

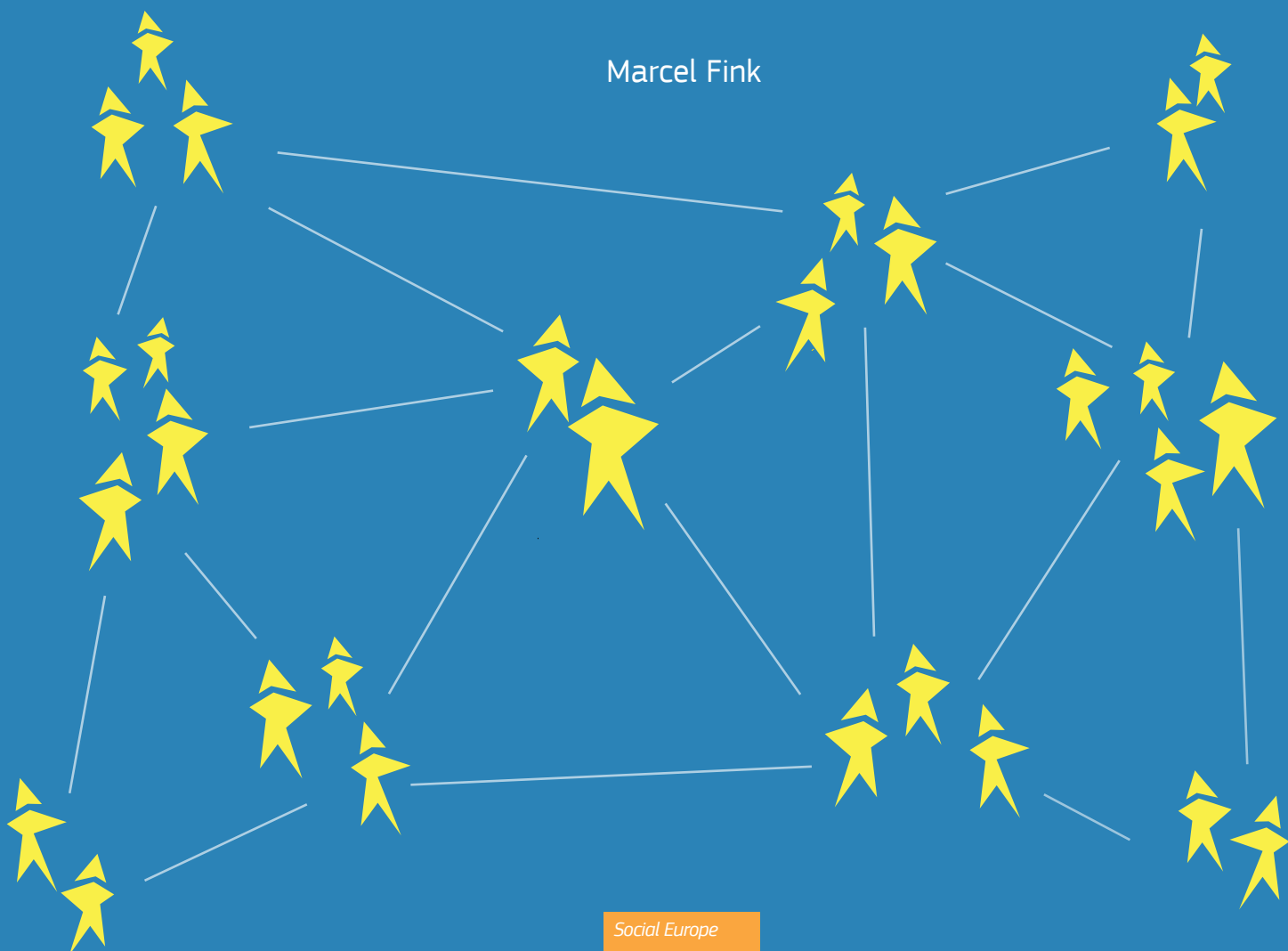


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Social protection and inclusion policy responses to the COVID-19 crisis

Austria

Marcel Fink



Social Europe

EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
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Unit D.2 — Social Protection

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European Social Policy Network (ESPN)

**ESPN Thematic Report:
Social protection and inclusion
policy responses to the
COVID-19 crisis**

Austria

2021

Marcel Fink

The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

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Summary

Between Monday 3 February 2020 and Sunday 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people for the EU-27 as a whole was 6,740; in Austria, it was 6,762. The total number of deaths per 100,000 people was 151 for the EU-27 versus 112 in Austria.

