has not been published by Eurostat up to now, but quarterly data indicates that the situation even improved further in 2011.

Furthermore, the overall employment rate only slightly decreased to a level of 71.6% in 2009 (from 72.1% in 2008), and then very slightly increased again to 71.7% in 2010. Again, yearly data for 2011 has not been published up to now.

The anti-cyclical recovery packages, together with the automatic stabilisers, contributed to increasing deficits of public budgets. Net lending of the general government (i.e. public deficit according to the European excessive deficit procedure) increased to 4.1% in 2009 (EU- 27: 6.9%), to 4.4% in 2010 (EU-27: 6.6%) and in 2011 the respective number is expected to amount to 3.1% (EU-27: 3.9%).<sup>2</sup>

Against this background, the national government decided on a first austerity package in late 2010, affecting the budget for the years 2011-2014. Measures decided within this package also include issues of social protection, but the actual impact appeared to be rather limited regarding the policy areas of pensions, health and long-term care (see Fink 2011). Several more substantial reform measures within the policy area of pensions and health (but not long-term care) were announced by the Austrian government in February 2012, as part of a so-called “consolidation package” on public budgets. In budgetary terms the two main goals of the fiscal consolidation are to reduce the structural budget deficit of the general state (which includes the federal level, the federal provinces and public social insurance providers) to 0.59% of GDP and to shrink the public debt, which is expected to widen to 75% in 2014, to 71% of GDP. The timeframe for meeting these two goals are the next four years, i.e. until the end of 2016.

Overall, it is fair to say that the crisis did not lead to a substantial and encompassing reorientation of social protection policies in Austria. The reforms most recently announced deal with the pension system (and here especially with early retirement and invalidity pensions) and the health system at first instance, whereas e.g. long-term care, unemployment benefits and minimum income benefits or family benefits are not affected by the consolidation package. And even within the area of pensions, reform follows more the path of incremental adaptation than of real large-scale structural reform.

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<sup>1</sup> Source: Eurostat Database. Data for 2011 according to forecasts.

<sup>2</sup> Source: AMECO Database.

Regarding health care and long-term care some more structural reform have been envisaged even before the “consolidation package” was presented. In this area working groups comprising representatives of the federal state, the federal provinces and other stakeholders have been established in 2011, but in both cases right from the start results were not expected before the end of 2012. Regarding health care, the consolidation package changed the situation only insofar, that now a specific target for fiscal consolidation has been set (to be reached until 2016). Regarding long-term care, no such decision has been taken. On the contrary, the consolidation package even encloses the explicit plan to guarantee the current instruments of funding until 2016.

## **2.2 Pensions**

### **2.2.1 The system’s characteristics and reforms**

The by far most important source for the provision of retirement income in Austria is the so-called “statutory pension system” (“*Gesetzliche Pensionsversicherung*”), which is the first pillar of the Austrian pension system (see e.g. BMASK 2010a, 25ff.). It provides old-age pensions, surviving dependents’ pensions, as well as invalidity pensions. Schemes of the second and third pillar are occupational pensions based on works agreements, the so-called “new severance pay scheme” and private savings, where public subsidies are available within a scheme called “premium-aided pension savings scheme”. However, schemes of the second and third pillar have a rather limited role in overall provisions (see below for more details).

Today, the statutory pension system includes, in principle, all people in gainful employment<sup>3</sup> (including most categories of self-employed), with the exception of civil servants, who have traditionally been covered by their own systems. However, under the Act on the “Harmonisation of Austrian Pension Systems”, which took effect on 1 January 2005, uniform pension laws were created for all gainfully employed people, including federal civil servants.<sup>4</sup>

#### *Financing*

The Austrian statutory pension system is an earnings-related unfunded scheme, organised on a PAYG-basis and at first instance financed by insurance contributions, amounting to 22.8% of gross earnings of employed persons (of which 10.25% to be covered by the jobholder and 12.55% by the employer). For self-employed persons and farmers reduced contribution rates apply, currently amounting to 17.5% and 15.5% respectively. Insurance contributions only have to be paid for earned income up to an upper-earnings limit, currently amounting to a monthly gross earning of EUR 4,230.00 per month.

Although the statutory pension system is at first instance financed from insurance contributions, tax-financed funds play some role as well. According to the so-called “deficiency guarantee”, the federal state has to finance pension spending from the general budget if respective outlays are higher than revenues from insurance contributions (which is always the

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<sup>3</sup> Employees with wages below the so-called marginal earnings threshold (currently EUR 376.26 per month gross) may opt into the old-age insurance on a voluntary basis.

<sup>4</sup> This means that pensions for newly employed federal civil servants are calculated according to the same regulations as those of other persons (for those being younger than 50 in the year 2005, pension entitlements are calculated as a mix of old and new provisions on a pro rata temporis basis, while those older than 50 were exempted from the new system). Furthermore, it should be noted that the federal provinces (*Bundesländer*) run their own systems for their civil servants. However, most federal provinces enacted related reforms during recent years as well, aligning respective regulations towards the rules in place in the normal “statutory pension system”. Exceptions are the federal provinces of Vienna and Tyrol, where aims for a harmonisation of the schemes for public servants have been very limited, which was e.g. criticised by the Austrian Court of Auditors in his 2011 report on progress made within “administrative reform” (Rechnungshof 2011, 139ff.).

case). Furthermore, there are rules in place stipulating that outlays for some specific elements of the statutory pension system are to be covered by the general budget. Here, the by far most important matter of expense is the so-called “equalisation supplement”, which serves as a kind of minimum pension. In 2010, the overall share coming from the federal budget (so-called “*Bundesbeitrag*”) amounted to about EUR 7.461 billion, which equals 2.6% of GDP or 22.6% of overall spending on pensions (i.e. old-age pensions, invalidity pensions and surviving dependants’ pensions).<sup>5</sup>

#### *Calculation of benefits and minimum pensions*

The formula for the calculation of benefits underwent rather large-scale reforms in the early 2000s (decided in 2001, 2003 and 2004; see e.g. Fink 2009 and Knell et al. 2006 for a more detailed assessment). These reforms are subject to a number of different transitional arrangements, but from a mid-term perspective, the effect will be a largely linear benefit formula (however subject to a lower and upper ceiling). With these reforms, the contribution base to be taken into account was expanded from the “best” 15 years to lifetime earnings. Apart from that, the accrual rate was reduced from 2% to 1.78% per year. The maximum replacement rate of 80% of the assessment base will be reached after an insurance history of 45 years, instead of 40 years before the reform. This means that benefits are, as a basic principle, granted as a percentage of the earlier contributory income from work (calculated as an average contributory income – the so-called contribution base). The benefit is the higher, the longer the insurance record, and the higher the preceding contributory income from gainful employment.

However, these regulations (so-called “new law”) are only fully applied to those who had acquired less than 36 insurance months within old-age insurance before 1 January 2005. For other groups, benefits are calculated as a mix of old (so-called “old law”) and new provisions on a pro-rata temporise basis (so-called “parallel calculation”), whereby different regulations apply for different age groups. Furthermore, a rather complicated rule applies for “capping” the losses that derive from the above mentioned reforms, which makes things even more complicated (see Fink 2010 for a more detailed assessment). This *modus operandi*, containing several interim and exception arrangements, makes the whole system extremely confusing for (future) benefit claimants, but also complex and time-consuming for social insurance bodies, e.g. when it comes to the calculation of benefits.

It is worth noting that the reforms of the early 2000s did not only include measures leading to a retrenchment of benefits, but also some elements intended to soften the possible negative consequences of the pension reforms, especially for women, in the first instance deriving from the extension of the assessment base from the “best” 15 years to lifetime earnings, and to compensate for the disadvantages of women on the labour market to a certain extent. The minimum number of contribution years due to gainful work required for an old-age pension was reduced to seven years (formerly 15 years), and times spent for bringing up children, which are credited as pensionable years, were raised from two years to four years per child. Furthermore, the assessment base for times spent with bringing up children was raised from EUR 650 per month to EUR 1,350 per month (2011: EUR 1,560.98; 2012: EUR 1,570.35).

The Austrian statutory pension system does not provide for an unconditional minimum pension for persons beyond a certain age. However, the so-called “means-tested equalisation supplement” (“*Ausgleichszulage*”) may - on a partly means-tested basis - apply for persons who are, in principle, eligible to a pension entitlement. This means that pensions of low benefit level may be raised to the so-called “equalisation supplement reference rate” in case of financial indigence. Thereby, apart from the pensioner’s income, the income of spouses or partners is

<sup>5</sup> Source: Hauptverband der Österreichischen Sozialversicherungsträger 2011, table 5.21 and own calculations. Data for 2011 have not been made available at the time of writing.

taken into account (but not assets). The overall net yearly equalisation supplement reference rate (taking into account insurance contributions for health insurance) currently amounts to EUR 10,826 for singles and to EUR 15,488 for couples. Furthermore, a supplement of EUR 125.72 per month is granted per child.

Maximum levels of pensions are indirectly stipulated via the upper earnings limit for insurance contributions (see above), where income above this limit is not subject to insurance contributions, but which is at the same time also not taken into account as contributory income for calculating pensions. In 2012, the maximum pension from the statutory pension system amounted to EUR 2,940.10 per month (gross; 14 times per year<sup>6</sup>), which equals a yearly net pension of EUR 30,015.04.<sup>7</sup>

### *Retirement age and early exit pathways*

The statutory retirement age is 65 for men and 60 for women, with the latter planned to be gradually raised as from 2024, also reaching 65 years in 2033.

Austria shows a rather long and vivid history of different schemes of early retirement. Early retirement due to “reduced capacity to work” and “on account of unemployment” was abolished under the reforms of 2000 and 2003. However, other forms of early retirement are still in place, both according to “old law” and according to “new law”.

One form of early retirement according to “old law” is “early retirement on account of long-term insurance contributions” (“*vorzeitige Alterspension bei langer Versicherungsdauer*”). Here, decided as part of the reform 2003, the minimum retirement age is subject to stepwise increase until 2017, up to the statutory retirement age. In July 2012 the minimum age for this form of early retirement is 63 years and 8 months for men, 58 years and 8 months for women. With the reform of 2003, deductions for each year of early retirement have been increased from 3.3% of the benefit to 4.2%. However, this increase of deductions is subject to a “capping” of losses, which in specific cases may lead to somewhat lower actual deductions (see Fink 2010 for more details). For a long time, this scheme used to be the most popular form of early retirement in Austria. In December 2000, no less than 132,167 individuals obtained a benefit according to this scheme, but due to the following reforms, the respective number decreased to 18,331 in December 2010 and then further to 14,811 in December 2011.<sup>8</sup>

One other form of early retirement (again according to “old law”) is “pensions subject to very long insurance periods” (so-called “*Langzeitversichertenregelung*” or “*Hacklerregelung*”). Within this scheme, men may retire without deductions (!) as from the age of 60 and women as from the age of 55 if their insurance periods total 45 contributory years (men) or 40 contributory years (women), respectively. This form of early retirement has gained increased popularity during recent years, with the number of individuals receiving such a pension rising from 11,494 in December 2006 to 83,988 in December 2010 and then further to 89,147 in December 2011. This scheme was originally planned to expire in 2010, but was then - within the scope of the *Sozialrechtsänderungsgesetz* 2008; BGBl. Nr. I XX/2008 - decided to be prolonged by three years, i.e. until 2013. However, debates on the subject continued and, in October 2010, a new reform of the *Hacklerregelung* was presented. Hereby, the first measure implemented (from 2011) was that prices for post-purchasing of contributory times - for periods of school and university studies - were raised considerably. The other measure of the respective reform will only get applicable as from 2014:

<sup>6</sup> Pensions (same as salaries and wages) are paid out 14 times per year in Austria.

<sup>7</sup> But it should be stressed that retired public servants subject to “old law” may be granted much higher pensions.

<sup>8</sup> Data source: Hauptverband der Österreichischen Sozialversicherungsträger.



- The entry age will be raised by two years as from 2014, i.e. from 60 to 62 for men and from 55 to 57 for women. Furthermore, the entry age for women born after 1 January 1959 will be increased stepwise to 62 years as from 2014 (the entry age of 62 years for women will be in place as from the year of 2027) and women born after 1 January 1959 will, as men currently, have to have an insurance record of at least 540 months of contribution (previously: 480 months of contribution).
- As from 2014, the number of constellations which may count as “substitutional insurance times” (*Ersatzzeiten*) will be substantially reduced. Then, only times spent within military service and/or alternative service [in lieu of military service] (up to 30 months) and times for raising children (up to five years) will be credited as *Ersatzzeiten*. Other options now existing will be abolished. These options are: post-purchasing of contributory times for periods of school and university studies, times where people obtained sick pay (*Krankengeld*), times of voluntary insurance, times of “prolonged insurance” (*Weiterversicherung*) of recipients und unemployment benefit and unemployment assistance and times of obtaining unemployment benefit and unemployment assistance (which currently counts as *Ersatzzeit* for women born after the 1 January 2005).
- Furthermore, pensions according to the *Hacklerregelung* will be subject to yearly deductions of 4.2% per year of early retirement (again as from 2014).

Although the overall aim of the pension reforms of the early 2000s was cost containment, the “new law” (as formulated by the pension reform 2004) has actually introduced new forms of early retirement.

One is the so-called “heavy labour pension” (*Schwerarbeiterpension*), which effectively came into force on 1 January 2007. It allows for retirement at the age of 60 for men and women<sup>9</sup>, subject to a deduction of 4.2% for each year of retirement prior to the regular pension age for benefits calculated according to “old law” (with a maximum ceiling of 15%), and of 1.8% per year for benefits calculated according to “new law”.<sup>10</sup> The general prerequisite is that insurance periods total 45 years and that out of the last 20 years before retirement at least 10 years were spent working in jobs defined as heavy labour, the definition of which is determined according to detailed criteria. This form of early pension is only of minor significance up to now, but the numbers of people receiving such a pension are steadily growing. In December 2010, a total of 2,395 obtained an early retirement according to this scheme, and in December 2011 the respective number was 3,227.

The second option under the “new law” is the possibility of early retirement through the establishment of a pension corridor (at the age between 62 and 68 years), with deducts/credits 4.2% of the respective benefit per annum. Here, the entitlement is restricted to persons with at least 37.5 years of pensionable service. This pension corridor is intended to substitute the “early retirement on account of long-term insurance contributions” (which will be completely abolished by 2017; see above). However, this form of early retirement may, in fact, be used together with early retirement according to “old law”, i.e. “early retirement on account of long-term insurance contributions”. In this case, special deductions apply, which are calculated according to very complicated regulations, with different deductions for benefits calculated according to “old law” and “new law”. Currently this form of early retirement may evidently be of interest to men only, as the actual statutory retirement age for women of 60 years lies below

<sup>9</sup> However, this form of pension is de facto only used by men, as the general statutory retirement age for women is 60 years anyhow.

<sup>10</sup> For individuals who acquired at least 36 insurance months within old age insurance before 1 January 2005 benefits are calculated as a mix of “old” and “new” provisions on a pro rata temporis basis, whereby different regulations apply for different age groups.

that threshold. In December 2010, a total of 10,378 persons obtained a corridor pension, and respective numbers increased to 12,810 in December 2011.

Apart from these options of early retirement in old-age pension, it is worth mentioning that invalidity pensions increasingly tend to serve as a substitute for other forms of early retirement from the labour market (see subsequent chapters of this report for more details). This subject has been on the political agenda in Austria for several years, and in late 2010 decisions were taken to modify access to invalidity pensions to some degree. This reform came into force from the beginning of 2011. The most important measures were the introduction of mandatory rehabilitation measures before granting an invalidity pension, and changes in regulations on so-called “vocational protection” (*Berufsschutz*), whereby access to invalidity pensions was somewhat tightened for white-collar employees and skilled workers. But at the same time access to invalidity pension was somewhat eased for unskilled workers within a special new scheme called “hardship provision” (*Härtefallregelung*), which is, however, planned to expire again in 2015 (see Fink 2011 for more details). This reform did not lead to an overall reduction of the number of invalidity pensions in 2011, but the increase of the number of people obtaining such a pension could be somewhat reined when compared to earlier years (see as well below chapter 2.2.4). In December 2010 a sum of 209,431 persons received an invalidity pension and in December 2011 the respective number was 211,144. In February 2012 the government again announced a reform of invalidity pensions, leading to further tightening of access to respective benefits (see below under “reform trends”).

#### *The second and the third pillar*

As mentioned above, the most important source for the provision of retirement income in Austria is the PAYG statutory pension system, whereas other pillars of the pension scheme are – up to now – only of minor de facto importance.

Occupational pensions, organised as funded company pension schemes (so-called “*Pensionskassen*”), are not mandatory and have for a long time been a phenomenon to be found in large companies only. However, it is worth noting that the number of employed persons holding an account of a funded company pension scheme has been rising constantly during the last decade, from about 252,500 (or approx. 8% of all employees) at the end of the year 2000<sup>11</sup> to 712,800 (or approx. 20.8% of all employees) in the third quarter of 2011.<sup>12</sup> Furthermore, about 70,500 individuals are currently (data for the third quarter of 2011) granted a pension from a funded company pension scheme<sup>13</sup>, and the average pension of such schemes currently amounts to approx. EUR 502 per month.<sup>14</sup>

Another part of the “second pillar” of the Austrian pension scheme is the so-called “new severance pay scheme” (*Abfertigung neu*), in force since 1 July 2002. According to this scheme, every employer has to transfer 1.53% of the monthly salary of an employee to a staff provision fund (*Mitarbeitervorsorgekasse / MVK*) set up especially for this purpose. All employees starting a new job after 31 December 2002 are part of this system, which operates according to the principles of a funded scheme. Theoretically, it is the intention that

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<sup>11</sup> Source: FMA & own calculations; retrieved on 12.02.2012 at:  
[http://www.fma.gv.at/typo3conf/ext/dam\\_download/secure.php?u=0&file=5900&t=1330259628&hash=562d817e82e1c2243b4a1b4ec7c4a362](http://www.fma.gv.at/typo3conf/ext/dam_download/secure.php?u=0&file=5900&t=1330259628&hash=562d817e82e1c2243b4a1b4ec7c4a362).

<sup>12</sup> Source: FMA & own calculations; retrieved on 12.02.2012 at:  
[http://www.fma.gv.at/typo3conf/ext/dam\\_download/secure.php?u=0&file=5890&t=1330260375&hash=27025b2ead4b978b03a6a1bd63fcf410](http://www.fma.gv.at/typo3conf/ext/dam_download/secure.php?u=0&file=5890&t=1330260375&hash=27025b2ead4b978b03a6a1bd63fcf410) (see as well FMA 2011a).

<sup>13</sup> Source: See last FN.

<sup>14</sup> According to information provided on the website of the association of the company pension scheme providers within the Austrian Federal Economic Chamber; see:  
[http://portal.wko.at/wk/startseite\\_dst.wk?AngID=1&DstID=293](http://portal.wko.at/wk/startseite_dst.wk?AngID=1&DstID=293).

contributions should remain within respective accounts and be invested by the staff provision funds until retirement age is reached, when individuals then may choose between receiving the entire severance pay as a one-time payout or a lifelong pension. However, people may, when changing their jobs and under specific preconditions (after a specific minimum length of contributions to staff provision funds), also opt for a payout in form of a severance pay (and then only start to collect new entitlements in their next job). This is exactly what most (about 90%) of all employees when changing their jobs and meeting the other relevant criteria do. Evidently, this may contradict the political intention to extend the significance of benefits from funded schemes in old-age insurance.

Starting from 1 January 2008, most types of self-employed people have also been included in the new severance pay scheme on a mandatory basis. When self-employed close down their business, they may (alike employees changing jobs) under specific circumstances opt for a payout of their accumulated funds, or for leaving them within their account until they reach retirement age.

Regarding the third pillar – i.e. private savings – since 2003 public subsidies are available within a scheme called “premium-aided pension savings scheme” (*Prämienbegünstigte Zukunftsvorsorge*). The impact of the “premium-aided pension savings scheme” on the level of future pensions is likely to be rather limited. About 1,541,000 of such contracts on savings plans existed at the end of 2010, covering only about a quarter of the population at the age below 60. Furthermore, the level of premiums paid to such schemes typically appears to be rather low. In 2010, the average premium amounted to about EUR 640 to 780 per year (depending on the type of provider of the scheme) (see FMA 2011b).

#### *Reform trends*

No major reforms of the Austrian statutory pension system have been decided during the year 2011, whereas the first elements of the reform of early retirement “due to very long insurance periods” (i.e. of the so-called “*Hacklerregelung*”), and the reform of invalidity pensions, both decided in late 2010, came into force (see Fink 2011, 10f. for more details).

Regarding indexation it is worth noting that pension benefits in Austria are – in principle – indexed according to the so-called pensioners’ price index, applying a specific market basket, but that decisions are frequently taken within legislature to index pensions according to a model which is only indirectly linked to the pensioners’ price index, leading to different levels of indexation for different benefit levels. In 2011, only pensions up to a level of EUR 2,000 gross per month were valorised according to the pensioners’ price index. Indexation then decreased according to a linear scale for pensions between EUR 2,000 and EUR 2,310 and pensions above EUR 2,310 were not subject to any indexation in 2011. In 2012, most pensions were valorised according to the pensioners’ price index. Only for very high pensions above the level of EUR 3,300 gross per month a reduced indexation applies.

Some more substantial reform measures within the policy area of pensions have been announced by the Austrian government in February 2012, as part of a so-called “consolidation package” on public budgets (see BKA 2012 for an overview on the most important elements the consolidation package).

In budgetary terms the two main goals of the fiscal consolidation are to reduce the structural budget deficit of the general state (which includes the federal level, the federal provinces and public social insurance providers) to 0.59% of GDP and to shrink the public debt, which is expected to widen to 75% in 2014, to 71% of GDP. The timeframe for meeting these two goals are the next four years, i.e. until the end of 2016. Although regularly discussed as an “austerity package” in public and political debates, the Austrian consolidation package includes not only

plans for the retrenchment of public spending, but also measures to increase public revenues, both from various taxes and social insurance contributions. However, cuts in public spending amounting to approx. EUR 17.717 billion will account for the majority (ca. 67%) of the overall volume of consolidation, which amounts to EUR 26.459 billion between 2012-16.

In terms of envisaged cuts in spending the policy area of public pensions is one of the most important elements of the consolidation package. Retrenchment in the sector of public pensions is planned to amount to EUR 6.092 billion between 2012 and 2016. This accounts for about 34.4% of the overall expenditure cuts. The most important measures are the following:

- Beyond standard indexation of pension benefits in 2013 and 2014 (envisaged spending cuts: EUR 2.56 billion until 2016).
- Tightening access to early retirement is the so-called pensions corridor (see above): in future 480 instead of 450 months of pensionable service will be needed to enter early retirement via this scheme (envisaged spending cuts: EUR 509 million until 2016).
- The complicated model of “parallel calculation” of pension benefits according to “old” and “new” law (introduced with the pension reforms of the early 2000s; see above and Fink 2009) is planned to be abolished as from 1 January 2014. Instead, all existing insurance periods are planned to be transferred to a so-called “pension account credit” (*Kontogutschrift*) according to “new law”. This goes ahead with an extension of the assessment base and a lower accrual rate (when compared to the impact of insurance times according to “old law” within the modus of parallel calculation), which could lead to a substantial reduction of future benefits. However, it is planned to mitigate this effect via higher valorisation of “old” insurance records and losses deriving from the change from “parallel calculation” towards the “pension account credit” will be capped at a maximum 3.5% (for the reference date of 1 January 2014; for older people even more strict capping is planned). This reform, once enacted, will to some degree increase the transparency of the Austrian statutory pension system, but the transfer from “parallel accounting” towards the “pension account credit” itself is again a rather complicated and - for most people – likely to be a rather inscrutable procedure. Cost containment effects of this measure are likely to be more substantial only in the medium and long-term. Envisaged spending cuts deriving from this measure only amount to a sum of EUR 123 million until 2016.
- Also within the consolidation package, a change in the part-time allowance for older workers (“*Altersteilzeit*”) will be implemented as from 1 January 2013 (see Fink 2010a for more detailed information on this scheme). The so-called “blocked model” (combination of a period of full-time work with a succeeding period without gainful employment) was first announced to get completely eradicated, with savings in public spending estimated to EUR 186 million until 2016. However, after consultation with the social partners these plans got changed and now it is foreseen that the blocked model may only be granted in case that an additional person gets hired by the respective employer. The second model of part-time allowance, i.e. based on continuous reduction of working time, will in future not only be available up to the earliest possible date of retirement (including via different schemes of early retirement), but until statutory retirement age. This reform is expected to lead to higher direct cost of approx. EUR 115 million until 2016, but at the same time it is estimated that respective effects on later retirement will bring about additional revenues from income tax and social insurance contributions amounting to a sum of EUR 197 million until 2016.
- In Austria, older workers (from the age of 60), were exempted from paying social insurance contributions to unemployment insurance up to now. Until last year, the same applied for older jobholders already starting from the age of 58, but this regulation was suspended in

summer 2011 (until 2016). Recently, the government decided to abolish respective exemptions from paying insurance contributions as from 1 January 2013 for all new cases, arguing that positive effects of the scheme in place were not evident.<sup>15</sup> This means that all older job-holders, who complete their 60<sup>th</sup> year of age after the 31<sup>st</sup> December 2012, will have to pay insurance contributions to unemployment insurance. It is expected that this will lead to additional revenues amounting to a sum of EUR 303 million until 2016.

- Reform measures have also been announced regarding invalidity pensions:
  - o In the future, invalidity pensions may not be granted due to so-called “vocational protection” (*Berufsschutz*, see Fink 2011 for more details on this issue) in the age below 50. Instead, the PES (Public Employment Service; *Arbeitsmarktservice*) will have to deal with this group, which will then have access to a so-called rehabilitation benefit (instead of invalidity pension). This reform will not directly lead to a reduction of public spending, given the additional costs for rehabilitation measures. However, indirect cuts in public spending are envisaged due to longer economic activity and later retirement, which are the main goals of this measure.
  - o According to a specific clause in the rules on “vocational protection” (*Berufsschutz*) people aged 57+ may be granted access to invalidity pension if they become unable to perform the occupation that they were engaged in for at least ten years during the last 15 years. Here, only “reasonable occupational changes” have to be accepted by individuals and in 2010, about 43% of all new cases of invalidity pensions in the age above 55 years applied due to this regulation. Now, it has been decided to increase the minimum age level of access to invalidity pension according to this clause stepwise: to 58 years as from 2013, to 59 years in 2015 and then further to 60 years as from 2017. It is envisaged that this will lead to a reduction in public spending of an amount of EUR 464 million until 2016.
  - o Up to now people applying for an invalidity pension were granted a “pension advance” (*Pensionsvorschuss*) while their application was examined by the responsible authorities. As from 1 January 2013, such a pension advance may only be granted after the completion of the relevant medical examinations and a respective decision stating incapacity to work. Instead of the pension advance, respective persons may in future have access to unemployment benefit, unemployment assistance or to benefits from GMI (Guaranteed Minimum Income, which replaced Social Assistance as from 2010/2011). As respective benefits are lower than the pension advance in most cases, it is estimated that this reform will lead to reduction of public spending amounting to EUR 309 million until 2016.
- The government announced as well that more funds will be made available in future for rehabilitation measures, for information campaigns and for personalised social services and re-qualification, following the aim to enable people to stay in the labour market longer. For the respective package, termed “labour marked offensive”, a budget summing up to additional funds of EUR 750 million has been earmarked for the period 2012 to 2016.
- The social insurance contribution rate of self-employed within the pension insurance will be raised from currently 17.5% to 18.5% as from 1 January 2013. In a related way, insurance rates for farmers are planned to be increased from 15.25% to 15.75% in 2013 and to 16% in 2014. It is estimated that these measures will result in additional public revenues amounting to EUR 554 million until 2016.

<sup>15</sup> However, no detailed evaluation or assessment got presented by the government on this issue.

- Furthermore, the upper earnings limit up to which social insurance contributions have to be paid for income from gainful employment – apart from regular indexation – will be raised by an additional amount of EUR 90 in 2013. This is estimated to lead to additional revenues of EUR 218 million in the pension system until 2016, and to additional revenues of EUR 53 million within the unemployment insurance.
- The third pillar of the Austrian pension system will be affected by the consolidation package as well. Within the “premium-aided pension savings scheme” (*Prämienbegünstigte Zukunftsvorsorge*) public subsidies will be cut by about 50%, starting already from April 2012. This measure is of temporary nature, meaning that public subsidies will eventually be increased again after 2016. Savings in public spending are estimated to amount to a sum of ca. EUR 172 million until the end of 2016.

Some reforms have also been announced regarding funded company pension schemes (“*Pensionskassen*”). The background is their unfavourable profit development which occurred especially since the beginning of the financial crisis and which led to decreases in existing and expected benefits. A draft bill, aiming at a re-regulation of the *Pensionskassen*, contains - amongst other things - the reform that insured persons may choose between more and less risky investments in a more flexible way, according to a “stage-of-life-model”, where it is foreseen that fund holders may opt for less risky investments at a higher age. Furthermore, the draft bill comprises the clause that insurance providers will have to guarantee that the initial level of funded pensions once granted will not be cut in future, given the case that the benefit recipients opt for an investment of their remaining funds in low-risk financial investment.<sup>16</sup> It is unclear if these reforms, expected to be decided in March 2012, will actually solve the problems within funded company pension schemes. Interest organisations<sup>17</sup> of jobholders enclosed in such schemes and of actual recipients of benefits from funded pensions schemes repeatedly did not only call for new regulation on the funded pension scheme, but as well for financial aid from the public budgets, to reduce losses of beneficiaries of the funded pension schemes. It appears that the respective interest organisations were finally successful. By the end of February 2012 the government announced plans to reduce losses of beneficiaries of funded company pension schemes by an alternative form of taxing the respective benefits. People who already receive a respective benefit, or who will have access to such benefits in the next five years, are offered the option for a reduced ex-ante taxing of their accumulated funds in 2012, and their future benefits will then not be subject to taxation anymore. Hereby, the tax rate will only amount to 50% of the normal income tax rate applying under other conditions. This will increase further net benefits within the respective schemes (due to overall lower taxation), and at the same time expected additional revenues for the public budget will amount to approx. EUR 400 to 500 million in 2012.<sup>18</sup> However, this also means that future revenues for the state from income tax will be lower than under normal taxation, which e.g. has been criticised by the Green party in opposition, stating that “future tax revenues are now sold at a dumping price”.<sup>19</sup>

## 2.2.2 Debates and political discourse

During 2011, problems within statutory pension system popped up now and then as a topic of public and political debates, but overall it appears that respective discussions were not very intense. This changed towards the end of the year, when preparations by the national government to elaborate a “consolidation package” in order to consolidate public budgets

<sup>16</sup> See APA0570 WI, II 24.11.2011 and for more details: [http://www.parlament.gv.at/PAKT/VHG/XXIV/ME/ME\\_00334/index.shtml](http://www.parlament.gv.at/PAKT/VHG/XXIV/ME/ME_00334/index.shtml).

<sup>17</sup> See <http://www.peakabe.at/StartseiteEigen4.html>.

<sup>18</sup> APA0469 WI, II 28.02.2012 ; OTS0203 II 28.02.2012.

<sup>19</sup> OTS0163 II, WI 29.02.2012; APA0560 WI, II 29.02.2012.

became noticeable. In this context, different stakeholders came up with different proposals for cost containment in the area of the pension system.

However, before the debate on consolidation arose, the general tenor appeared to be one of awaiting and evaluating the effects of the reforms decided in late 2010 (i.e. on early retirement via the so-called *Hacklerregelung* and regarding invalidity pensions), before new reforms should follow. Although the topic of pensions has not been completely absent from the political agenda during this time, they were more driven by specific punctual stimuli.

Debates on how to safeguard the long-term financial sustainability during the first months of 2011 for example took place on the background of respective discussions within the so-called “Commission for the Long-term Sustainability of the Pension System”.<sup>20</sup> A report of this commission from September 2010 (see Kommission zur langfristigen Pensionssicherung 2010) concluded that earlier forecasts on future developments in spending for the statutory pension system were much too optimistic (see Fink 2011 for more details). It is foreseen that if new projections by the Commission largely differ from earlier projections (in the negative sense), the Commission has to come up with proposals to deal with the new situation in terms of securing long-term financial sustainability. After several meetings where no common position could be found, on 4 April 2011, the Commission came up with a report on the “results of the working group to develop proposals related to the assessment of 29 September 2010” (Kommission zur langfristigen Pensionssicherung 2011a). However, this report only includes some rather general conclusions, whereas proposals for more concrete measures to secure the long-term financial sustainability of the Austrian pension system are largely missing. In the first instance, it stresses that further efforts would be necessary to increase the actual retirement age, that in the future indexation should be strictly limited to consumer price inflation and that higher insurance contributions should be avoided. Furthermore, the Commission asked for closer monitoring of actual developments and for a more detailed definition of its own competencies and *modus operandi*. This has to be understood against the background of the differences of opinion within the Commission, which became evident during the preceding months, when several actors asked for a complete reorganisation of this institution.<sup>21</sup> The Minister of Social Affairs announced that he is, in principle, open to such an organisational reform, but that this would need time and should be well prepared.<sup>22</sup> However, it appears that no concrete steps for such a reorganisation of the Commission have been taken in the meantime.

Over the summer 2011, questions of the pension system were not discussed widely in the public. Possible occasions for an intensified public discussion would have been the presentation of the proposal for country specific recommendations regarding the Austria NRP and the Stability Programme 2011-2014 by the European Commission in June (see European Commission 2011) or the presentation of the new Economic Survey on Austria by OECD in July (OECD 2011a). In both cases, it was stressed that the actual retirement age should be increased and that early exit from the labour market via schemes of early retirement and invalidity pensions should be reduced. However, the response to these publications remained rather limited within the national political debate. It was only the Austrian Economic Chamber and the Association of the Austrian Industry who tried to launch a respective public debate, taking the EC recommendations and the OECD Economic Survey as a starting point.<sup>23</sup>

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<sup>20</sup> The “Commission” is an official institution, enacted according to § 108e of the General Social Insurance Act (Allgemeines Sozialversicherungsgesetz, ASVG). Members of the “Commission” are officials from different Ministries, organised interest groups and some independent experts from research institutes (WIFO and IHS).

<sup>21</sup> OTS0043 WI, II 10.04.2011; OTS0146 II 06.04.2011; APA0039 II 05.06.2011.

<sup>22</sup> OTS0360 II 11.05.2011.

<sup>23</sup> See e.g. OTS0113 WI 11.07.2011; OTS0149 WI 11.07.2011; OTS0101 WI, II 08.06.2011.

However, other important stakeholders were reluctant to start such a debate at this time, with the effect that no broad public discussion evolved.

Yet, as from October the respective discussion became more intense, starting with the yearly strategic meeting by the Social Partners, the so-called “Bad Ischl Dialogue”, held in early October. This year’s general theme of the meeting was “the impact of demographic change on the labour market and social protection systems”.<sup>24</sup> The social partners agreed that steps should be taken to increase the actual retirement age and proposed a number of respective measures (see Die Sozialpartner Österreich 2011). Hereby, the main focus was on invalidity pensions, where the social partners proposed that access to invalidity pensions should be limited by stricter implementation of existing rules, by enhancing rehabilitation measures and re-qualification (as well for other and less burdening jobs), and an increase in personalised services and counselling/advice for older workers and their employers. Furthermore, it was proposed to replace temporary invalidity pensions by a so-called “rehabilitation benefit” of the same level, whereby the latter especially was supposed to have a positive psychological effect, by preventing benefit recipients to perceive themselves as being “pensioners” and by defining rehabilitation and economic activity as the main goal. One other point was the proposal that part-time allowance for older workers (“*Altersteilzeit*”) should not only be available up to the earliest possible date of retirement (including via different schemes of early retirement), but until statutory retirement age. Furthermore, the social partners suggested the introduction of a new bonus-system, with a premium payable to employers and job-holders if they do not decide to opt for early retirement. According to these plans, this premium should have been paid for a maximum of three years, amounting to EUR 2.000 for the first twelve months, and then rising to EUR 3.000 and EUR 4.000 in the second and third year. Most of the reform measures proposed by the social partners were welcomed by other political actors, with the exception of the proposal of the bonus-system.<sup>25</sup> However, several stakeholders criticised that the proposals by the social partners were not far reaching enough and sufficient to reach a substantial increase of the actual retirement age. Such doubts were especially ventilated by representatives of the Austrian People’s Party (ÖVP)<sup>26</sup> (governing in a coalition with the Social Democrats/SPÖ), but also e.g. by the Green Party in opposition.<sup>27</sup>

Evidently, many of the proposals made by the social partners found their way into the pensions-chapter of the “consolidation package”, as presented by the government in February 2012 (see section 2.2.1 of this report). Yet, the consolidation package contains a number of measures that were not part of the proposal by the social partners, like e.g. raising the age-limits for access to invalidity pensions due to “vocational protection” and tightening access to the so-called pension-corridor and the pension advance (*Pensionsvorschuss*). Furthermore, the bonus-system, as proposed by the social partners has not become part of the actual reforms announced.

As from the end of October, the debate on public pensions intensified even further. This happened on the background that the discussion on a debt brake, ideally in form of a constitutional clause, gained momentum as from ca. 10 November 2011. This discussion only started several weeks after the budget for 2012 had been presented, but suddenly most political stakeholders took the position that further efforts would be necessary to consolidate public budgets in Austria. The main argument was that this would be necessary to retain the triple-A rating of Austria, as there were signs that the big three rating agencies were thinking of down-

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<sup>24</sup> See e.g. OTS0040 II, WI 30.09.2011.

<sup>25</sup> See e.g. OTS0188 II, CI 10.10.2011; APA0368 II, WI 10.10.2011; OTS0216 II, CI 10.10.2011.

<sup>26</sup> See e.g. OTS0224 II 10.10.2011; APA0523 II, WI 10.10.2011; APA0285 II 11.10.2011.

<sup>27</sup> See e.g. OTS0098 II 11.10.2011.



rating Austria to AA+ implying higher costs for interest payments by the state.<sup>28</sup> The government started negotiations with the opposition parties to attain the support by one of them, to reach a two thirds majority in the parliament necessary to settle the debt brake as a constitutional clause. However, the opposition parties signalled that they would only be willing to support the instrument of a debt break in case of more structural reforms, with the precondition that these reforms would be subject to prior negotiations with the governing parties. No agreement could be found between the governing and one of the opposition parties and on 7 December the governing parties decided for a debt break in form of an ordinary law (i.e. without constitutional status). The respective rule says that the structural deficit of the federal state should – as from 2017 - not exceed 0.35% of the GDP.<sup>29</sup> To reach this goal, the governing parties announced a consolidation package to be presented by February 2012.<sup>30</sup> The following negotiations on the consolidation package by and large took place behind “closed doors”, without much information disseminated to the general public. However, it was clear that measures on public pensions will play an important role within the package to be announced. It appears that most stakeholders agreed that something should be done regarding the aim to increase the actual retirement age, and the earlier proposals of the social partners (see above) evidently served as a starting point for respective debates. Interestingly political stakeholders were very hesitant in announcing other proposals in the public. The only exception was the proposal of a faster increase of the statutory retirement age of women (up to the level of that of men), especially endorsed by parts of the Austrian Peoples’ Party (ÖVP)<sup>31</sup>, whereas the Social Democrats and the trade unions where opposed to such a measure.<sup>32</sup>

Yet, there was no broad national debate on a *general* increase of statutory retirement age, whereas all political actors now appear to agree that the actual retirement age should be raised. Furthermore, the question of the possibility of linking the pension system to life expectancy is very rarely addressed upon in public. In other words: a discussion on this point is literally absent.