This report deals with public measures introduced in Austria in the fields of social protection and social inclusion policies in the context of the COVID-19 pandemic. The Austrian government has adopted a wide variety of different measures aimed at mitigating the negative economic consequences of the pandemic.

The most important instrument implemented in Austria in order to directly reduce the negative social and employment impact of the COVID-19 pandemic is the corona short-time work scheme (CSTW). This rather generous and easily accessible scheme was introduced in March 2020, and since then has been repeatedly reformed and extended. The CSTW to a very substantial degree prevented a higher increase in unemployment. On the other hand, it involved substantial public costs, with allocated funds for completed and ongoing CSTW projects amounting to €10.2 billion, or 2.57% of 2019 GDP, in January 2021.

Regarding unemployment insurance, only limited and temporary reforms have taken place. On the one hand, the level of unemployment assistance (UA) was (temporarily) aligned with that of unemployment benefit (UB), which favours people affected by long-term unemployment. On the other hand, two additional one-time lump-sum payments were granted to recipients of UA and UB under specific circumstances. However, at the same time the government rejected demands to make unemployment insurance generally more generous. In addition, evident issues regarding minimum incomes have not been put on the political agenda.

Regarding financial aid for families, there has again been no structural reform; but recipients of the family allowance were granted an additional one-off payment per child in September 2020. Furthermore, a means-tested transfer was introduced for families facing a substantial income reduction due to the COVID-19 pandemic via the newly introduced "corona family hardship fund". However, this benefit is limited to a maximum duration of three months.

A series of different measures have also been taken to improve the situation of solo self-employed people and small businesses. Here, the most important instruments for income maintenance are the "hardship fund" and the "fixed-costs subsidy", both of which were newly introduced. Take-up has been very high and the total accumulated costs of these two programmes up to the beginning of 2021 were around €1.53 billion, or 0.38% of 2019 GDP. Furthermore, different temporary measures have been introduced allowing self-employed people to defer (or pay by instalments) income tax and social insurance contributions. These options have also been widely used. However, empirical evidence relating to the actual financial situation of solo self-employed people and owners of small businesses is rather limited, as valid empirical data on this issue have so far been largely lacking.

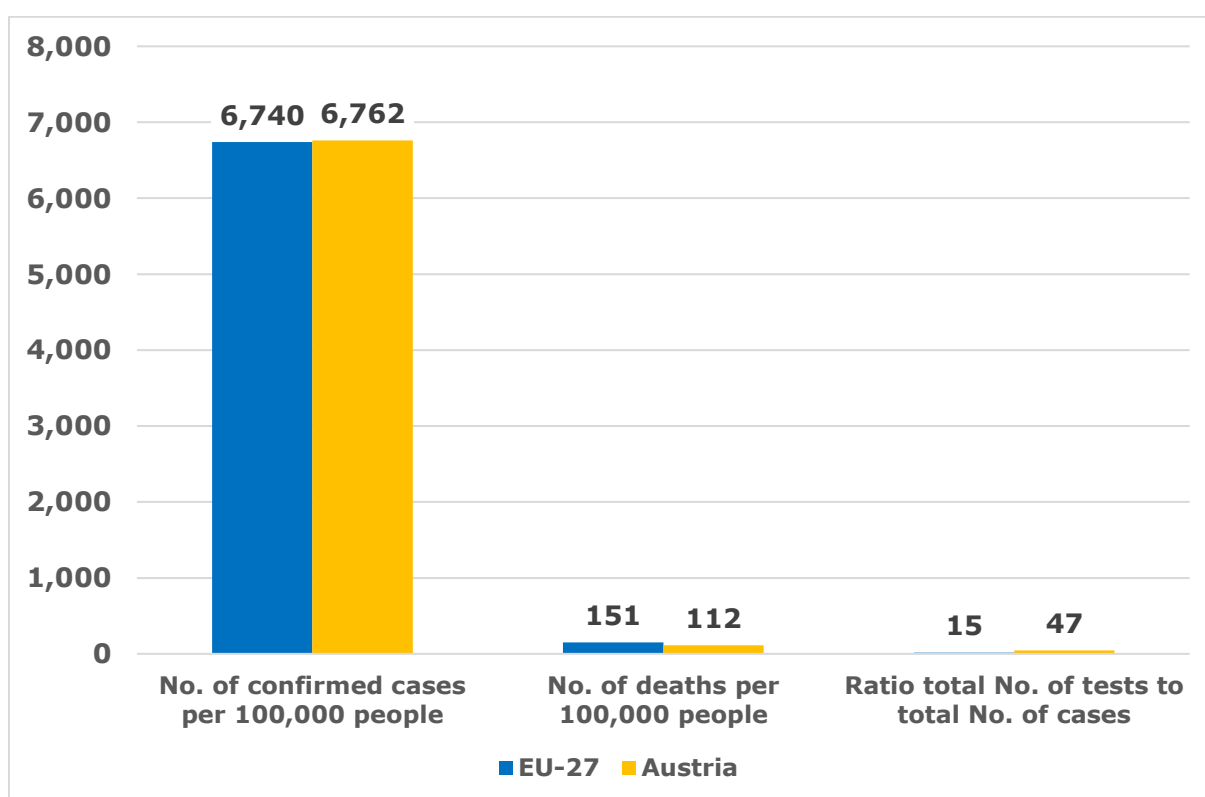
In overall terms, the Austrian government has introduced a large number of different temporary measures, which have been repeatedly extended and adapted since March 2020. At the same time, it is evident that the government has been reluctant to introduce structural and lasting changes to existing systems.