The question of the adequacy of minimum pensions is addressed now and then, especially in the context of yearly indexation, where it is usually stressed (by pensioner’s organisation etc.) that minimum pensions should at least be indexed according to inflation. However, no broad debate took place about this issue, as it is the case regarding the question of poverty in old-age and respective future developments.

Regarding pensions of the second and third pillar, it appears that scepticism about funded schemes became the norm in light of the unfavourable profit development of such schemes during the last years. Voices arguing for a further expansion of the existing schemes are literally absent. At the same time critics, e.g. representatives of the Green Party in opposition<sup>33</sup>, but – regarding “premium-aided pension savings scheme” (*Prämienbegünstigte Zukunftsvorsorge*) - also some representatives of the governing Social Democrats<sup>34</sup>, argued that the respective schemes in place had failed to proof their practicability and usefulness. Here, several stakeholders stressed that a complete reform of the second and third pillar would be necessary, but concrete proposals are largely absent up to now, although discontent regarding the schemes in place appear to be widespread.

<sup>28</sup> See e.g. APA0239 II, WI 16.11.2011; APA0238 II, WI 17.11.2011; APA0428 II, WI 18.11.2011; APA0449 II, WI 29.11.2011; OTS0366 II 23.11.2011.

<sup>29</sup> See APA0441 II, WI 07.12.2011.

<sup>30</sup> APA0304 II, WI 12.12.2011.

<sup>31</sup> APA0200 II 07.11.2011 ; APA0362 II 23.11.2011.

<sup>32</sup> APA0028 II 23.11.2011 ; APA0032 II 16.11.2011 ; OTS0181 II 26.01.2012.

<sup>33</sup> OTS0098 II, WI 29.12.2011.

<sup>34</sup> APA0492 WI, II 27.02.2012.

### **2.2.3 Impact of EU social policies on the national level**

Until 2011 it appeared that in the case of Austria the explicit impact of EU programmatic positions on pension policies and the respective effects of the OMC were extremely limited at the national level. Respective papers, like the EU Green Paper, were rarely explicitly addressed in public debates. The same holds for the broad programmatic goals of the EU 2020 strategy or the Annual Growth Survey (European Commission 2012), both of which literally never explicitly were addressed upon in public political debates.

Some more public attention was attracted by the proposal on country specific recommendations regarding the Austrian NRP and the Stability Programme 2011-2014, presented by the European Commission in June 2011 (see European Commission 2011). Hereby; the EC recommended to take measures to “phase out the current early retirement scheme for people with long insurance periods” (i.e. regarding the so-called “*Hacklerregelung*”; see above) and to “bring forward the increase in women's statutory retirement age to ensure the sustainability and adequacy of the pension system”. Furthermore, it was recommended that the “conditions for access to the invalidity pension scheme” should be applied “strictly”. In reply to these recommendations, the Minister for Labour and Social Affairs, Rudolf Hundstorfer, stated that the decisions taken in late 2010 would either way lead to a largely de-facto phasing-out of early retirement due to very long insurance periods. However, he admitted that more efforts are necessary to increase the actual retirement age in Austria, but at the same time he stressed that an increase in women's statutory retirement age is not on the agenda.<sup>35</sup> Others, like representatives of pensioners' organisations commented that the decision-makers in Austria were well aware of the fact that more efforts are necessary to increase the actual retirement age, but that respective decisions would have to be taken according to the Austrian tradition of social partnership, and at the same time they argued that respective negotiations would anyway take place.<sup>36</sup> Other political players, like e.g. the interest organisation “Young Industry” (within the Federation of Austrian Industry) explicitly welcomed the emphasis on pensions within the recommendations by the EC, stating that they would hopefully serve as a “wakening call” regarding the respective national debate.<sup>37</sup>

Overall, it is hard to assess if and to what degree the respective European programmatic papers, initiatives as well as the country-specific recommendations had an actual impact on debates and policy-developments in Austria. The OECD in its' 2011 Economic Survey on Austria in a similar way as the EC strongly recommended an increase in the actual retirement age and therefore measures to limit access to early retirement and to strengthen incentives to stay on the labour market longer (OECD 2011a). It appears that this report gained even more public and media attention<sup>38</sup> than the recommendations by the EC, but again it is hard to assess the respective impact on developments at the national level.

Yet, what is evident is that – both in terms of problem awareness and regarding actual policy reform – increased emphasis is now placed on the goals of raising actual retirement age and economic activity of elderly people, which is in line with the European approach of active ageing and as well with the recommendations made by OECD. Furthermore, even the raise in the statutory retirement age of women by several years, that was proposed in the country-specific recommendations by the EC, but that has been largely a taboo in Austria up to now, started to be discussed rather intensively at the national level (see above section 2.2.2).

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<sup>35</sup> APA0133 AI, WI, II 17.06.2011.

<sup>36</sup> OTS0151 II 15.06.2011

<sup>37</sup> OTS0101 WI, II 08.06.2011.

<sup>38</sup> See e.g. APA0219 WI, II 08.07.2011; APA0084 WI, II, CI 11.07.2011 ; OTS0113 WI 11.07.2011 ; APA0205 II, WI, CI 11.07.2011 ; OTS0136 II, WI 11.07.2011 ; OTS0149 WI 11.07.2011; OTS0156 WI 11.07.2011; APA0292 WI, II 11.07.2011; OTS0186 II, WI 11.07.2011; OTS0131 CI, II 24.10.2011.

However, discussions started with some time-lag after the recommendations were presented and without respective measures being decided within the recent reform programme on pensions.

The White Paper on Pensions, presented by the EC in February 2012 (European Commission 2012), also received some public attention in Austria. The point most often addressed in respective reactions is the one of “linking retirement age to gains in life expectancy” (ibid., 10ff.), where trade unions<sup>39</sup> and the Social Democrats<sup>40</sup> signalled that they would be opposed to such a strategy, whereas employers’ organisations appear to be somewhat divided on this issue.<sup>41</sup> At the same time it is interesting that some other messages of the White Paper did not get addressed upon in the national debate at all. This especially holds for the point of “closing the pensions gap between men and women” (European Commission 2012, 12). The latter phenomenon appears to be part of a broader pattern of de-facto selective consideration of European programmatic positions on pensions in Austrian national policy-making. Whereas the questions of financial sustainability of the pension system and of high economic activity rates of elderly people appear to be very much on the agenda now, this does not hold to the same degree for the issue of adequacy of pensions, their distributional impact and poverty of elderly people.

#### 2.2.4 Impact assessment

Unfortunately, for the case of Austria no single and comprehensive regular assessment of the pension system – e.g. in the sense of a pension system monitor – is available. Information on the financial sustainability of the pension systems, coverage of statutory and supplementary pension schemes, the development of the level of pension benefits, labour market participation of the elderly or on the adequacy of pension benefits and poverty in old age is available from different sources, but often as raw data only and without any further analysis in form of explicit analyses regarding the impacts of earlier reforms, problems, and need for further reform.

##### *Financial Sustainability*

The most important sources providing impact assessment on financial sustainability are the reports by the “Commission for the long-term sustainability of the pension system” (*Kommission zur langfristigen Pensionssicherung*). This commission publishes each year a rather short-term review, dealing with the current financial sustainability and questions of indexation (see Kommission 2011b), and every two years long-term projections, dealing with the likely developments during the next 50 years. The latter have been presented in September 2010 (see Kommission 2010b), which means that the next long-term projections will not be published before September 2012.

The short-term projections of September 2011 (see Kommission 2011b) come to the conclusion that overall spending on public pensions (excluding outlays for civil servants) will rise from 11.35% of GDP in 2011 to 11.77% of GDP in 2016.<sup>42</sup> However, at the same time the share of overall spending for public pensions coming from the federal budget (i.e. to be financed by taxes and not from social insurance contributions) will rise from 26.20% in 2011 to 30.29% in 2016. This means that respective spending, i.e. to be covered by the federal budget, will rise

<sup>39</sup> OTS0133 II, WI 16.02.2012.

<sup>40</sup> OTS0155 II, AI 16.02.2012.

<sup>41</sup> The Federation of Industry (IV) appears to be in favour of an increasing of the statutory retirement age (see OTS0185 WI, II 16.02.2012), whereas the Austrian Chamber of Commerce stresses the need to increase the actual retirement age (OTS0180 WI, II 16.02.2012).

<sup>42</sup> Please note that this data do not enclose spending for civil servants, which are not covered in respective national statistics and projections.

from ca. EUR 8.933 billion EUR in 2011 to ca. EUR 12.682 billion in 2016 or from 2.97% of GDP to 3.56% of GDP. Among others, it was these projections that led to the emphasis on public pensions in the consolidation package (presented in February 2012), introducing a number of cutbacks in this area but also higher insurance contributions for self-employed and farmers and an increase of the upper earnings limit (up to which social insurance contributions have to be paid) for all jobholders. However, as the overall budgetary effects of the respective reform measures will sum up to “only” approx. EUR 7 billion until 2016, they will be considerably lower as the projected *accumulated* increase of funds from the public budget to be spent on pensions, amounting to ca. EUR 12.5 billion until 2016.

Regarding long-term perspectives, the most recent calculations (see Kommission 2010b) come to the conclusion that expenditures for statutory old-age insurance will rise from currently about 11.4% of GDP to a maximum of 14.9% of GDP in 2044 and will then (as from 2049) decrease to a level of 13.3% in 2060. At the same time, funds coming from the federal budget are expected to rise from currently approx. 2.97% of GDP to 6.2% in 2043 and will then (as from 2049) decrease to 4.5% in 2060. It should be stressed that these forecasts are less optimistic than earlier long-term projections (see Kommission 2010b, 43ff.). The latter holds for the development of overall spending (in % of GDP), but also for the funds that will have to come from the federal budget (in % of GDP).<sup>43</sup> The – compared to earlier projections – less favourable projected development (in terms of rising costs in % of GDP) is caused by three main factors: a lower GDP (due to the financial and economic crisis), new parameters on demography and (when compared with the earliest long-term projections of 2004/2005) measures like the repeated extension of the *Hacklerregelung* or indexation of pensions above consumer price inflation.

#### *Other topics of assessment*

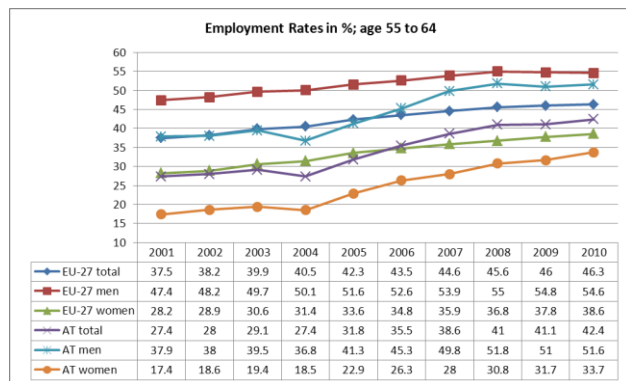
One topic regularly highlighted in assessments on the Austrian pension system is the question of *early retirement* and the one of *lacking labour market participation* of elderly people. E.g. the OECD in its’ 2011 edition of “Pensions at a Glance” stresses that a large number of persons leave the labour market before statutory pensionable age in Austria (OECD 2011b, 42ff.). And in its’ 2011 “Economic Survey on Austria (OECD 2011a), the OECD recommended that Austria should “eliminate all subsidised avenues into early retirement” (ibid., 27), arguing that “early retirement continues to be relatively easy and even financially attractive, posing a heavy burden on those who continue to work” (ibid., 24). This judgment is in line with a general finding of various assessments of the Austrian pension system, namely that increasing the actual retirement age is the most important challenge of the system in place (see as well e.g. Kommission zur langfristigen Pensionssicherung 2011a; IHS 2011; Die Sozialpartner 2011; Pinggera 2010).

When looking at respective data, it becomes evident that employment rates of elderly people (in the age group 55 to 64) have been rising over the last decade in Austria (see Chart 1). But at the same time, respective numbers remain considerably lower than at average of EU-27. However, in the case of female workers it has to be considered that the statutory retirement age is still 60 years and will – as from 2024 – be gradually raised to match that of men (65 years) in the period up to 2033. Therefore a comparison of the employment rates of older women in an international context should refer to age groups below 60 years. Respective numbers are given

<sup>43</sup> The long-term projections of February 2008 (see Kommission 2010b, 43ff., and table 30) gave the following numbers: Total spending in % of GDP in 2044: 11.8%, total spending in % of GDP in 2050: 11.6% (new projections estimate 14.8% for this year); funds coming from the federal budget in 2043: 3.3%, funds coming from the federal budget in 2050: 2.9% (new projections estimate 6.0% for this year).

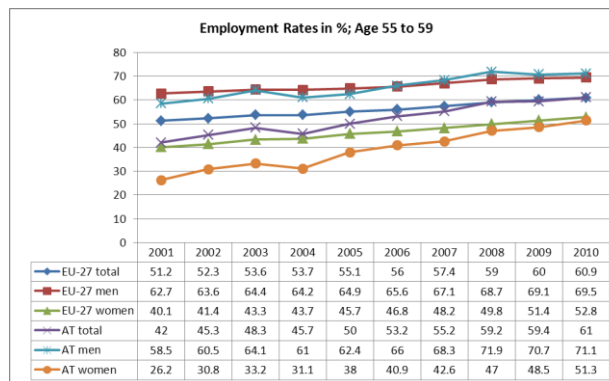
in Chart 2, showing that Austria has caught up with the average of EU-27, when this age-group is being assessed.

Chart 1



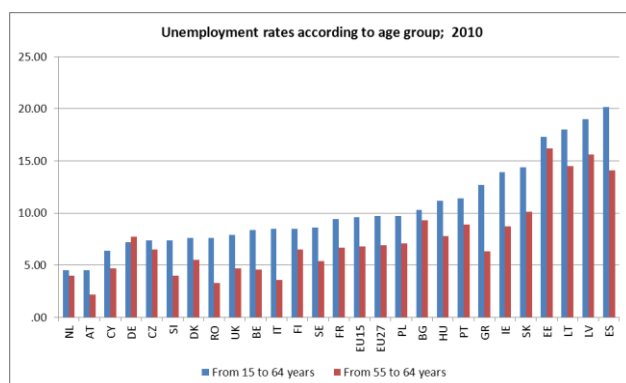
Source: Eurostat database; Note: 2004: brake in series.

Chart 2



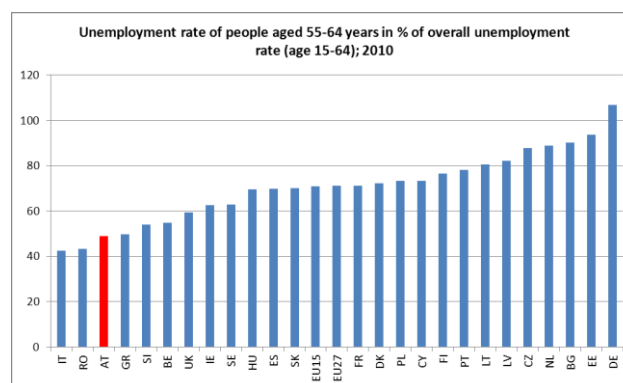
Source: Eurostat database; Note: 2004: brake in series.

Chart 3



Source: Eurostat database.

Chart 4



Source: Eurostat database & own calculations.

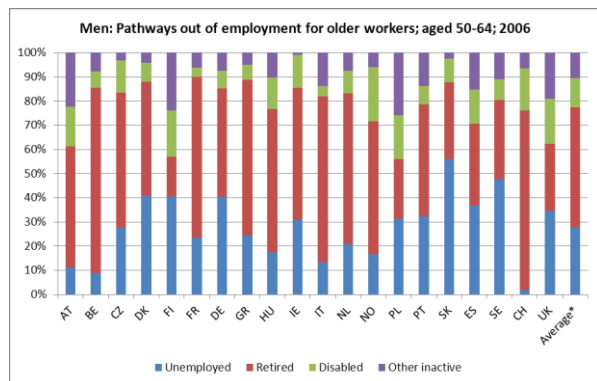
At the same time, *unemployment rates* of elderly people are very low in Austria from an international comparative point of view. In 2010, the unemployment rate of people aged 55 to 64 amounted to 2.2% in Austria, and to 6.9% at average of EU-27 (see Chart 3). Furthermore, the unemployment rate of people in the age 55 to 64 in Austria in 2010 amounted to ca. 49% of the overall unemployment rate, whereas at average of EU-27 the unemployment rate of the ones aged 55 to 64 amounted to ca. 71% of the overall unemployment rate. This means that unemployment of elderly people (aged 55 to 64) from an international comparative perspective appears to be especially low in Austria when compared to the overall unemployment rate (see Chart 4).

Data provided by OECD in its' 2011 edition of "Pensions at a Glance" on "pathways out of employment" confirm that unemployment of older workers is of comparatively low significance in Austria (OECD 2011b, 44ff.). These data comprise all people aged 50-64 who lost a job in the previous year and "pathways out of employment" considered are retirement, disability, unemployment benefits and the "other inactive" category. In the case of Austrian men, the categories "disabled" (16.4%) and "other inactive" (22.2%) show rather high shares

when compared to the average of all countries assessed (disability: 11.9%; other inactive: 10.6%), whereas the share of “unemployment” (11.2%; at average of all countries: 27.9%) is especially low and “retirement” (50.2%) plays about the same relative role as at the average of all national cases analysed (49.6%) (see Chart 5).

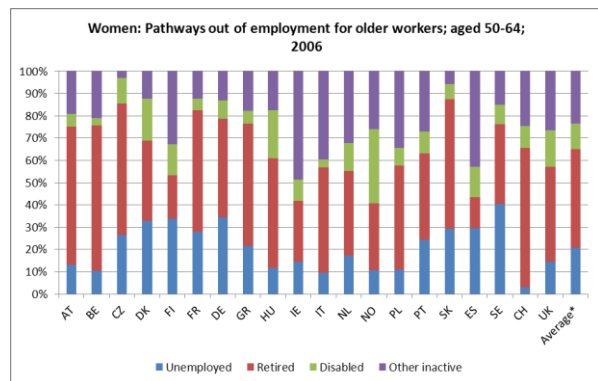
In the case of women (see Chart 6), disability is of much lower importance (5.7%) and well below the share given at average of all countries analysed (11.3%). The shares “unemployment” (13.2%) and “other inactive” (19.1%) are disproportionally low when compared to the respective average numbers of all countries assessed (unemployment: 20.8%; other inactive: 23.6%). At the same time retirement (with 62%) is a much more important route out of employment for women in Austria than on average (44.3%), whereby the latter may – inter alia – be explained by the comparatively low statutory retirement age for women in Austria.

Chart 5



Source: OECD 2011a & own calculations;  
\*Average = unweighted average of all cases.

Chart 6



Source: OECD 2011a & own calculations;  
\*Average = unweighted average of all cases.

According to OECD (2011b, 44), “other inactivity” may at a first instance derive from informal care activities. However, it is very unlikely that the high proportion of Austrian men in “other inactivity” actually derives from informal caring activities. Instead, it has to be recognised that in Austria specific situations exist, which are neither counted as “unemployment” nor as “retired” in Austria register data. This holds for participants of training measures for unemployed people as well as recipients of the so-called transition benefit (*Übergangsgeld*)<sup>44</sup> and the so-called pension advance (*Pensionsbevorschussung*)<sup>45</sup>. According to the most recent available annual data (2010), 8,239 people (male ratio 23%) received transition benefit and 20,407 (male ratio: 64%) pension advance. Consequently, the unemployment rate based on national register data underestimates the real amount of unemployment of older workers and persons receiving transition benefit should evidently be counted as retired.

Data on the *actual average retirement age* in Austria is provided by the Federation of Austrian Social Insurance Providers (*Hauptverband der Österreichischen Sozialversicherungsträger*). However, at the time of writing (February 2012) data for 2011 has not yet been published. According to data for 2010, the overall actual average retirement age regarding direct pensions

<sup>44</sup> Since 1 January 2004, transition benefit has been awarded to unemployed persons (upon application), who could not retire due to rising the retirement age as a result of the phasing out of “early retirement due to long-term unemployment” between 2004 and 2006. This option is going to be phased out until 2015.

<sup>45</sup> Unemployed persons applying for benefits from pension insurance or for another pension insurance-related benefit can receive an advance on pension insurance benefits until a decision on the application has been made.

(i.e. excluding surviving dependants' pension) amounted to 59.1 years for men and to 57.1 years for women. If only old-age pensions (and no invalidity pensions) are taken into account, the actual retirement age is substantially higher, amounting to 62.6 years for men and to 59.3 years for women. At the same time the actual average retirement age within invalidity pensions is much lower: 53.5 years for men and 50.1 years for women. From a longitudinal perspective, covering the last decade, it is interesting that the actual retirement age has increased both regarding old-age pensions and invalidity pensions - but to a lesser degree regarding numbers on the *overall* actual retirement age (see Chart 7). This has to do with the fact that the composition of newly granted direct pensions according to type of pensions has changed over time, with the share of invalidity pensions in new pensions rising steadily. Overall, the actual retirement age of both men and women is very low in Austria from an international comparative perspective. According to data provided by OECD (2011b, 43) the actual retirement age of men in Austria is the lowest of all OECD-Countries (except of Luxembourg; OECD-average: 63.6 years) and in the case of women only the Slovak Republic has a lower actual retirement age (OECD-average: 62.4 years). Given this fact, it appears logical that most assessments on the Austrian pension system stress that increasing the actual retirement age is the most important actual challenge (see e.g. Pinggera 2010; Kommission zur langfristigen Pensionssicherung 2011; IHS 2011; OECD 2011a; 2011b; Sambt/Prskawetz 2011).

Chart 7



Source: Hauptverband der Österreichischen Sozialversicherungsträger (2011).

One related point, which received considerable attention in political and academic debates on the Austrian pensions system, is the low share of people entering retirement via normal old-age pensions. Respective data is again provided by the Federation of Austrian Social Insurance Providers. In 2011, only about 29% of all newly granted direct pensions accounted for regular pensions, whereas 30.6% were invalidity pensions and the rest different forms of early retirement within the scheme of old-age pensions, where the so-called *Hacklerpensions* played the most important role (see Table 1). When compared to 2010, numbers of newly granted invalidity pensions and of new cases of early retirement due to “very long insurance periods” (so-called *Hacklerregelung*) decreased to some, however only minor, degree. This means that the respective reforms decided in late 2010, aiming at tightening access to these two forms of pension (see above section 2.2.1 and Fink 2011 for more details), only had a limited impact up to now (whereby in the case of the *Hacklerregelung* only a stepwise implementation of the respective reform takes place).

Table 1: Pensions newly granted in 2011

	Number	Percentage	Change towards 2010
Regular old-age pension	26,399	28.90%	-0.1%
Invalidity pension	27,969	30.60%	-5.5%
Early retirement due to "very long insurance periods" ( <i>Hacklerregelung</i> )	23,540	25.80%	-8.4%
Early retirement due to "heavy labour pension"	1,087	1.20%	+55.5%
Early retirement due to corridor pension	5,239	5.70%	+8.0%
Other early retirement pensions	7,151	7.80%	-1.4%
TOTAL	91,385	100%	

Source: *Hauptverband der Österreichischen Sozialversicherungsträger (2011)*.

In their paper on the results of the "Bad Ischler Dialog 2011" (see as well section 2.2.2 above), the social partners list a number of interesting and more detailed facts about the *transition from employment to retirement* (see Die Sozialpartner 2011). The social partners cite information by the pension insurance providers, stating that about 30% of all invalidity pensions in the age-group 50 to 59 are granted because of psychiatric diseases, that about the same share (31%) derives from musculoskeletal disorders and that a share of about 12% is granted because of problems of the cardiovascular system. At the same time, according to the same data source, most new benefit recipients of invalidity pension in the age-group 50 to 59 enter invalidity pension from the status of long-term unemployment in the wider sense (i.e. including training measures by the PES, sick pay, transition benefit/*Übergangsgeld* and pension advance/*Pensionsbevorschussung*). In the case of men this applies for 72% and only 28% enter invalidity pension directly from employment. In the case of women the share entering from long-term unemployment (in the wider sense) is even higher (80%). In this context, it is not only lacking health prevention which causes the respective problems of high entry rates to invalidity pensions, but also the fact of low shares of people continuing to work irrespective of health problems. Results based on data from the SHARE-programme show that only 50% of people with health problems are likely to stay in employment over a period of two years, whereas in many other countries the respective proportion is 70%, and in northern Europe even close to 90% (Schober/Winter-Ebmer 2011, 23).

A more detailed assessment regarding people entering invalidity pensions is provided by Leoni (2011). It comes to the conclusion that a high incidence of periods of sick leave is a good predictor of the probability of entering invalidity pension (or at least applying for invalidity pension) later on. In other words: these two variables are highly correlated. Furthermore, if health problems coincide with unemployment (which is a rather common phenomenon for later recipients of invalidity pensions), then the likelihood of entering invalidity pension increases even further.

Other challenges of the Austrian pension system, like a high inequality of benefit levels or the question of future adequacy of benefit levels (when the reforms of the early 2000s will reach their full impact in terms of reduced benefits) are only rarely or more as a sideline dealt with in assessments on the Austrian pension system. Regarding the latter point, e.g. Ruddy (2011) comes to the conclusion that living standards in old-age may only be maintained at the current level if future pensioners are able to compensate the relative reductions of the benefit level in the public scheme by benefits from (however not mandatory) company based schemes and/or private savings. Respective information is also available from calculations and projections by



the Indicators Subgroup (ISG) within the European Social Protection Committee (SPC).<sup>46</sup> These data show that the Austrian public pension scheme generally provides rather high “theoretical replacement rates” (TRRs), modelled for different working biographies. Within the base-case scenario – i.e. after a working career of 40 years with an average income – the net TRR currently amounts to 85%, whereas the gross TRR at average of EU-27 currently reaches “only” 69.9%. In Austria, the net TRR for the base case will rise to 88.7% in 2050 according to the calculations by ISG, whereas for the average of EU-27 a slight decrease gets indicated. However, in the case of “high income” earners the net TRR in Austria will decrease from currently 77.2% in Austria to 72.9% in 2050, whereas respective projections show even stronger cutbacks at average of EU-27: Here, the gross TRR is said to decrease from currently 63.9% to 51.8% in 2050. In case of “low income earners”, the TRR in Austria currently amounts to 83.7%, and it will remain at about this level according to the projection by the ISG (83.8% in 2050). Respective numbers of gross TRRs at average of EU-27 are 69.9% (currently) and 68.8% (for 2050). What is a specific of the Austrian case is that the TRR for the “low income” group is lower than for the base case, indicating that an adequacy-problem might exist for people at the lower end of the stratum of earned income.

However, regarding core indicators for social inclusion, as agreed upon at EU-level, the Austrian pension system performs rather well at first sight from an international comparative perspective. When compared to the average of EU-27, in Austria a considerably lower share of people in the age group 65+ is at risk of poverty or faces social exclusion (see Table 2). The latter is at first instance caused by below average rates of severe material deprivation. Apart from that, the at-risk-of poverty rate of Austrian elderly men is somewhat below average of EU-27, whereas the at-risk-of-poverty rates of elderly Austrian women are at about the average level of EU-27.

When compared to the at-risk-of-poverty rate of the population in the age below 65, at-risk-of poverty rates of elderly people are generally higher in the case of Austria. At average of EU-27 a related phenomenon only applies to women. At the same time, severe material deprivation in Austria is a much less common phenomenon for elderly people, than it is regarding the ones at the age below 65. Data on averages of EU-27 point to the same direction, however with a much lower degree of relative differentiation.

In Austria, income inequality (S80/S20) is considerably below average of EU-27 for people younger than 65 years, but only slightly below average of EU-27 regarding elderly people aged 65 and over. The latter indicates that the Austrian pension system, when compared to the average of EU-27, reduces income inequalities stemming from earned income during working live to a lesser degree.

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<sup>46</sup> See <http://ec.europa.eu/social/main.jsp?catId=830&langId=en>.

Table 2: Income, poverty, social exclusion and income distribution according to age groups (2010)

	Austria			EU-27		
	Total	Men	Women	Total	Men	Women
<b>Median relative income of people aged 65+ as a ratio of income of people aged 0-64</b>	91	96	88	88	92	86
<b>Aggregate replacement ratio</b>	64	68	59	53	56	52
<b>At-risk-of-poverty rate:</b>						
age 65-	11.5	10.7	12.3	16.5	16.2	16.8
age 65+ / 75+	15,2 / 17,9	10,4 / 13,6	18,7 / 20,5	15,9 / 18	12,9 / 14,3	18,2 / 20,5
<b>Severe material deprivation:</b>						
age 65-	4.8	4.4	5.1	8.5	8.4	8.5
age 65+ / 75+	2 / 1,5	1,3 / 1,1	2,5 / 1,7	6,4 / 6,5	5,1 / 5	7,4 / 7,5
<b>At risk of poverty or social exclusion (EU2020 indicator):</b>						
age 65-	16.7	15.3	18.1	24.1	23.4	24.9
65+ / 75+	15,8 / 18,5	11 / 14,5	19,4 / 20,9	19,8 / 22,1	16,2 / 17,6	22,6 / 25
<b>Income distribution (S80/S20):</b>						
<b>age 65- / 65+</b>	3,7 / 3,6	3,7 / 3,5	3,8 / 3,7	5,2 / 4	5,2 / 4	5,2 / 3,9

Source: EUSILC; Eurostat Database.

Overall, the Austrian pension system shows a high degree of adequacy in terms of severe material deprivation, especially for men but to a large degree also for women. However, when a relative indicator like being at-risk-of poverty is used, the performance of the Austrian pension system in terms of social inclusion is less favourable. The latter especially holds for women (but to lesser degree also for men), whereby inequalities within the labour market (in terms of earned income and continuity of employment/insurance contributions) are reproduced within the pension system. Interestingly, this problem only gets rarely addressed both within political debates and scientific assessments. One example is the last edition of the so-called Social Report (see BMASK 2010a), which is published on a biannual basis by the Ministry of Labour and Social Affairs and which is the most comprehensive periodically published report on social protection in Austria. Although this report presents data on the exorbitant differences of pension benefit levels according to gender (see as well below chapter 2.2.5), these findings are not in any way commented on in a critical way.

As in earlier years, assessments on the second and third pillar remained especially rare in 2011. Some basic information on developments concerning the “new severance pay scheme” are available from the interest organisation of the company pension scheme providers within the Austrian Federal Economic Chamber.<sup>47</sup> Data on developments within the funded company pension schemes (“*Pensionskassen*”) and the “premium aided pension scheme” are available from Austrian Financial Market Authority (*Finanzmarktaufsicht*; see FMA 2011a; 2011b). However, this information is of largely descriptive nature only, and does not provide a critical assessment of the role and the challenges of the second and third pillar of the Austrian pension system. The same holds for a recently published book on the funded company pension schemes (Paseka 2011), which however provides a rather detailed introduction to the institutional features of respective schemes.

## 2.2.5 Critical assessment of reforms, discussions and research carried out

As sketched out in sections 2.2.1 and 2.2.2, , recent political debates and reforms concerning the pension scheme have primarily dealt with the goal to increase actual retirement age, and at

<sup>47</sup> See: <http://www.betrieblichevorsorgekassen.at/>.

the same time to enable people to stay longer on the labour market. This is in line with central points addressed within the White Paper on Pensions, presented by the European Commission in February 2012 (European Commission 2012).

The respective Austrian policy programme, as outlined in the consolidation package presented by the government in February 2012, comprises two main strategic elements.

On the one hand, access to invalidity pensions and to some degree also to early retirement via the so-called “corridor pensions” will be tightened. In both areas, it appears fair to say that this reform is of gradual character and not implying large-scale structural reform. This even appears to be true regarding invalidity pensions for people in the age below 50, which will be termed “rehabilitation benefit” (but will remain at the same benefit level). Furthermore, the rules on access to early retirement due to “very long insurance periods” (the so-called “*Hacklerregelung*”) have not been changed, although this is, besides invalidity pensions, the second most important pathway to early retirement in Austria. Here, the relevant decision makers obviously took the position that the reforms decided in late 2010 should be fully implemented at first (which will be the case as from 2014), and that further reform in this area might only follow thereafter.

On the other hand, the consolidation package, under the heading “labour market offensive”, also contains plans to expand rehabilitation measures, information campaigns, personalised social services and re-qualification, following the aim to enable people to stay in the labour market longer. Hereby, it was announced additional funds of EUR 750 million will be made available for respective measures during the period 2013 to 2016 (see as well section 2.2.1 above).

The overall likely future impact of these measures is hard to assess ex ante. The official mid-term goal, as announced by the Minister of Social Affairs, Rudolf Hundstorfer, is to increase the average actual retirement age in Austria by one year until 2016,<sup>48</sup> and by 2.5 to three years until 2020.<sup>49</sup> The latter would mean that the actual retirement age for men in Austria would still be somewhat lower than currently at OECD-average, and the same holds for women, where already the statutory retirement age in Austria is lower than the current actual retirement age at OECD-average. If and to what degree the respective targets will actually be met appears at first instance to depend on further actual developments regarding invalidity pensions. In the past, invalidity pensions repeatedly turned out to serve as a kind of substitute for other forms of early retirement and the question is if this will occur again (eventually even to an increased extent) during the next years, when access to early retirement due to “very long insurance periods” (the so-called “*Hacklerregelung*”) is tightened due to the reforms decided in late 2010. Hereby, it is crucial if and to what degree regulation regarding the access to invalidity pensions, including the recently increased emphasis on the obligation for rehabilitation, will be strictly implemented or not. The respective developments in 2011, showing only a slight decrease in newly granted invalidity pensions, point to increased respective efforts. Regarding the envisaged pro-active measures of the “labour market offensive”, it has to be awaited if these actually lead to the establishment of a more integrated approach on active-ageing, which would also enclose the promotion of quality and well-being at work, raising educational and vocational adult training, the promotion of occupational mobility, health prevention and reconciliation of family and working life in a life-cycle approach.

As in the earlier years, the problem of – in some cases – low benefit levels was not addressed in a structural way within Austrian politics during the last 18 months. The latter both holds for

<sup>48</sup> See e.g. [http://diepresse.com/home/politik/innenpolitik/731565/Hundstorfer\\_Es-ist-ein-bisschen-was-in-Bewegung](http://diepresse.com/home/politik/innenpolitik/731565/Hundstorfer_Es-ist-ein-bisschen-was-in-Bewegung).

<sup>49</sup> APA0173 II, WI 12.02.2012.

political debates and for measures eventually decided. At a general level - and by addressing more fundamental questions of inter and intra-generational justice - a reform on this point would include a major change of the calculation formula for old-age pensions, which is not on the political agenda at the moment.

In this context, it is worth noting that the Austrian pension system from an international comparative point of view currently leads to - overall – rather good outcomes regarding the prevention of poverty and social exclusion of older people (see above section 2.2.4). But at the same time it becomes evident that the Austrian pension system especially leads to good results for men, whereas the performance regarding women is only average when compared to the EU-27-benchmark. Taking into account that spending for public pensions is very high in Austria from an international comparative point of view, it is fair to say that rather substantial gender inequality and a - when compared to men - rather high degree of poverty of elderly women are specific challenges of the Austrian pension system.

The problem of rather low pension benefits granted to women does not only apply for the average of existing pensions, but for newly granted pensions as well, where one would expect higher equality of benefits due to rising labour market participation of women (see Annex Table 1 and Table 2). In both cases, direct old-age pensions of women (when not taking into account the compensatory supplement)<sup>50</sup> only reach a level of approximately 60% of respective benefits of men. The gap is only somewhat smaller regarding newly granted pensions if invalidity pensions are taken into account as well (which lead to lower outcomes especially in the case of men; see *ibid.*).

Other points made in my earlier asisp-reports (see Fink 2009; 2010; 2011) still apply largely unchanged.

One is the problem of the extreme complexity of the current system of old age pensions, which stems to a large degree from the reforms of 2003 and 2004. Within the “consolidation package” as announced in February 2012 it is now envisaged to eradicate the complicated model of “parallel calculation” of pension benefits according to “old” and “new” law (introduced with the pension reforms of the early 2000s; see above and Fink 2009) as from 1 January 2014, and to transfer all claims from existing insurance periods to a so-called “pension account credit” (*Kontogutschrift*) according to “new law”. This reform, once enacted, will to some degree increase the transparency of the Austrian statutory pension system, but the transfer from “parallel accounting” towards the “pension account credit” itself is again a rather complicated and - for most people – likely to be a rather inscrutable procedure.

Another problem is the still evident lack of data modelling dealing with the supposedly long-term effects of the reforms of 2003 and 2004 regarding future benefit levels and different kinds of employment and careers etc.

<sup>50</sup> In Austrian statistics on levels of benefits from pension systems, the compensatory supplement (*Ausgleichszulage*), which is means tested against household income, is not taken into account on a regular basis. As the compensatory supplement is not only granted to individuals, but (a higher rate) also to couples (irrespective of the question if both individuals have principal entitlements within the pension system), it is very difficult to attribute the income effect of the compensatory supplement to individual persons, and therefore to the level of individual direct old-age pensions. Overall, about 76,000 men or 9.1% of all male pensioners recently (December 2010) obtained the compensatory supplement, whereas the same holds for about 162,000 women or about 14.2% of all female pensioners. The latter indicates that the gender gap in benefit levels would be reduced to some degree if minimum means-tested pensions (i.e. *Ausgleichszulage*) would be taken into account. However, at the same time it is likely that this effect would be mitigated to some degree by the phenomenon that it is likely that men, more often than women, will be eligible for the higher rate of compensatory supplement for couples. For these problems in attributing the effect of the compensatory supplement to individual benefit levels, the latter is generally not taken into consideration in analyses on respective register data.

More monitoring and data would also be necessary regarding the development of occupational pensions, the new severance pay scheme and premium-aided pension savings scheme, i.e. the second and the third pillar of old-age security in Austria. Here, the general impression is that additional savings from these schemes will in many cases not be sufficient to make up for losses deriving from retrenchment in the first pillar. But at the same time more detailed analyses on this subject are missing at the time of writing. Furthermore, it is fair to say that political actors do currently not put emphasis on a further development of respective schemes, which is clearly not in line with the recommendations given in the White Paper on Pensions recently presented by the EC (see European Commission 2012, 12ff.). On the contrary, it appears that decision makers are hesitant to address this issue at all in a wider sense, probably on the background of the unfavourable profit performance of such schemes during the recent years and the related dissatisfaction within the population.