1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT¹

1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Austria, it was 6,762. The total number of deaths per 100,000 people was 151 for the EU-27 versus 112 in Austria. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 47.2 for Austria.

Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Austria)

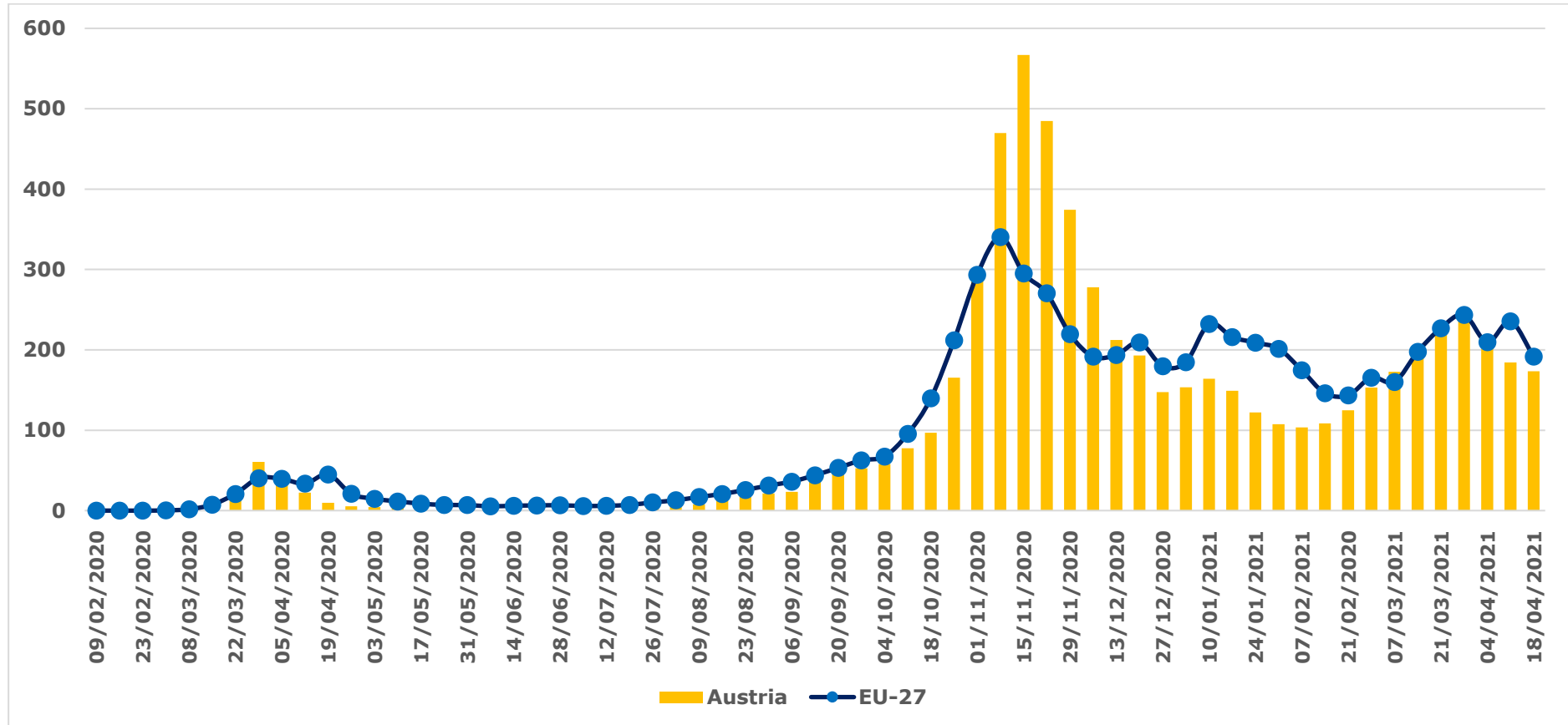


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

¹ Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Austria, it was 173.3.

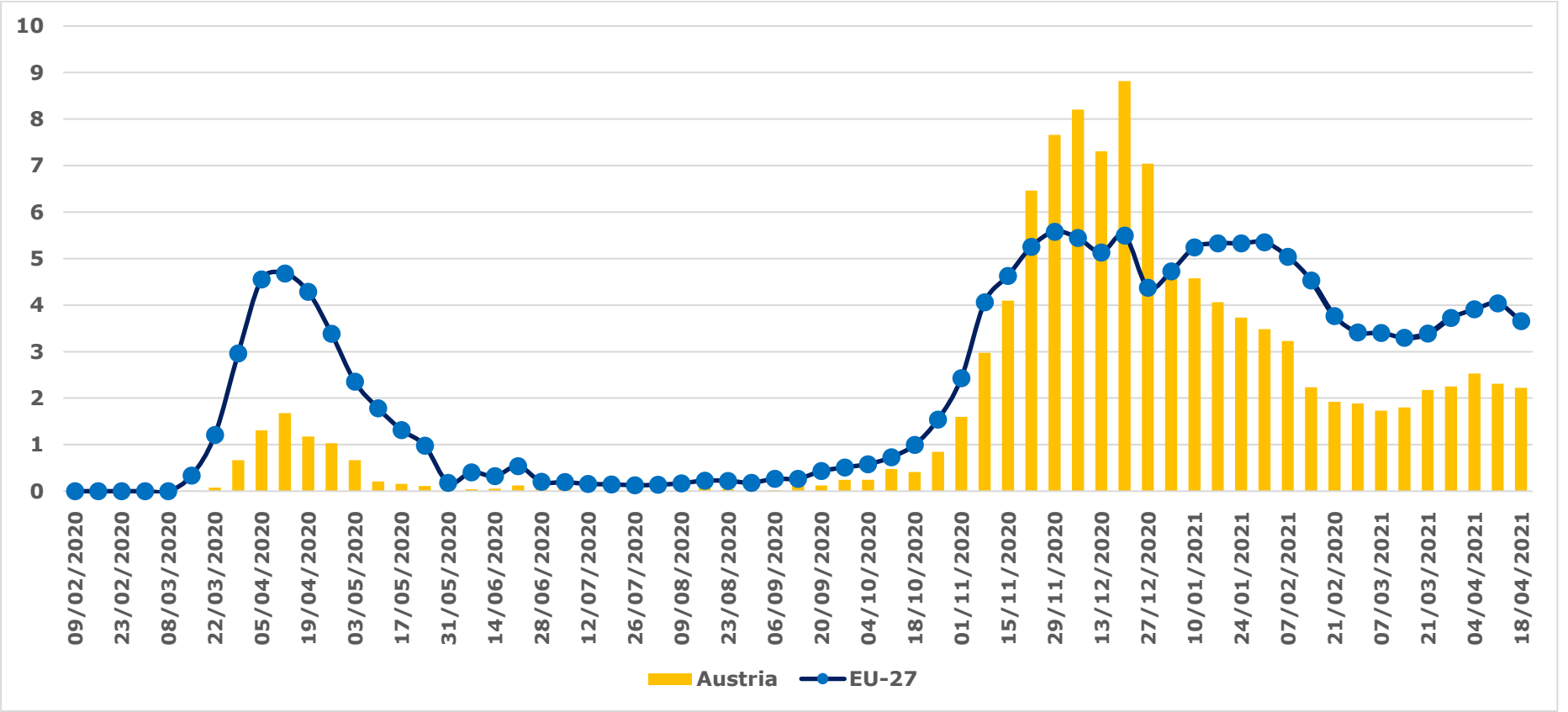
Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Austria)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Austria, it was 2.22.