## 2.3 Health Care

### 2.3.1 The system's characteristics and reforms

The health system is under the responsibility of the Federal Republic, yet with one very important exception: the system of hospitals. Regarding the latter, the Federal Republic enacts only basic laws, whereas their implementation and enforcement is under the responsibility of the federal provinces (*Länder*). Therefore, the Federal Republic and the *Länder* conclude mutually binding agreements to ensure health care provision within their respective competences. Apart from that, it is important to note that in Austria social insurance providers are supposed to be self-governing bodies (so-called *Selbstverwaltungsträger*). This implies that they have important regulatory functions, especially in respect of outpatient health service.

The Austrian health sector shows a system of “mixed financing” (see Statistik Austria 2011, 81ff. for more details). In 2010, approx. 23% of all health expenses (including expenses for long-term care) were covered by the private sector, and about 77% by the public sector. Regarding the private sector, approx. 73.2% of respective outlays take the form of private out-of-the-pocket payments, 20.5% come from private health insurance providers and about 5.2% from non-profit organisations serving households. Regarding the public sector, about 58% come from health insurance contributions and about 42% from the tax yield.<sup>51</sup>

The total expenditure on health care (excluding expenditure on long-term care) rose from 7.5% in 1990 to 8.8% of GDP in 1999 and to 9.1% in 2004. Between 2004 and 2008 spending for health in % of GDP remained rather stable (9.1% in 2008), but it increased significantly in 2009 (9.6%) –at first instance due to a decline of the GDP during the financial and economic crisis (whereas additional growth in expenditure was lower than in earlier years). In 2010, spending for health amounted to 9.4% of GDP.<sup>52</sup>

The public share on overall health expenditure increased during the 1990s (starting at ca. 73% in 1990) but– until recently - remained largely stable since 2000 (at a level of about 75 to 77%).<sup>53</sup>

<sup>51</sup> Data provided by Statistik Austria according to OECD System of Health Accounts: [http://www.statistik.at/web\\_de/static/laufende\\_gesundheitsausgaben\\_nach\\_gesundheitsleistungen\\_und\\_-\\_guetern\\_leist\\_055362.xlsx](http://www.statistik.at/web_de/static/laufende_gesundheitsausgaben_nach_gesundheitsleistungen_und_-_guetern_leist_055362.xlsx).

<sup>52</sup> Data provided by Statistik Austria according to OECD System of Health Accounts: [http://www.statistik.at/web\\_de/static/gesundheitsausgaben\\_in\\_oesterreich\\_laut\\_system\\_of\\_health\\_accounts\\_oecd\\_199\\_019701.xlsx](http://www.statistik.at/web_de/static/gesundheitsausgaben_in_oesterreich_laut_system_of_health_accounts_oecd_199_019701.xlsx).

<sup>53</sup> Data provided by Statistik Austria according to OECD System of Health Accounts: [http://www.statistik.at/web\\_de/static/gesundheitsausgaben\\_in\\_oesterreich\\_laut\\_system\\_of\\_health\\_accounts\\_oecd\\_199\\_019701.xlsx](http://www.statistik.at/web_de/static/gesundheitsausgaben_in_oesterreich_laut_system_of_health_accounts_oecd_199_019701.xlsx).

Reasons for the *long-run* growth of expenditure for health are to be found, as in many other countries, in a) demographic factors; b) technological developments in the health sector resulting in an extension of the range of medical ailments that can be treated; and 3) – partly caused by the first two factors – the rising relative price of health care. Irrespective of the fact that total spending on health in % of GDP did not increase significantly between 2004 and 2008, the financial situation of the health insurance funds remained very tense during all these years and in 2008 some of them even came close to bankruptcy. In the meanwhile, the situation has eased to some degree due to the measures decided for cost containment and additional funds coming from the federal budget (see the asisp reports for 2009 and 2010: Fink 2009, Fink 2010). For 2010 the health insurance providers even reported a surplus of EUR 362 million<sup>54</sup>, and for 2011 of EUR 240 million.<sup>55</sup>

This surplus has partly been reached due to a subsidy of EUR 100 million coming from the federal budget (the so-called structural funds) in 2010, and in 2011 of another EUR 40 million from the same source. However, it should be mentioned that the health insurance providers currently still have liabilities summing up to ca. EUR 300 million, which equals about 2.25% of their current yearly spending.<sup>56</sup>

About 99% of the Austrian population are covered by the social health insurance (see as well Fuchs 2009), which is – in principle - organised as a compulsory insurance for people in gainful employment and for people receiving cash benefits from systems of social protection (like pensions or unemployment benefits). However, health insurance in Austria goes far beyond the scope of insurance for employed persons and people receiving cash benefits from social insurance since, in addition to the directly insured parties, it also covers dependent members of their families. About one third of the persons covered by the statutory health insurance are co-insured family members who do not pay contributions of their own (e.g. children, housewives/househusbands). Periods without insurance appear to be a short-time phenomenon in many cases (but see for more details Fuchs 2009, 329), and people who are not covered by health insurance may opt in to the system at their own expense (however, some waiting periods may apply here.). Furthermore, for people without insurance but receiving means-tested Social Assistance, the Social Assistance providers used to cover the cost for health care services. Traditional Social Assistance was replaced by the so-called Guaranteed Minimum Income scheme (GMI) as from September 2010 and benefit recipients are now included in normal health insurance. The latter is a positive step, as there is some evidence that the earlier “special” scheme for recipients of Social Assistance came along with social stigmatisation and – in some cases – with below standard health treatment.

Within the health sector (after respective decisions taken in late 2009 and 2010; see Fink 2010; 2011) no major reforms took place in 2011.

However, one project worth mentioning in this context is the one of so-called “e-medication”. Here, the Ministry for Health has presented a draft bill for the implementation of an “Electronic Health Register” (*Elektronischer Gesundheitsakt; ELGA*) in April 2011. According to these plans, individual data about the medical history, treatments, prescribed drugs etc. will be filed electronically, with (selective) access to this data for independent physicians, hospitals and (to a more limited degree) also pharmacies. The idea is that such an information system would help to prevent suboptimal treatment (due to lack of information on the side of the – in some cases many - treating physicians), that it would help to avoid multiple prescription of drugs, which is not only costly but also implicates health risks and costly multiple medical examinations.

<sup>54</sup> OTS0227 CI 16.05.2011.

<sup>55</sup> APA0259 II, CI, WI 15.02.2012.

<sup>56</sup> APA0289 II, CI, WI 15.02.2012.



Implementation of a respective (not mandatory) pilot project started in a number of regions in Austria, but no details on respective evaluations has been published up to now.<sup>57</sup> During 2011, it became evident that especially the Austrian Medical Chamber (i.e. the professional association of the physicians), or at least the vast majority of its' officials, opposed the instrument of the ELGA. Main arguments presented against the ELGA were that the setup and maintaining of this system would turn out to be very costly, that it would come with useless additional administrative burdens to be rendered by physicians and that protection of privacy would not be guaranteed for patients.<sup>58</sup> By the end of 2011, debates on the ELGA became increasingly intense, even within the Austrian Medical Chamber. There it was heavily criticised that its current president signalled that, under specific circumstances, he would support the introduction of the ELGA (irrespective of contrary decisions taken by other committees of the Chamber). The Ministry for Health and the Federation of Austrian Social Insurance Providers (*Hauptverband der Sozialversicherungsträger*) have announced that they, irrespective of opposition within the physicians, would proceed with the legislative and organisational preparation of the ELGA and that they plan to enact the respective reform within "foreseeable time", however without announcing a concrete timeframe.<sup>59</sup> According to the Ministry of Health the introduction of the ELGA would come with initial costs of ca. EUR 130 million and with maintenance costs of EUR 18 million per year. However, at the same time the system, according to estimations by the ministry, would have a cost containing effect of amounting to approximately EUR 129 million per year.<sup>60</sup>

One other topic that has been on the political agenda to some degree over several years now is the question of a more encompassing reform of the health system, including structural changes regarding planning and financing within the hospital sector (where the federal provinces have some competences as well) (see as the earlier asisp reports on Austria: Fink 2010; 2011). In 2011, debates on this issue took place between the federal state, the federal provinces and the insurance providers, with different models for further development discussed (see Fink 2011). However, no common understanding could be found on the issue and respective decisions were postponed.

Then, within the "consolidation package", presented by the federal government in February 2012 it was announced that a "health reform" will be enacted, leading to cuts by social insurance providers amounting to a sum of 1.4 billion EUR until 2016 (when compared to earlier budget forecasts). Furthermore, it was announced that this reform is intended to substantially cut respective spending by the federal provinces as well, which means – given their role in the current system – especially regarding the hospital sector (BKA 2012). Cuts by the federal provinces for the hospital sector are expected to amount to a sum of up to EUR 2.1 billion until 2016.<sup>61</sup>

However, at the time of writing it is still unclear what the cornerstones of the announced "health reform" might be and how the announced goals of cost-containment are planned to be reached. Representatives of regional health insurance providers and federal provinces only declared that in future they plan to finance the hospital sector from a joint hospital budget, to be financed by the health insurance providers and the health insurance providers. Strategic

<sup>57</sup> The Federation of Austrian Social Insurance Providers (*Hauptverband der Sozialversicherungsträger*) announced that the pilot projects were completed by the end of December 2011 and that more detailed evaluation results are expected to be available by April 2012; see APA0303 II, CI 29.12.2011.

<sup>58</sup> See e.g. OTS0014 CI, II 07.05.2011; APA0213 II, CI 18.05.2011; OTS0142 CI 28.04.2011 ; OTS0024 CI, II 29.10.2011 ; OTS0024 CI, II 29.10.2011.

<sup>59</sup> APA0374 II, CI 23.11.2011.

<sup>60</sup> OTS0331 II 10.11.2011.

<sup>61</sup> APA0285 II, WI 15.02.2012.

decisions etc. should be decided jointly by both actors in a common board of the two actors. This was presented as a “principle agreement” in the beginning of February 2012.<sup>62</sup> However, the Federation of Austrian Social Insurance Providers then made clear that this “principle agreement” only could be met at the level of experts and that further (and likely difficult) political negotiations would be necessary to figure out things in more detail.<sup>63</sup> At a meeting of the federal provinces, held mid February 2012, they agreed on the goal to decide for measures leading to cost containment within the hospital sector, amounting to EUR 2.1 billion until 2016.<sup>64</sup> However, lengthy negotiations on how to reach this target in more detail will again be necessary, to be held between the health insurance providers, the federal provinces and the national state in the coming months.

In other words: When compared to the policy area of pensions (see above chapter 2.2.1), plans on how to enact cuts in spending are far less concrete in the area of health. The latter applies both for the health insurance providers and for the federal provinces. This means that the actual situation did not change much when compared to the one in spring 2011, where the topic of a re-organisation of competencies and financial flows within the Austrian health system had been on the agenda as well (see Fink 2011). The only major structural difference is that now a clearly defined target for cost containment exists.

### 2.3.2 Debates and political discourse

As already sketched out above, political debates in the area of health in 2011 mainly concentrated on a) the ELGA project (“Electronic Health Register”/“Elektronischer Gesundheitsakt”) and b) the questions how to re-organise competencies and financing structures within the Austrian health system.

The latter, i.e. the question of a structural and encompassing reform of the health system is a long-standing issue in Austria (see the asisp reports of 2009 and 2010: Fink 2009; Fink 2010). This takes place on the background of a very complicated organisational structure, entailing a considerable decentralisation of powers and multiple financing instruments. The latter applies irrespective of the reforms of 2005, which were aimed at improving integrated planning by the introduction of a Federal Health Agency, a Federal Health Commission and a Structural Health care Plan at the national level, and of State Health Funds and Health Platforms at the level of the federal provinces (for more details see Hofmarcher/Rack 2006).

In this context, it is worth noting that the long-term objective of a “one-stop financing” has not been reached so far due to resistance by different players and stakeholders within the system, fearing for their autonomy (see Czipionka et al. 2009; 2010; Schelling 2010 for a detailed discussion). In fact, the latest agreement between the Federal Republic of Austria and the Federal Provinces pursuant to Article 15a of the Federal Constitution Act (Bundes-Verfassungsgesetz/B-VG), which became effective on 1 January 2008 and which is planned to be binding until 2013 has all in all prolonged the extremely complicated financing structures as fixed by the reform of 2005. This development is not in line with recommendations repeatedly made by organisations like the OECD (2009, 81; 2011a, 27ff.) or national experts proposing the assignment of financing and spending responsibilities for both the hospitals and practising physicians to one government institution (see e.g. Hofmarcher/Rack 2006; Hofmarcher 2008; Czipionka et al. 2009; 2010; Schelling 2010).

The issue of a structural reform of the health system remained on the agenda and respective negotiations repeatedly took place between the health insurance providers, the national state

<sup>62</sup> APA0568 II, CI 01.02.2012.

<sup>63</sup> APA0058 II, CI 02.02.2012.

<sup>64</sup> APA0285 II, WI 15.02.2012.



and the federal provinces. However, it appears that progress within these negotiations was largely absent due to differences deriving from the structural interests of different stakeholders involved. In October 2011 representatives of the federal provinces announced that an agreement on how to reform the competencies within the health sector should not be expected before the mid of 2012, or - more likely – only towards the end of the year 2012.<sup>65</sup> Overall, the evident impression of “dawdling around” may be explained by the fact that the current “agreement pursuant to Article 15a”, dealing with respective issues, will regularly remain in place until the end of 2013 anyhow, and that respective stakeholders did not really envisage to change something structural before that date.

The recent decisions taken within the “consolidation package”, defining the numerical goals of a respective reform concerning cost-containment, may speed up respective developments to some degree. However, it remains unlikely that concrete reform measures will be presented within the first half of 2012.

Interestingly, public and political debates about the health system largely concentrated on the two points mentioned above. Other possible topics were rarely put on the political agenda. This e.g. holds with regard to shortages of medical staff, where such shortages are especially evident regarding qualified nursing personnel. Literally no public debate took place regarding health quality and other performance indicators of the health system either. The same applies to the issue of health inequalities and access to health care. The latter point has only been addressed insofar, that respective stakeholders and decision makers repeatedly stated that the structural reform under discussion and cost containment measures should not lead to restricted access to health care, but should have their emphasis on increasing efficiency at different levels.

### **2.3.3 Impact of EU social policies on the national level**

Overall, in national political and public debates hardly any references are made on the issue of health to related EU-level initiatives. It is fair to say that regarding questions of health care the OMC is largely invisible at the national level. At the same time the OMC did have some impact at the national level regarding the public and political attention directed towards more general questions of poverty and social exclusion, but without the question of health being addressed more explicitly in this context.

A related situation applies for the EU 2020 strategy, which up to now had only minor impact on national health reform debates. Hereby, it is worth mentioning that the Austrian NRP of 2011 addresses questions of health in a rather rudimentary way. It is only announced that “prevention measures for good health in working life” should be enhanced, that rehabilitation measures will be of increased importance in the context of invalidity pensions and that “health” is among the policy areas where (irrespective of the austerity package of late 2010) “future-oriented offensive measures will be set” (NRP, 7). In other words: The Austrian NRP addresses questions of health primarily in connection with the goal of increasing the actual retirement age and supporting people to stay in employment longer, whereas other possible issues are hardly mentioned.

This means at the same time that a rather narrow approach of “active ageing”, and of the role of health therein, is applied. Furthermore, almost no explicit linkage is made between health and poverty within respective debates and national programmatic papers.

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<sup>65</sup> APA0329 II, CI 05.10.2011.

### **2.3.4 Impact assessment**

Literally speaking, it is impossible to give a sound overview of published impact assessments regarding the health system in Austria because no encompassing and systematic monitoring and evaluation of the Austrian health care system takes place on a regular basis. Although the act on the health care reform of 2005 encloses the explicit rule of a bi-annual overall evaluation of the Austrian health system, this rule has actually never been implemented (as e.g. criticised by the OECD; see OECD 2009, 67), and respective efforts remain fragmented until today (see OECD 2011a, 105ff.).

For a long time, the most encompassing assessment of the Austrian health system was a publication deriving from the “European Observatory on Health Systems and Policies”, organised by the WHO (see Hofmarcher/Rack 2006). Although not up-to-date anymore, this report still gives a broad picture and analysis of the main institutional outlines of the rather fragmented Austrian system of health care. According to Hofmarcher/Rack (2006) this fragmentation leads to regional inequalities regarding access and – generally speaking – to some degree to inefficiency and problems of integrated governance (see also Hofmarcher 2008).

In 2011, the OECD in its’ new edition of the “Economic Survey” on Austria presented a rather detailed assessment of the Austrian health system (OECD 2011a, 79ff.). The results are largely in line with respective findings of recent (however less encompassing) assessments by national experts, like e.g. Hahl et al (2010) and Aiginger (2011).

The OECD concludes that the Austrian health care system works well in the sense that important outcome indicators, like life expectancy or healthy life years have improved considerably over the last three decades. Furthermore, the OECD stresses that “all indicators confirm that the degree of equity in accessing services is among the highest in OECD” (ibid., 30). However, the assessment by the OECD does not really go into details here. It at first instance presents what the OECD calls “the main international indicators of equity in health care”: “ i) only 2% of the population at the lowest income quintile report any difficulty of access to health services; ii) differences in contracted physician density across territorial level two regions are very small; and iii) differences between women in different wealth quintiles in using cervical and breast cancer screening are very low” (ibid., 86). According to the OECD, the latter applies “despite private payments playing a relatively large role”, “thanks to a system of exemptions which helped avoid inability to pay to impeach access” (ibid 86). This interpretation is in line with the one presented by Hahl et al. (2010), who also stresses the fact that people with low income are exempted from such co-payments in a number of cases and that the system offers a wide range of standard services available without co-payments (for most parts of the insured population). The OECD reports on survey results as well (e.g. from Eurobarometer), showing that Austria belongs to the group of top performers regarding perceived service access and general satisfaction with the health care system (ibid., 122f.).

Although positive findings prevail in the assessment by the OECD regarding health outcomes, access to services and support for the existing health service within the population, other issues appear to be problematic according to OECD. This holds for the already high costs of the Austrian health system, which are very likely to rise even further in future according to respective projections. The OECD stresses that this problem is – inter alia – caused by the very complicated and fragmented institutional structure of the Austrian health system, which leads to a suboptimal and partly inefficient allocation of resources. Apart of other things, according to OECD capacity planning should be consolidated and better adjusted between the different federal provinces (especially regarding the hospital sector), performance-based payment mechanisms should be expanded and service quality should be better monitored. Hereby, in

line with other assessments on the Austrian health system (see Aiginger 2011; Habl et al. 2010), the OECD stresses that avoidable hospital accession rates are very high in Austria.

One other critical point is the one of health-relevant lifestyles and preventive behaviour, where the OECD stresses three especially important sources of concerns (ibid 110): alcohol consumption, smoking, and diet. According to respective data, Austria has one of the highest rates of alcohol consumption among the population above 15. Smoking rates remain at high levels, while they have declined in other countries. In contrast, Austria has one of the lowest daily fruit eating among the 15 years old. Rates of physical activity are also below OECD averages. As a result, overweight rates have strongly increased in the 2000s, at a much higher pace than in most other countries. The increase in obesity rates was also above OECD averages. These critical findings are in line with the findings by Aiginger (2011), who is stating that one of the most important weakness of the Austrian health system is that it has its primary focus on curative treatment, whereas health prevention is underdeveloped. Outlays for health prevention (1.8% of overall health spending) are considerably lower in Austria than at average of EU-27 (2.9% of overall health spending), which coincides with an above average significance of the above mentioned risk-indicators for health. Aiginger stresses that this situation is not only problematic regarding cost development in the health sector in the more narrow sense, but that indirect effects are applying regarding the question of long-term care as well. In this context, according to OECD (ibid., 111ff.), a large gap in health-relevant lifestyles between different groups in the population implicates an additional source of concern. E.g. with respect to overweight and obesity, Austria has one of the highest rates of differentiation between occupation-based groups. Also, the gaps experienced by immigrant communities with low average levels of education appear particularly deep (ibid. 113). However, data by Eurostat on self-perceived health limitations and the socio-economic status show that income-related inequalities in health are about average in Austria from an international comparative point of view (Eurostat 2010).

There are some other information sources dealing with issues of the Austrian health system in a rather broad perspective, being however of only descriptive nature at first instance. Important statistical data are provided by Statistik Austria via “Yearbook of Health Statistics 2010” (see Statistik Austria 2011). In general, this publication includes some variety of data on the Austrian health system and corresponding impacts and outcomes (like health status), but hardly any analysis of underlying causal relations. Rudofer/Dannhauser (2011) have recently published a so-called “handbook health policy Austria”. This handbook provides a useful introduction to institutions and important terms/concepts of the Austrian health system, but does not assess the Austrian health system from a critical perspective.

Other information on the Austrian health system is available from a variety of sources, but in most cases they do not provide an assessment in the more narrow sense or deal with very specific questions only.

In earlier years, such information and assessments on specific actual policies and reform plans were available from Health Policy Monitor (HPM; sponsored by Bertelsmann-Stiftung)<sup>66</sup>, which unfortunately was stopped in 2011. However, in October 2011 HPM announced a merger with the European Observatory on Health Systems and Policies<sup>67</sup>, which will in future operate under a new joint venture, the Health Systems and Policy Monitor.

One other source of information is “Health System Watch”, which is produced by a research group on “Health Economics and Health Policy” at the Institute for Advanced Studies (IAS,

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<sup>66</sup> See <http://hpm.org/>.

<sup>67</sup> See <http://www.euro.who.int/en/who-we-are/partners/observatory>.

*Institut für Höhere Studien*) and is published as a supplement to the Journal “Soziale Sicherheit”, edited by the Federation of Austrian Social Insurance Providers.<sup>68</sup>

Within Health System Watch Czipionka et al. (2011a) e.g. dealt with the question of the composition of the “health workforce” in Austria from an international comparative point of view. The authors come to the conclusion that the Austrian health system is dominated by a rather high density of doctors, whereas other qualified professions are to some degree underrepresented. Furthermore, a number of professions known in other health care systems do not even exist in Austria. This especially applies for the area of preventive health care (e.g. regarding so-called “nurse practitioners”, working together with physicians in private practice, “family nurses” or “school nurses”). The authors conclude that the introduction of such professions should be taken into consideration for the Austrian case as part of other reforms giving more attention to preventive health care.

One other assessments of Health System Watch dealt with quality management systems regarding physicians in private practice in Austria and from an international comparative point of view (Czipionka et al. 2011b). The authors conclude that respective systems are still under development in Austria and that in this process international experiences are not used to a sufficient degree. A related situation applies for payment mechanisms within the ambulant sector (Czipionka et al. 2011c).

When critically reflecting on the scope and focus of assessments on the Austrian health system it is fair to say that the strand dealing with social impacts of the health care system is underdeveloped. Respective assessments in the past very much concentrated on questions of institutional layout, efficiency and development of costs. On the other hand, high accessibility is largely considered to be a fact in the Austrian case. However, the latter assumption rests on just a view indicators, and more detailed analysis is largely missing. A related situation applies for health outcomes and interrelations with questions of monetary inequality and poverty. Here, to provide really evidence based information, further investigations and studies would be necessary.

### **2.3.5 Critical assessment of reforms, discussions and research carried out**

During the last two years reforms in the health sector concentrated strongly on securing financial sustainability without reducing access to and quality of health care services. It is fair to say that these strategies turned out to be rather successful regarding cost containment (as evident from the consolidation of the budgets of the health insurance providers), whereas more detailed information on the second issue, i.e. safeguarding access and quality (or even improving the latter), is largely missing.

One other major challenge of the Austrian health system is, as sketched out above, the complexity of its organisation, coming along with a multitude of relevant decision makers, which include - apart from other players - the federal state, the federal provinces and the health insurance funds, and a very complex and ramified system of financing. No real progress has been made regarding these structural questions throughout 2011, irrespective of on-going debates between the respective important stakeholders. The recent decisions taken within the “consolidation package”, defining the numerical goals of a respective reform concerning cost-containment, may speed up respective developments to some degree, but it has been signalled that an agreement on a related reform should not be expected in the very near future. Furthermore, the above mentioned “principle agreement” (see section 2.3.1) between the federal provinces and the health insurance providers does not indicate that a real unbundling of

<sup>68</sup> See as well [http://www.ihs.ac.at/vienna/index.php?category\\_id=1000163](http://www.ihs.ac.at/vienna/index.php?category_id=1000163).

multitude competencies and responsibilities is likely in the future. The “principle agreement” rather suggests that overlapping competencies are likely to continue to exist, and that no real model of “one-stop financing” will be established.

As sketched out above, one other challenge of the Austrian health system is its focus on curative treatment, which leaves health prevention underdeveloped from an international comparative point of view. This topic pops up now and then in public debates, and selective efforts have been made to improve the respective situation. However, it is fair to say that overall political attention for health prevention is still rather weak. Here, one major recent exception applies in the context of early retirement and especially invalidity pensions, where it is, as already mentioned in the chapter on pensions, the goal to enhance rehabilitation programmes to considerable degree.

Regarding research carried out, it is evident that no encompassing and systematic monitoring and evaluation of the Austrian health care system is taking place for the time being. Respective assessments are more of an ad-hoc nature, rather fragmented, outdated or rather sketchy. In this context it is worth mentioning that the Austrian Federal Institute for Public Health (*Österreichisches Bundesinstitut für Gesundheitswesen; ÖBIG*), which is governed by public law and financed by taxes, could in principle serve as an institution to fill this gap. However, although up to now they have dealt with a wide variety of particular issues and problems within the Austrian health system, they omitted large-scale structural questions for the most part.<sup>69</sup> One of the few exceptions in their work is the above mentioned report by Habl et al. (2010). This piece of work evidently provides some useful descriptive information on the performance of the Austrian health system according to different input- and outcome indicators, but falls short in analytical terms, i.e. in explaining the causes for below average performance in a number of outcome dimensions.

What is particularly missing – from a social inclusion perspective – are more detailed assessments about the inter-linkages between material inequality, health inequality and access to preventive and curative health services. At the same time, these issues are only rarely addressed in public and political debates in Austria as well.

## **2.4 Long-term Care**

### **2.4.1 The system’s characteristics and reforms**

As in health care, the system of long-term care in Austria is a case of shared competencies as well. Here, the most relevant players are the central state and the federal provinces, and to a lesser degree the municipalities.

The system has a twofold design, consisting on cash benefits on the one hand, and publicly organised long-term care services on the other hand.

The respective cash benefit is called long-term care benefit (*Pflegegeld*). It was introduced in 1992 and is financed from general public budgets (and not via insurance contributions). Responsibilities for financing and handling this benefit have traditionally been shared between the central state and the federal provinces, depending on the earlier occupational affiliation of the respective benefit claimants, however with most people falling under the responsibility of the central state. This was changed as from the beginning of 2012, with long-term care benefits now being the sole competency of the central state. *Pflegegeld* is granted without means testing (against income or assets) and according to seven different levels, corresponding to a categorisation of seven different levels of individual care requirements / the health status of the

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<sup>69</sup> See <http://www.goeg.at/de/BerichteListing/berichtel/c.html>.

person in need of care. The benefit currently amounts to EUR 154.20 per month in level 1 (the lowest level), but may be as high as EUR 1,665.80 in level 7. These cash benefits are intended to be used to buy formal care services from public or private providers or to reimburse informal care giving. However, it is not being controlled for what purposes long-term care benefits are actually used by the benefit recipients.

In addition, pursuant to an agreement according to Article 15a of the Federal Constitution Act (endorsed in 1993) the federal provinces are responsible for establishing and upgrading a decentralised and nationwide delivery of institutional inpatient, ambulatory, semi-outpatient and outpatient (i.e. at-home) care services. These services are de facto implemented in cooperation with municipalities and not-for-profit organisations of the so-called intermediary sector, i.e. social NGOs of different types (for an overview see e.g. Hofmarcher/Rack 2006, 138ff.; Riedel/Kraus 2010, 21ff.; Biwald et al. 2011).

There is a general lack of more in depth analysis and data on the availability and affordability especially regarding formal outpatient services. But findings, limited as they may be, suggest that availability varies to considerable degree within different regions and that, especially in cases of extensive need for care, the long-term care cash benefits only covers a fraction of the costs which would arise if all respective support would be purchased within formal outpatient care (see e.g. Riedel/Kraus 2010).

As a matter of fact, the Austrian long-term care system is characterised by a rather large sector of informal care. According to the most recent data available (covering the year 2009; see BMASK 2010b), 58% of all people in need of long-term care are looked after by their relatives at home, 24% are looked after by their relatives at home and at the same time receive formal outpatient care services, 16% live in nursing homes and related institutions (inpatient care) and about 2% (note: there may be a large number of additional unreported cases of this model) are looked after by privately hired caretakers (at first instance from Eastern Europe; so-called “24 hours care at home”; see Fink 2009, 20ff. and Bachinger 2009 regarding regulation on “24 hours care at home”).

If people in need for long-term care cannot afford respective services, costs may be covered by means-tested Social Assistance. It must be stressed that means-testing here takes place against income *and* assets, meaning that a capitalisation of the latter has to take place before respective costs may be taken over by Social Assistance.

Overall spending for long-term care increased from 0.95% of GDP in 1990 to about 1.3% of GDP in 1994 (when long-term care cash benefits were introduced). Thereafter, this number remained largely stable until 2008 but increased to about 1.57% in 2009 and to 1.59% in 2010. The latter occurred due to decreasing GDP in 2009 but also due to a raise of the benefit levels of long-term-care cash benefits, as decided in 2005 and 2008, and a growing number of people in need for long-term care.<sup>70</sup> In 1994 about 85% of all spending on long-term care was covered by the public sector, whereas about 15% came from private sources. The public share somewhat decreased during the following years (down to about 79.8% in 2004), but then remained largely stable and increased somewhat in 2010 (to about 81%). The number of recipients of long-term-care cash benefits increased to much larger degree than overall spending (in % of GDP) - from ca. 333,000 in 1999 to ca. 430,000 in 2011 – which equals an overall rise of about 30%.

During 2011, reforms regarding long-term care enclosed two major points.

<sup>70</sup> Data according to OECD System of Health Accounts, provided by Statistics Austria: [http://www.statistik.at/web\\_de/static/gesundheitsausgaben\\_in\\_oesterreich\\_laut\\_system\\_of\\_health\\_accounts\\_oe\\_cd\\_199\\_019701.xlsx](http://www.statistik.at/web_de/static/gesundheitsausgaben_in_oesterreich_laut_system_of_health_accounts_oe_cd_199_019701.xlsx).



The first one was the introduction of a joint “long-term care fund”, which is planned to serve as an interim solution for respective financing problems until the year of 2014. In sum, EUR 685 million will be made available until 2014, of which 2/3 will be financed by the federal state and 1/3 by the federal provinces and the municipalities. This joint “long-term care fund” was introduced because it became evident that the federal provinces and the municipalities face huge problems in financing institutional and at home care services.

The second one is an organisational reform, which was decided in spring/early summer 2011 and which is being implemented as from the beginning of 2012. According to this reform, long-term-care cash benefits now fall within the sole responsibility of the federal state, whereas up to now long-term-care cash benefit was, for a minority of specific groups, as well granted by the federal provinces. At the same time fragmentation in the area of institutions responsible for the grading of care necessities in individual cases (according to the given seven-level model) will be substantially reduced from 303 (sic!) to eight. This should lead to higher consistency in the implementation of respective rules and to lower administration costs. However, the “explanatory notes” (“*Materialien*”) on the respective bill do not announce to what degree administration costs are expected to be reduced.<sup>71</sup>

One other point, decided in conjunction with this organisational reform in 2011, is the adaptation of rules and procedures regarding classifications according to the seven levels of long-term care cash benefits. The basic classification will remain to be done by physicians. However, in case of an upgrade to a higher level (to level 4 and higher), qualified nursing personnel has to be consulted in the future (as from 1 January 2012). This change is a reaction to criticism on the prior sole competency for such assessments to physicians (irrespective of their actual knowledge and experiences regarding questions of long-term care), although previous pilot projects showed that qualified nursing personnel has particular high competencies in assessing the actual need for long-term care in cases of more severe handicaps.

The already mentioned “consolidation package”, presented by the government in February 2012, does not contain any cutbacks in the area of long-term care. On the contrary, it was decided to prolong the above mentioned “long-term care fund” until the end of 2016, assigning an additional amount of EUR 650 million for this purpose (BKA 2012).

## **2.4.2 Debates and political discourse**

In 2011 political discourse on questions of long-term care gained some increased public visibility only during the first six months. The background was a discussion about organisational features of the system of long-term care cash benefits which started by late 2010. In January 2011 several federal provinces came up with the claim that all long-term care cash benefits should better be administered by the federal provinces only, whereas the federal state should only remain to be responsible to *finance* (but not to administer) respective benefits for the groups that now fall under his competency.<sup>72</sup> This claim was rejected by a large number of relevant actors and especially the Ministry for Labour and Social Affairs. After some negotiations, the federal state and the federal provinces agreed that in the future all long-term care cash benefits should be administered by the federal state, whereas the federal provinces will have to transfer funds for the beneficiaries who up to now fell under their competency. Furthermore, it was agreed that competencies on legislation regarding long-term care cash benefits will be a sole competency of the federal state as from 2012.<sup>73</sup> These decisions came in a package with the introduction of the “long-term care fund” (see above). When the respective

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<sup>71</sup> [http://www.parlament.gv.at/PAKT/VHG/XXIV/I/I\\_01208/index.shtml](http://www.parlament.gv.at/PAKT/VHG/XXIV/I/I_01208/index.shtml).

<sup>72</sup> See APA0367 II, CI 18.01.2011.

<sup>73</sup> See e.g. OTS0101 II 16.03.2011

draft bill on both issues was presented in Mai 2011, it has been acclaimed by most political actors. However, critics highlighted that in the long run the “long-term care fund” will not solve the financial problems within the area of long-term care (but only up to 2013/2014). As already mentioned above, it was recently decided to prolong the “long-term care fund” until 2016, but again no detailed plan on how to deal with future cost increase and other problems have been presented. Regarding more long-term and structural questions, a “working group on structural reform” was introduced (with participation of the federal state, the federal provinces and other actors), but results of this working group are only expected for the end of 2012.

Overall, it is fair to say that there is some public and political awareness with regard to the evolution of long-term care in the future. For most political actors it seems clear that this is an area with huge future challenges, and where more long-term strategies and structural reform will be necessary. However, up to now, actual reform steps decided only brought incremental adaptation, with the exemption of the bundling of competencies regarding cash benefits.

Furthermore, respective public debates primarily deal with questions of the level of cash benefits, of financial sustainability and general organisational features, whereas questions of access to and quality of long-term care services are rarely addressed. However, according to informal information provided to the author by members of the above mentioned working group, a wide area of topics is being discussed within this body, but no concrete outcomes in terms of a common strategy could be reached up to now.

### **2.4.3 Impact of EU social policies on the national level**

As with the policy area of health care, the impact of European initiatives and the OMC on national developments and debates regarding long-term care is largely missing in the Austrian case. The same holds for the EU-2020 strategy, which is practically never addressed in national debates about long-term care. The actual National Reform Programme of Austria (NRP 2011) addresses long-term care in one sentence only, announcing the need for “improvement of the general conditions of care of the elderly” (especially against the background of the goal to increase the labour market participation of women), but without denominating any more concrete measures envisaged.

Regarding the linkage between long-term care and ageing political actors in Austria are well aware of the problem that demographic changes will lead to an increased demand for long-term care services in future. However, it is rarely addressed in public and political debates how this increased demand could be somewhat mitigated by strategies of health prevention. Interestingly, the question of “active ageing” hereby is primarily framed in terms of labour market participation and financial sustainability of the pension system, without taking into account more indirect effects regarding the question of LTC.

### **2.4.4 Impact assessment**

More encompassing evaluations and assessments regarding long-term care are very rare for the case of Austria.

An overview on respective developments is provided by a yearly report on long-term care, produced by the working group for long-term care (*Arbeitskreis für Pflegevorsorge*), which is organised by the Ministry of Labour and Social Affairs. The last edition of this report was presented in late 2011 (BMASK 2011). However, this report is to a large degree of a merely descriptive nature and does not provide an assessment as such. This especially holds true for questions of the quality of long-term care services, where only some basic insights into the situation of people in need for long-term care and living in their own homes are given. Respective results are based on assessments by people performing home visits within a public



programme for quality inspection and counselling. They indicate that the “overall caring impression” (in terms of quality) was “very good” in 71.66% of the cases assessed, and “good” in 27.43% of the cases. Only 0.36% were termed “insufficient” and for 0.04% “neglect” was observed. Evidently, these results draw a very positive picture but no further information is given according to what criteria the respective classification has been made. Overall, it appears that it more or less derives from “informed guess”, although the development of more detailed quality criteria is announced in the same report. Furthermore, it should be mentioned that information for this report provided by the federal provinces varies to a large degree, both regarding its scope and its substance, and for one federal province, namely Styria, information on questions of quality is completely missing.

One more detailed assessment published in 2011 has the title “Long-term Care and Support in Austrian Cities” (Baldwein et al. 2011). This report, irrespective of the title, deals with the Austrian long-term care system as a whole. It is basically a re-interpretation of information already published, without providing much new data or other information. However the report gives a rather good and up-to-date overview on the Austrian system of long-term care. What becomes particularly evident is the huge regional differentiation regarding the availability both of inpatient and outpatient care services, arising from the different models applied at the level of the federal provinces. The same holds for more specific organisational features, like reimbursing NGOs or market based long-term care providers or models of quality assurance.

These results are similar to the conclusions drawn by other assessments of the Austrian long-term care system, as the ones drawn by Riedel/Kraus (2010) within the Austrian national report within the ANCIEN-project (Assessing Needs of Care in European Nations). Like Baldwin et al. they stress the problem of the fragmentation of the system – i.e. nine differing provincial legislations plus several municipal ways of naming, handling and financing respective services. Other problems of the Austrian long-term care system regularly addressed upon in respective assessments (see as well OECD 2011c; Schneider et al. 2009) are its rising costs and unclear future financial feasibility, a lack of qualified personnel and rather unfavourable working conditions within the sector of long-term care, a lack of transparency regarding access criteria (and the actual access) to services that are granted by municipalities in case of “social hardship”, a lack of transparency regarding the supply of services due to a general lack of more detailed supply data and high psychological and other burdens within the widespread practice of informal care giving, which is almost exclusively performed by women (see esp. Schneider et al. 2009 on the latter point).

#### **2.4.5 Critical assessment of reforms, discussions and research carried out**

During the last eighteen months debates and reforms on long-term care in Austria concentrated in particular on the question of the mid-term overall financial sustainability of the system. In this context more structural questions of organisation did receive increased public attention as well, however, mainly regarding cash benefits, and not concerning the question of the organisation of and the access to respective services. In other words: The actually decided reforms more or less aimed at prevailing the status quo (even in times of tight budgets) and failed to address more structural financial problems of the Austrian system of long-term care. The only exemption was the bundling of all competencies regarding cash benefits at the level of the federal state, but in other areas only incremental adaptation occurred.