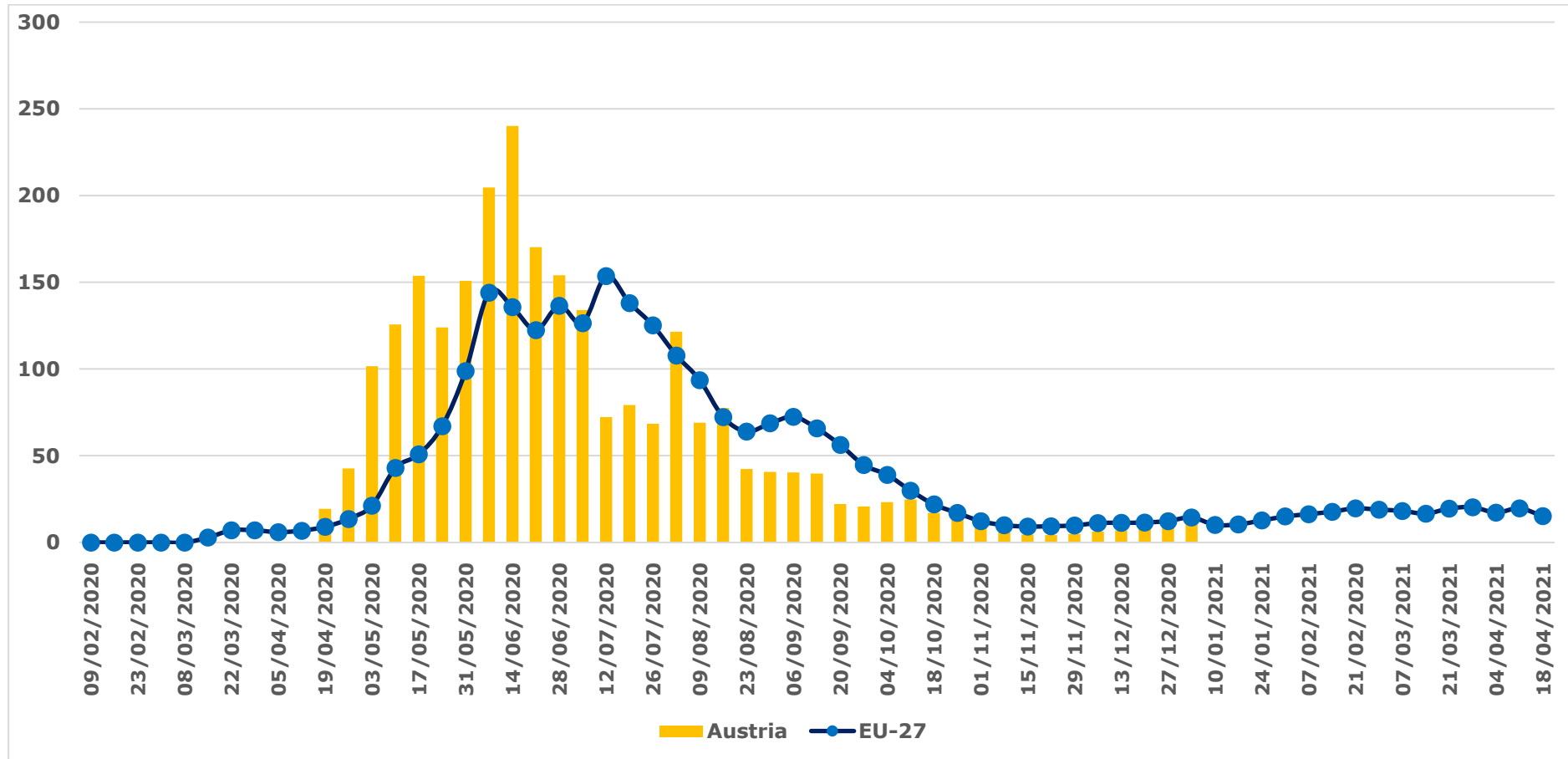
Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Austria)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Austria, it was not available.