The latter especially applies regarding the access to and the quality of at-home and semi-outpatient care services. Here, findings (limited as they may be) indicate that availability varies to considerable degree between different federal provinces and that, especially in cases of extensive need for care, the long-term care cash benefits only cover a fraction of the costs which would arise if all necessary support would be purchased within formal outpatient care.

Furthermore, the large informal sector within long-term care evidently brings problems of quality assurance, and it contradicts the goal to increase the share of women (who conduct the bulk of all informal care) in formal employment. Apart of that, due to socio-demographic changes and altering family structures this large role of informal care will hardly be sustainable in a mid-term perspective. Similar problems apply for the model of “24 hour-care at home”, performed by migrant care personnel (mostly from so-called “new” EU Member States). Here again, quality assurance appears to be a problematic issue and, in a midterm perspective, this model may have its own expiry date, when wages in New Member States in Eastern Europe rise and this kind of work then loses attractiveness for potential caregivers from these countries.

One other problem, somewhat linked to the latter point, is the one of lacking qualified nursing personnel, which – inter alia – is caused by the rather unfavourable working conditions in this sector. This topic is on the political agenda to some degree, reportedly e.g. within the above mentioned working group installed at the Ministry of Social Affairs - however, without concrete results up to now.

Overall, to provide a sound starting point for debates about structural reform, it would be necessary to examine inequalities regarding access to outpatient and semi-outpatient services in more detail. But given the institutional fragmentation within this policy area information about the actual offers and accessibility of such services is very limited for the time being and no new in-depth assessments on this issue have been presented more recently.

Furthermore, as with the health care system, no more detailed analyses are available dealing with the inter-linkages between material inequality (in terms of income and assets), care dependency and care arrangements. This means that it is largely unclear at the time of writing for whom (in terms of income and assets) the current system works out in what way. At the same time, the overall impacts of the current system on social inclusion and its efficiency relating to this point remain largely ambiguous.

## **2.5 The role of social protection in promoting active ageing**

### **2.5.1 Employment**

As sketched out in section 2.2, promoting employment of the elderly turned out to be the main emphasis in reforms of the public pension system during the last decade. The starting point of respective reforms in the early 2000s was the abolition of different reforms of early retirement schemes, whereas other pathways to early retirement remained to be in place. At the same time invalidity pensions increasingly turned out to serve as a kind of substitute for schemes of early retirement within the old-age pension system. As from 2010, decisions were taken to tighten the access to the remaining systems of early retirement and to some degree to invalidity pensions as well. It is fair to say that respective measures primarily relied on negative sanctioning, whereas longer careers are only rewarded in terms of higher pensions according to the standard calculation formula for old-age pensions (increasing the wage replacement rate by 1.78% per year of gainful employment; up to a maximum of 80% of the assessment base). The only exception is the pension corridor according to “new law”, where employment beyond statutory retirement age is rewarded with a special premium of 4.2% per year.

Unequal opportunities (working conditions, health status etc.) are taken into account in so far that invalidity pensions were not abolished and that access for unskilled workers, for whom extremely restrictive regulation applied before, has been eased to some degree. Furthermore, a special early retirement scheme called “heavy labour pension” was introduced in 2007, aiming to allow early retirement after performing physically very demanding jobs for a long period.

However, given the fact that other forms of early retirement were more generous until recently, the role of this scheme still is of minor significance only.

Regarding the private sector, no mandatory retirement age exists in Austria. However, working beyond the statutory retirement age is the absolute exception from the norm. For civil servants retirement is usually mandatory at the age of 65. Respective rules derive from special legislation, called the “civil servants service law” (*Beamtendienstrechtsgesetz*).

### **2.5.2 Participation in society**

No special regulation apply in social protection schemes regarding volunteer work/unpaid work. Periods of unpaid / volunteer work are not considered as contributory periods.

### **2.5.3 Healthy and autonomous living**

When the long-term care cash benefits were introduced in 1993, the main argument for the construction chosen was that it would allow for “freedom of choice” for benefit recipients instead of a model granting the right to obtain specific services instead of cash benefits. Evidently, the model may be interpreted as structurally permitting a “freedom of choice” and is therefore promoting autonomous living of the elderly to some degree. However, it should be stressed that long-term-care cash benefits usually are not sufficient to cover all the additional costs going ahead with the need for long-term care and that the variety and quality of services that might be purchased with respective funds varies largely from an interregional perspective.

Home helpers / support at home play an important role in the concept of the health care and long-term care benefit basket and there is evidently a political priority to provide support for home care as opposed to institutional care. However, the availability and accessibility of respective social services, as already mentioned, varies to a large degree between federal provinces and even within federal provinces. This leads to a situation where, especially in case of long-term care, informal care by family members is the main model applied.

As already sketched out above in section 2.3.4, a rather weak emphasis on health prevention is one of the main challenges of the Austrian health system. More detailed assessment on this issue is largely missing, but some main indicators on lifestyles and as well on spending for prevention measures suggest that large room for improvement exists in this respect.

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Press releases:

OTS = press release Originaltext-Service by Austrian Press Agency

APA = press release via Austrian Press Agency



### 3 Abstracts of Relevant Publications on Social Protection

#### [R] Pensions

- [R1] General trends: demographic and financial forecasts
- [R2] General organisation: pillars, financing, calculation methods or pension formula
- [R3] Retirement age: legal age, early retirement, etc.
- [R4] Older workers activity: active measures on labour market, unemployment benefit policies, etc.
- [R5] Income and income conditions for senior workers and retired people: level of pensions, accumulation of pensions with earnings from work, etc.

#### [H] Health

- [H1] Health expenditures: financing, macroeconomic impact, forecasting, etc.
- [H2] Public health policies, anti-addiction measures, prevention, etc.
- [H3] Health inequalities and access to health care: public insurance coverage, spatial inequalities, etc.
- [H4] Governance of the health system: institutional reforms, transfer to local authorities, etc.
- [H5] Management of the health system: HMO, payments system (capitation, reimbursement, etc.)
- [H6] Regulation of the pharmaceutical market
- [H7] Handicap

#### [L] Long-term care

#### [R] Pensions

**[R1, R2, R3, R5]** BUNDESMINISTERIUM FÜR ARBEIT, SOZIALES UND KONSUMENTENSCHUTZ, Sozialbericht 2009–2010. Ressortaktivitäten und sozialpolitische Analysen, 2010, 263 p., retrieved from:

[http://www.bmask.gv.at/cms/site/attachments/3/2/3/CH0107/CMS1289832560842/sozialbericht\\_2010\\_web.pdf](http://www.bmask.gv.at/cms/site/attachments/3/2/3/CH0107/CMS1289832560842/sozialbericht_2010_web.pdf)

*“Social report 2009-2010. Department activity and socio-political analyses”*

This report of the Ministry of Labour, Social Affairs and Consumer Protection informs about activities in the areas of the statutory social insurance, consumer protection, long-term care provision, disabled persons’ affairs, means-tested minimum income and social assistance, pensioners’ affairs, international and EU social policy and others. It provides data on social spending, invalidity pensions, alternative forms of financing of social security, risk of poverty, development and distribution of incomes and financial assets. It includes a chapter on statutory insurance/pensions (18 p.).

**[R1, R3, R4]** DIE SOZIALPARTNER ÖSTERREICH (2011). Bad Ischler Dialog 2011. Anhebung des faktischen Pensionsalters, Vorschläge der österreichischen Sozialpartner, 2011, 11p., retrieved from:

[http://www.sozialpartner.at/sozialpartner/badischl\\_2011/Bad%20Ischl%202011%20SozialpartnerPensionen.pdf](http://www.sozialpartner.at/sozialpartner/badischl_2011/Bad%20Ischl%202011%20SozialpartnerPensionen.pdf)

*“Dialogue of Bad Ischl. Increasing the effective retirement age, proposals by the social partners”*

This paper does not only contain proposals by the social partners how to increase the effective retirement age in Austria, but as well provides a summary on data and research results etc. regarding respective challenges.

**[R2]** ÖSTERREICHISCHE FINANZMARKTAUFSICHT, Quartalsbericht Q3 Pensionskassen, Vienna, 2011, 18p. retrieved from:

[http://www.fma.gv.at/typo3conf/ext/dam\\_download/secure.php?u=0&file=5890&t=1330260375&hash=27025b2ead4b978b03a6a1bd63fcf410](http://www.fma.gv.at/typo3conf/ext/dam_download/secure.php?u=0&file=5890&t=1330260375&hash=27025b2ead4b978b03a6a1bd63fcf410)

*“Funded company pension schemes, quarterly report Q3”*



This report is part of series published by the Austrian Financial Market Authority. These quarterly reports give an overview on the strategies and the performance of funded company pension schemes in Austria.

**[R2]** ÖSTERREICHISCHE FINANZMARKTAUFSICHT, Der Markt für die prämiertenbegünstigte Zukunftsvorsorge 2010, Vienna, 2011, 14p., retrieved from: [http://www.fma.gv.at/typo3conf/ext/dam\\_download/secure.php?u=0&file=4436&t=1331372543&hash=67db4d7b5db0d85d598b55405b890fc0](http://www.fma.gv.at/typo3conf/ext/dam_download/secure.php?u=0&file=4436&t=1331372543&hash=67db4d7b5db0d85d598b55405b890fc0)

*“The market of the premium aided pension savings scheme 2010”*

Each year, the Austrian Financial Market Authority publishes a short report on developments of the premium aided pension savings scheme within the previous year. It e.g. gives information on overall funds assessed within the system, average contributions and the market structure of providers of this scheme.

**[R2, R3, R4, R5, H1, H2, L]** HAUPTVERBAND DER ÖSTERREICHISCHEN SOZIALVERSICHERUNGS-TRÄGER, Handbuch der österreichischen Sozialversicherung 2011, April 2011, Vienna, 184 p., retrieved from: [http://www.sozialversicherung.at/mediaDB/788530\\_Handbuch\\_der\\_oesterreichischen\\_Sozialversicherung.pdf](http://www.sozialversicherung.at/mediaDB/788530_Handbuch_der_oesterreichischen_Sozialversicherung.pdf)

*“Handbook on the Austrian Social Insurance System 2011”*

This handbook informs about the development of Austria’s Social Security in 2010 and includes comprehensive data in the areas of health, pension and accident insurance, maternity benefits and long-term care benefits. It also gives an overview of legal modifications in social security law enacted in 2010.

**[R2, R3, R4, R5]** HAUPTVERBAND DER ÖSTERREICHISCHEN SOZIALVERSICHERUNGS-TRÄGER, Statistisches Handbuch der österreichischen Sozialversicherung 2010, 2011, Vienna, 225 p., retrieved from: [https://www.sozialversicherung.at/mediaDB/819960\\_Statistisches%20Handbuch%20der%20oesterreichischen%20Sozialversicherung.pdf](https://www.sozialversicherung.at/mediaDB/819960_Statistisches%20Handbuch%20der%20oesterreichischen%20Sozialversicherung.pdf)

*“Statistical Handbook on the Austrian Social Insurance System 2010”*

This handbook informs about the development of Austria’s Social Security in 2010 and includes comprehensive data in the areas of health, pension and accident insurance, maternity benefits and long-term care benefits. It contains data, tables and charts on revenues, spending and numbers of benefit recipients etc. At the same time it does not provide any interpretation of the respective data.

**[R2, R3, R5]** HAYDN, Reinhard, Die österreichische Sozialversicherung im Jahre 2010, in: Soziale Sicherheit, 6/2011, p. 300-322, retrieved from: [https://www.sozialversicherung.at/mediaDB/796473\\_SoSi\\_Artikel\\_Haydn\\_Gebahrungsergebnisse\\_2010.pdf](https://www.sozialversicherung.at/mediaDB/796473_SoSi_Artikel_Haydn_Gebahrungsergebnisse_2010.pdf)

*“The Austrian social insurance in the year 2010”*

This paper informs about the finances of the Austrian social insurance in 2011. It provides data on respective revenues and spending and covers health insurance, old-age insurance, invalidity pensions and accident insurance. It as well contains essential information on the development of the number of benefit recipients, benefit levels within old-age insurance and indexation.

**[R2, R3, R5]** KAMMER FÜR ARBEITER UND ANGESTELLTE FÜR NIEDERÖSTERREICH, Pensionsrecht 2011, January 2011, Vienna, 47 p., retrieved from: <http://noe.arbeiterkammer.at/bilder/d108/pensionsrecht%202011.pdf>  
“Pension law 2011”

This booklet gives a good overview over the (now very complicated) rules regarding old-age pensions in Austria. Hereby, it also addresses following issues, coming ahead with the reforms of 2003 and 2004: gradual and stepwise implementation, special regulations for specific persons, rules on the capping of losses, transition periods and multiple accounting (so-called “parallel accounting”).

**[R1, R2]** KOMMISSION ZUR LANGFRISTIGEN PENSIONSSICHERUNG, Bericht über die langfristige Entwicklung der gesetzlichen Pensionsversicherung für den Zeitraum 2009 bis 2060, 2010, Vienna, 130 p., retrieved from: [http://www.bmsk.gv.at/cms/site/attachments/5/8/6/CH0982/CMS1304056885870/kommission\\_sept2010.pdf](http://www.bmsk.gv.at/cms/site/attachments/5/8/6/CH0982/CMS1304056885870/kommission_sept2010.pdf)  
“Report on the long-term development of the statutory pension system for the period 2009 to 2060”

In this report the members of the “Expert Commission on Long-term Sustainability of the Austrian Pension System” present new long-term forecasts on spending for statutory pensions in Austria. The results presented are much less optimistic than earlier forecasts, which led to increased public and political debates about the need for reform.

**[R1, R2]** KOMMISSION ZUR LANGFRISTIGEN PENSIONSSICHERUNG, Gutachten der Kommission zur langfristigen Pensionssicherung (§ 108e ASVG) für das Jahr 2012, Vienna, 2011, 104p. retrieved from: [http://www.bmask.gv.at/cms/site/attachments/4/0/8/CH2311/CMS1313475036358/gutachten\\_2012.pdf](http://www.bmask.gv.at/cms/site/attachments/4/0/8/CH2311/CMS1313475036358/gutachten_2012.pdf)  
“Expertise of the Experts commission on long-term sustainability of the pension system for the year 2012”

In this report the members of the “Expert Commission on Long-term Sustainability of the Austrian Pension System” calculate the benchmark for the adjustments of the pension levels based on the pensioners consumer price index of the years 2010 and 2011; they forecast developments in conduct of the pension system for the years 2011 to 2016, completed by alternative projections based on recent economic data.

**[R3, R4]** LEONI, Thomas (2011). Fehlzeitenreport 2011. Krankheits- und unfallbedingte Fehlzeiten in Österreich, Vienna, 2011, 140 p., retrieved from: [http://www.wifo.ac.at/www/downloadController/displayDbDoc.htm?item=S\\_2011\\_FEHLZEITENREPORT\\_42691\\$.PDF](http://www.wifo.ac.at/www/downloadController/displayDbDoc.htm?item=S_2011_FEHLZEITENREPORT_42691$.PDF)  
“Report on absenteeism 2011. Absenteeism due to illness and accidents in Austria”

The 2011 edition of the “report on absenteeism” has a special focus on people applying for or entering invalidity pensions. It comes to the conclusion that a high incidence of periods of sick leave is a good predictor of the probability of entering invalidity pension (or at least applying for invalidity pension) later on. In other words: these two variables are highly correlated. Furthermore, if health problems coincide with unemployment (which is a rather common phenomenon for later recipients of invalidity pensions), then the likelihood of entering invalidity pension increases even further.

**[R2, R5]** PASEKA, Marcus (2011). Betriebliche Altersvorsorge in Österreich, Hamburg, 2011, 92p.

*“Company-based old-age provision in Austria”*

This book gives an introduction to the organisational features of funded pension schemes, providing company-based old-age provisions in Austria (so-called *Pensionskassen*) and assesses if and with what effects the system could as well be organised according to a model of a firm-based collective insurance.

**[R1, R2, R3, R4, R5]** SAMBT, Joze/PRSKAWETZ, Alexia, National transfer accounts for Austria: low levels of education and the generosity of the social insurance system, in: Rinald LEE/Andrew MASON (eds): Population ageing and the national economy, Cheltenham et al., 2011, 256-268.

This paper provides an analysis of national transfer accounts (NTAs) within Austria. Thereby it deals as well with the main features and specific challenges of the Austrian public pension system in more detail: high average generosity, high actual costs and a high incidence of early retirement. At the same time, according to the authors, average formal qualification remains to be suboptimal from an international point of view, which is exerting additional pressure on the future sustainability of the system.

**[R3, R4]** SCHOBER, Thomas/WINTER-EBMER, Rudolf , Ältere Arbeitnehmer, gesundheitliche Einschränkungen und Übergänge in den Ruhestand, SHARE Bericht, Vienna, 2011, 62 p., retrieved from:

[http://www.bmask.gv.at/cms/site/attachments/4/6/4/CH2247/CMS1240821992988/share\\_endbericht.pdf](http://www.bmask.gv.at/cms/site/attachments/4/6/4/CH2247/CMS1240821992988/share_endbericht.pdf)

*“Older Workers, health problems and transitions to retirement”*

This report, relying on information from the SHARE dataset, examines the relation between health problems and transition to retirement in Austria and from an international comparative point of view. It provides – for the Austrian case – a rather detailed assessment of respective questions, but somewhat falls short of formulating important and central respective messages and findings.

**[R1]** STATISTIK AUSTRIA, Demographisches Jahrbuch 2010, 2011, Vienna, 398p., retrieved from:

[http://www.statistik.at/web\\_de/Redirect/index.htm?dDocName=059549](http://www.statistik.at/web_de/Redirect/index.htm?dDocName=059549)

*“Yearbook on demography 2010”*

The yearbook on demography provides detailed information on the actual demographic structure of the Austrian population, as well as population forecast (according to age etc.) up to the year 2075.

**[H] Health**

**[H1, H2, H3, H4, H7]** AIGINGER, Karl (2011), Herausforderungen einer alternden Gesellschaft: Schwerpunkt Reformbedarf im österreichischen Gesundheitssystem, MS., 2011, 11p. Vienna, retrieved from:

[http://www.wifo.ac.at/www/downloadController/displayDbDoc.htm?item=VT\\_2011\\_111\\$.PDF](http://www.wifo.ac.at/www/downloadController/displayDbDoc.htm?item=VT_2011_111$.PDF)

*“Challenges of an ageing society. Focus need of reform within the Austrian health care system”*

This is in fact the printed version of a conference speech. However, it provides in excellent short assessment about the strengths and weaknesses of the Austrian health care system. In methodological terms, this assessment is at first instance based on macro-quantitative indicators, which get analysed from an international comparative point of view.

**[H1, H2, H4, H5, H6]** GÖNENÇ, Rauf/HOFMARCHER, Maria M./WÖRGÖTTER Andreas, Reforming Austria's highly regarded but costly health system, OECD Economics Department Working Papers No. 895, Paris, 2011, 54 pp., retrieved from:

<http://dx.doi.org/10.1787/5kg51mbntk7j-en>

This is the working paper which served as a basis for the special feature on “reforming the health system” within OECDs 2011 Economic Survey on Austria. It comes to the conclusion that the Austrian health system is highly regarded within the population and that it performs rather well in terms of access to services and a number of important outcome indicators. However, it gets stressed that the Austria health system is very costly and that costs are likely to rise substantially in the future. This is according to the authors – inter alia – caused by complex organisational structures and organisational fragmentation, leading to inefficiencies, especially regarding the hospital sector. At the same time the system shows deficits when it comes to preventive health care and unhealthy lifestyles are rather widespread in Austria.

**[H1, H3]** HAYDN, Reinhard, Die österreichische Sozialversicherung im Jahre 2010, in: Soziale Sicherheit, 6/2011, p. 300-322, retrieved from:

[https://www.sozialversicherung.at/mediaDB/796473\\_SoSi\\_Artikel\\_Haydn\\_Gebahrungsergebnisse\\_2010.pdf](https://www.sozialversicherung.at/mediaDB/796473_SoSi_Artikel_Haydn_Gebahrungsergebnisse_2010.pdf)

*“The Austrian social insurance in the year 2010”*

This paper informs about the finances of the Austrian social insurance in 2011. It provides data on respective revenues and spending and covers health insurance, old-age insurance, invalidity pensions and accident insurance. It as well contains essential information on different purposes of spending within health insurance and the development of sick leaves.

**[H1, H2, H3, H4, H7]** KERBL, Reinhold, Das Gesundheitssystem in Österreich – Strukturen und positive Seiten, in: KERBL, Reinhold et al. (eds.): Kinder und Jugendliche im besten Gesundheitssystem der Welt, Wien, 2011, 21-37.

*“The Austrian health system – structures and positive features”*

This article deals with the organisational structures of the Austrian health system and as well with a number of different input- and outcome indicators. Although the main focus lies on health services and health prevention for children, the author gives as well a good overview over general features of the Austrian health system.

**[H1, H2, H4, H5, H6]** OECD, Economic Surveys: Austria 2011, Paris, 2011, 130 p.

The 2011 edition of OECDs Economic Survey contains a special feature on “reforming the health system” (pp. 79-126). The OECD comes to the conclusions that the Austrian health system is highly regarded within the population and that it performs rather well in terms of access to services and a number of important outcome indicators. However, the OECD stresses that the Austria health system is very costly and that costs are likely to rise substantially in the future. This is – inter alia – caused by complex organisational structures and organisational fragmentation, leading to inefficiencies, especially regarding the hospital sector. At the same time the system shows deficits when it comes to preventive health care and unhealthy lifestyles are rather widespread in Austria.

**[H1, H2, H3, H4, H5, H7]** RUDORFER, Silke/DANNHAUSER, Claudia (eds.), Handbuch Gesundheitspolitik Österreich, Münster et al., 2011, 248 p.  
*“Handbook health policy Austria”*

This book gives an overview on important technical terms within the Austrian health system and describes the most important institutional features of the Austrian health system and their development. It is good source for essential information on how the health system is organised but does not provide a critical assessment in the narrow sense. It is at first instance dedicated to journalists.

**[H1, H3, H4, H5]** STATISTIK AUSTRIA, Jahrbuch der Gesundheitsstatistik 2010, 2011, Vienna, 401 p., retrieved from:  
[http://www.statistik.at/dynamic/wcmsprod/idcplg?IdcService=GET\\_NATIVE\\_FILE&dID=108870&dDocName=059824](http://www.statistik.at/dynamic/wcmsprod/idcplg?IdcService=GET_NATIVE_FILE&dID=108870&dDocName=059824)  
*“Yearbook of Health Statistics 2010”*

The yearbook of health statistics provides important data and basic facts of the Austrian health system. It considers the core sectors of the health system, like hospital care, social insurance and health expenditures from a national perspective as well as an international comparison. Extended tables inform about relevant demographic data (fertility, mortality and causes of death), health status of society, facilities and personnel of the health system and health expenditure.

**[L] Long-term care**

BIWALD, Peter et al., Pflege und Betreuung in Österreichs Städten. Status Quo, Entwicklung und Reformoptionen. Endbericht, 2011, 104 p., retrieved from: [http://www.staedtebund.gv.at/fileadmin/USERDATA/themenfelder/soziales/20110512\\_KDZ\\_Endbericht\\_PflegeBetreuunginOesterreichsStaedten.pdf](http://www.staedtebund.gv.at/fileadmin/USERDATA/themenfelder/soziales/20110512_KDZ_Endbericht_PflegeBetreuunginOesterreichsStaedten.pdf)

*“Care and support in Austrian Cities. Status Quo, Development and Reform Options”*

This report, irrespective of the title, deals with the Austrian long-term care system as a whole. It is basically a re-interpretation of information already published, without providing much new data or other information. However the report gives a rather good and up-to-date overview on the Austrian system of long-term care. What becomes particularly evident is the huge regional differentiation regarding the availability both of inpatient and outpatient care services, arising from the different models applied at the level of the federal provinces. The same holds for more specific organisational features, like reimbursing NGOs or market based long-term care providers or models of quality assurance.

**[L] BUNDESMINISTERIUM FÜR ARBEIT, SOZIALES UND KONSUMENTENSCHUTZ**, Sozialbericht 2009–2010. Ressortaktivitäten und sozialpolitische Analysen, 2010, 263 p., retrieved from: [http://www.bmask.gv.at/cms/site/attachments/3/2/3/CH0107/CMS1289832560842/sozialbericht\\_2010\\_web.pdf](http://www.bmask.gv.at/cms/site/attachments/3/2/3/CH0107/CMS1289832560842/sozialbericht_2010_web.pdf)

*“Social report 2009-2010. Department activity and socio-political analyses”*

This report of the Ministry of Labour, Social Affairs and Consumer Protection informs about activities in the areas of the statutory social insurance, consumer protection, long-term care provision, disabled persons’ affairs, means-tested minimum income and social assistance, pensioners’ affairs, international and EU social policy and others. It provides data on social spending, invalidity pensions, alternative forms of financing of social security, risk of poverty, development and distribution of incomes and financial assets. It includes a chapter on long-term care provision (10 p.).

**[L] BUNDESMINISTERIUM FÜR ARBEIT, SOZIALES UND KONSUMENTENSCHUTZ**, Österreichischer Pflegevorsorgebericht 2010, 2011, Vienna, 94 p. , retrieved from: [http://www.bmask.gv.at/cms/site/attachments/5/0/4/CH2094/CMS1313493260454/pflegevorsorgebericht\\_2010.pdf](http://www.bmask.gv.at/cms/site/attachments/5/0/4/CH2094/CMS1313493260454/pflegevorsorgebericht_2010.pdf)

*“Austrian report on long-term care provision”*

This is the 17<sup>th</sup> annual report of the working group on long-term care provision, founded in 1993 to facilitate joint provisions of the Federal State and the Federal Provinces and secure the sustainability of affordable care provision. It informs about general developments, quality assurance, cash and in-kind benefits. It is the most encompassing yearly documentation on long-term care in Austria.



## 4 List of Important Institutions

Arbeitsgemeinschaft Sozial- und Gesundheitsforschung, Institut für Gesellschafts- und Sozialpolitik, Universität Linz – Working Group on Social and Health Research, Institute of Social and Societal Policy, University of Linz

Contact person: Univ.-Prof. Dr. Josef Weidenholzer  
Address: Altenberger Str. 69, 4040 Linz, Austria  
Webpage: <http://www.gespol.jku.at/>

*Main objectives: interdisciplinary research (social and health politics, medicine, sociology, gender studies, business administration, statistics), connecting science and practice.*

*Areas of expertise: Social and health care systems, Gender medicine, Contract research (e.g. market research), Consulting, Development and Evaluation of social and health projects, Development of evaluation instruments. Recurring publications: Gesundheitswissenschaften (Journal), Gesellschafts- und Sozialpolitische Texte (an occasional series of monographs and edited volumes).*

Armutskonferenz – Austrian Network against Poverty and Social Exclusion

Address: Gumpendorferstraße 83, 1060 Vienna, Austria  
Webpage: <http://www.armutskonferenz.at>

*Network of the main civil society organisations: welfare organisations, umbrella organisations of social initiatives, church and trade union organisations, etc. Member of the European Anti Poverty Network (EAPN).*

*Main objectives: Broaching the issue of poverty and social exclusion in Austria and improving the living conditions of those concerned.*

*Areas of expertise: economic, legal and socio-political issues and matters related to life situations.*

Bundesministerium für Arbeit, Soziales und Konsumentenschutz – Federal Ministry of Labour, Social Affairs and Consumer Protection

Address: Stubenring 1, 1010 Vienna, Austria  
Webpage: <http://www.bmsk.gv.at>

*The main objectives of the Federal Ministry of Labour, Social Affairs and Consumer Protection are in the fields of general social policy, labour market and law, occupational health and safety, means-tested minimum income, nursing and long-term care, social insurance, social compensation and senior citizens as well as people with disabilities.*

Bundesministerium für Gesundheit – Federal Ministry of Health

Address: Radetzkystraße 2, 1030 Vienna, Austria  
Webpage: <http://www.bmgfj.gv.at>

*The Federal Ministry of Health's main tasks are in the fields of health and health insurance legislation, public health service and drug service, consumer health and prevention as well as coordination of health affairs.*

European Centre for Social Welfare Policy and Research

Contact person: Prof. Dr. Bernd Marin  
Address: Berggasse 17, 1090 Vienna, Austria  
Webpage: <http://www.euro.centre.org>

*UN-affiliated intergovernmental research institute.*

*Main objectives and areas of expertise: to provide expertise in the fields of welfare and social policy development in a broad sense – in particular in areas where multi- or interdisciplinary approaches, integrated policies and inter-sectoral action are called for, especially health, pensions, long-term care, labour market and social policy.*

*Main recurring publications: Book series “Wohlfahrtspolitik und Sozialforschung”, Book series “Public Policy and Social Welfare”, Eurosocial Report Series, Policy Briefs (provides a synthesis of issues of research and policy advice on which the European Centre researchers had been working recently).*

#### Forschungs- und Beratungsstelle Arbeitswelt – Working Life Research Centre

Contact person: Univ.-Prof. Dr. Jörg Flecker  
Address: Aspernbrückengasse 4/5, 1020 Vienna, Austria  
Webpage: <http://www.forba.at/de/>

*Private research institute.*

*Main objectives: interdisciplinary and international research, knowledge transfer aimed at translating research findings into social practice.*

*Areas of expertise: social science research on work and employment: Work, Organisation, Transnationalisation, Work, Gender and Politics, Sustainable Working Life, Information system design and data protection. Main recurring publications: Forba Discussion Papers (3-5 times per year), Forba Research Reports.*

#### Gesundheit Österreich GmbH

Address: Stubenring 6, 1010 Vienna, Austria  
Webpage: <http://www.goeg.at/>

*The Gesundheit Österreich GmbH (GÖG) was established by federal law on 1 August 2006 as the national research and planning institute for health care and the national centre of competence and funding for health promotion. Two institutions were integrated into GÖG as business units: Österreichisches Bundesinstitut für Gesundheitswesen (ÖBIG; Austrian Federal Institute for Health Care) and Fonds Gesundes Österreich (FGÖ; referred to below as Fund for a Healthy Austria). GÖG is the universal successor of both.*

*On 1 July 2007 the Bundesinstitut für Qualität im Gesundheitswesen (BIQG; Federal Institute for Quality in Health Care) was established, representing the third business unit. This arrangement will allow improved coordination of structural planning, health promotion and quality assurance activities. The resulting synergies will benefit all stakeholders in Austrian health care and thus, all Austrians.*

*GÖG has one sole shareholder, the Federal Government, represented by the Federal Minister for Health and Women. In its scientific work, GÖG is not subordinate to the shareholder. GÖG has two subsidiaries: ÖBIG Forschungs- und Planungsgesellschaft mbH is a contractor for local and regional authorities and for public customers. ÖBIG Beratungs GmbH was formed as a service provider for private customers and contract awarders.*

#### Hauptverband der österreichischen Sozialversicherungsträger – Federation of Austrian Social Insurance Providers

Contact person: Dr. Hans-Jörg Schelling  
Address: Kundmannngasse 21, 1031 Vienna, Austria  
Webpage: <http://www.sozialversicherung.at>

*Umbrella organisation of the 22 public insurance providers (health, accident and pension insurance). Independent administration.*



*Main objectives: Coordination of activities of its members, Representation of its members regarding common affairs (e.g. treaties with hospitals, doctors, etc.), Managing of a central information and data system, Guidelines for uniform implementation of laws, etc. Areas of expertise: Information on the social security system, legal reforms etc. Main recurring publications: Journal "Soziale Sicherheit", Recent data on employment and social security.*

HealthEcon, Department of Economics and Finance, Institute for Advanced Studies

Contact person: Thomas Czypionka, Markus Kraus  
Address: Stumpergasse 56, 1060 Vienna, Austria  
Webpage: <http://www.ihs.ac.at/vienna/IHS-Departments-2/Economics-and-Finance-2/Applied-Research-3/Research-Fields-1/Health-Economics-2.htm>

*Multi-disciplinary research group.*

*Main objective: research concerning economic, demographic, epidemiological, and political issues in the provision of health services. Areas of expertise: estimation of future demand, health insurance problems, efficiency measurement, development of benchmark systems, evaluation of interventions, comparative studies of health care and social security systems.*

*Main recurring publications: Health System Watch.*

Institut für Höhere Studien – Institute for Advanced Studies

Contact person: Dr. Bernhard Felderer  
Address: Stumpergasse 56, 1060 Vienna, Austria  
Webpage: <http://www.ihs.ac.at>

*Private non-profit organisation. Post-graduate research and training institute.*

*Main objectives: offer a platform for critical discussion, a possibility for consensus formation, and an open and interdisciplinary place for scientific research and critical scientific expertise. Areas of expertise: Economics and finance, Political science, Sociology. Main recurring publications: Economic Forecast, Economics Series, Political Science Series, Sociological Series.*

Institut für Sozialpolitik, Wirtschaftsuniversität Wien – Institute for Social Policies, Vienna University of Economics and Business Administration

Contact person: Univ.-Prof. Dr. Ulrike Schneider  
Address: Nordbergstrasse 15, 1090 Vienna, Austria  
Webpage: <http://www.wu-wien.ac.at/sozialpolitik>

*University Institute. Theoretical and empirical research of economic and social policy issues. Areas of expertise: Theory of social policy, Poverty and social exclusion, Health and long-term care, The social economy – function & changes, Interlinking topics: gender, Europe, and ageing. Recurrent Publications: Working papers.*

L&R Sozialforschung – L&R Social Research

Contact person: Ferdinand Lechner  
Address: Liniengasse 2A/1, 1060 Vienna, Austria  
Webpage: <http://www.lrsocialresearch.at>

*Private social research institute.*

*Main objectives: L&R reports aim to serve Austrian ministries, state authorities, communities, the public employment service, organisations and associations, as well as international organisations and the European Commission as a decisive base. Main activities: research, consultancy and development, networks, lectures, seminars, workshops and conferences. Areas of expertise: Labour market policy, Regional and social policy,*

*Education training and job qualification, Equal opportunities, Structural fund interventions in Austria and the Eastern European neighbour states.*

Österreichisches Institut für Wirtschaftsforschung (WIFO) – Austrian Institut of Economic Research

Contact person: Prof. Karl Aiginger  
Address: Arsenal, Objekt 20, 1030 Vienna, Austria  
Webpage: <http://www.wifo.ac.at>

*Private not-for-profit research institute.*

*Main objectives: Analysis of economic developments in Austria and internationally. Areas of expertise: Macroeconomics and European economic policy, Labour market, income and social security, Industrial economics, innovation and international competition, Structural change and regional developments, Environment, agriculture and energy. Main recurring publications: Monthly reports (analysis of current economic developments in Austria and the major OECD countries, quarterly economic forecast), Austrian Economic Quarterly (European economic integration – Economic cooperation with Eastern European countries – International policies for competitiveness – Economic outlooks from an international perspective).*

Zentrum für Soziale Innovation – Centre for Social Innovation

Contact person: Univ.-Prof. Mag. Dr. Josef Hochgerner  
Address: Linke Wienzeile 246, 1150 Vienna, Austria  
Webpage: <http://www.zsi.at>

*Private social research institute.*

*Main objectives: aims to bridge knowledge generation and knowledge application processes by socio-scientific research, education, advisory and networking services to reduce the gap between social needs and potentials of the knowledge based information society.*

*Areas of expertise: Work and equal opportunities (configuration of labour markets, local governance implemented, innovative employment policies and new forms of work, international migration, ethnic economies, gender equality, an ageing society, social integration), Technology and knowledge, Research policy and development.*

## Annex: Additional Tables

**Table 1: Total pension stock: Average levels of pension benefits (excl. survivor's pensions); monthly rates; gross; paid 14 times per year; excl. Ausgleichszulage (i.e. means-tested minimum pension)**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Men</b>	in EUR per month (paid 14 times per year)											
All direct old-age pensions	1101	1130	1151	1176	1198	1221	1240	1280	1316	1402	1421	1460
All direct pensions (incl. invalidity pensions)	1015	1044	1065	1089	1109	1129	1144	1177	1205	1282	1296	1329
<b>Women</b>	in EUR per month (paid 14 times per year)											
All direct old-age pensions	647	663	671	685	697	714	730	756	777	829	839	863
All direct pensions (incl. invalidity pensions)	594	611	621	636	648	665	680	705	725	774	784	808
	Average benefit level of women in % of benefit level of men											
All direct old-age pensions	58.76	58.67	58.3	58.25	58.18	58.48	58.87	59.06	59.04	59.13	59.04	59.11
All direct pensions (incl. invalidity pensions)	58.52	58.52	58.31	58.4	58.43	58.9	59.44	59.9	60.17	60.37	60.49	59.11

Source: Hauptverband der Österreichischen Sozialversicherungsträger (2011) & own calculations.

**Table 2: Newly granted pensions: Average levels of pension benefits (excl. survivor's pensions); monthly rates; gross; paid 14 times per year; excl. Ausgleichszulage (i.e. means-tested minimum pension)**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Men</b>	in EUR per month (paid 14 times per year)											
All direct old-age pensions	1240	1320	1242	1267	1358	1326	1215	1296	1441	1506	1566	1601
All direct pensions (incl. invalidity pensions)	1146	1218	1152	1157	1210	1175	1071	1125	1230	1291	1358	1393
<b>Women</b>	in EUR per month (paid 14 times per year)											
All direct old-age pensions	751	745	688	743	815	833	815	866	885	920	962	1009
All direct pensions (incl. Invalidity pensions)	707	695	664	702	764	765	745	787	811	849	893	936
	Average benefit level of women in % of benefit level of men											
All direct old-age pensions	60.56	56.44	55.39	58.64	60.01	62.82	67.08	66.82	61.42	61.09	61.43	63.02
All direct pensions (incl., Invalidity pensions)	61.69	57.06	57.64	60.67	63.14	65.11	69.56	69.96	65.93	65.76	65.76	59.11

Source: Hauptverband der Österreichischen Sozialversicherungsträger (2011) & own calculations.

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- (1) to improve the knowledge and understanding of the situation prevailing in the Member States (and in other participating countries) through analysis, evaluation and close monitoring of policies;
- (2) to support the development of statistical tools and methods and common indicators, where appropriate broken down by gender and age group, in the areas covered by the programme;
- (3) to support and monitor the implementation of Community law, where applicable, and policy objectives in the Member States, and assess their effectiveness and impact;
- (4) to promote networking, mutual learning, identification and dissemination of good practice and innovative approaches at EU level;
- (5) to enhance the awareness of the stakeholders and the general public about the EU policies and objectives pursued under each of the policy sections;
- (6) to boost the capacity of key EU networks to promote, support and further develop EU policies and objectives, where applicable.

For more information see:

<http://ec.europa.eu/social/main.jsp?catId=327&langId=en>