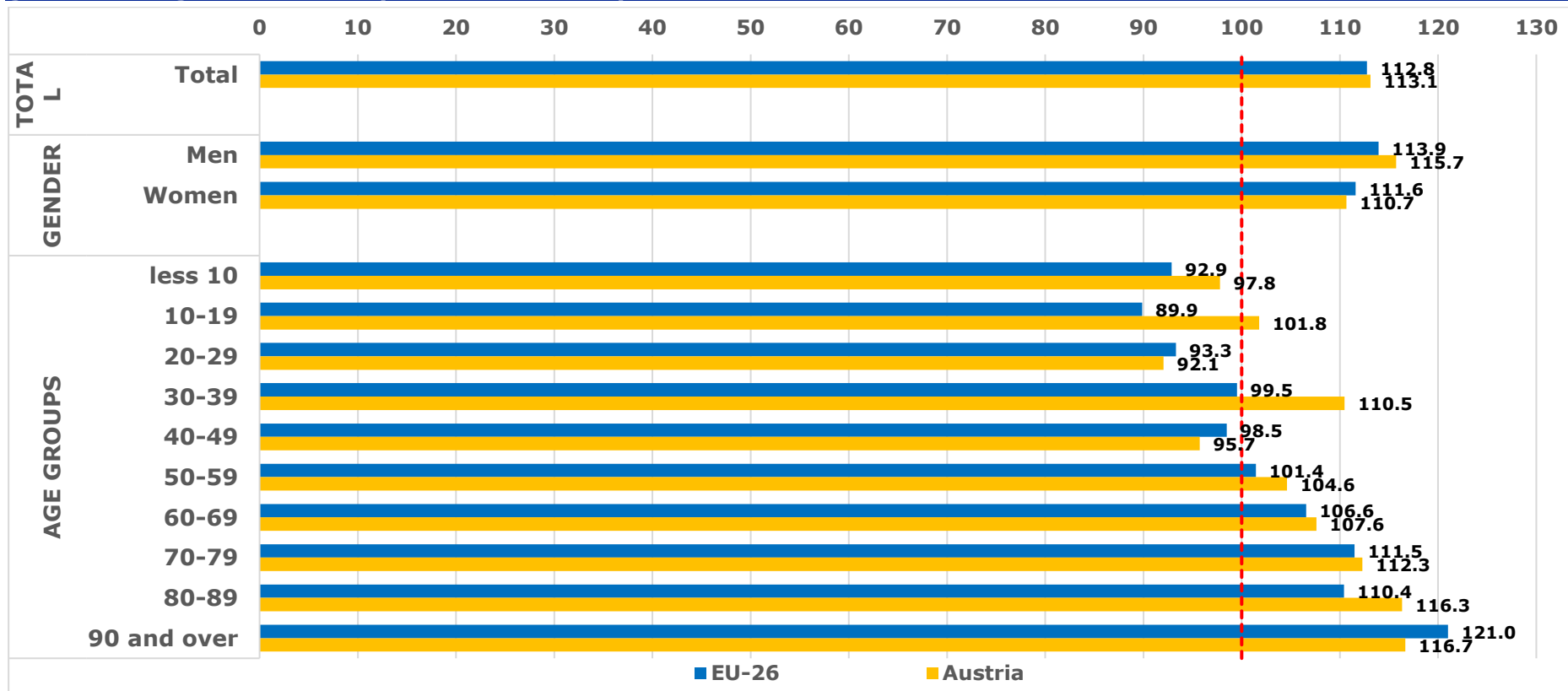
Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Austria)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". *Sci Data* 7, 345 (2020) (<https://www.nature.com/articles/s41597-020-00688-8>).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 113.1% in Austria. For the EU-26, it is 113.9% for men and 111.6% for women. In Austria, these gendered ratios are 115.7% and 110.7% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 116.7% for Austria.

Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Austria))

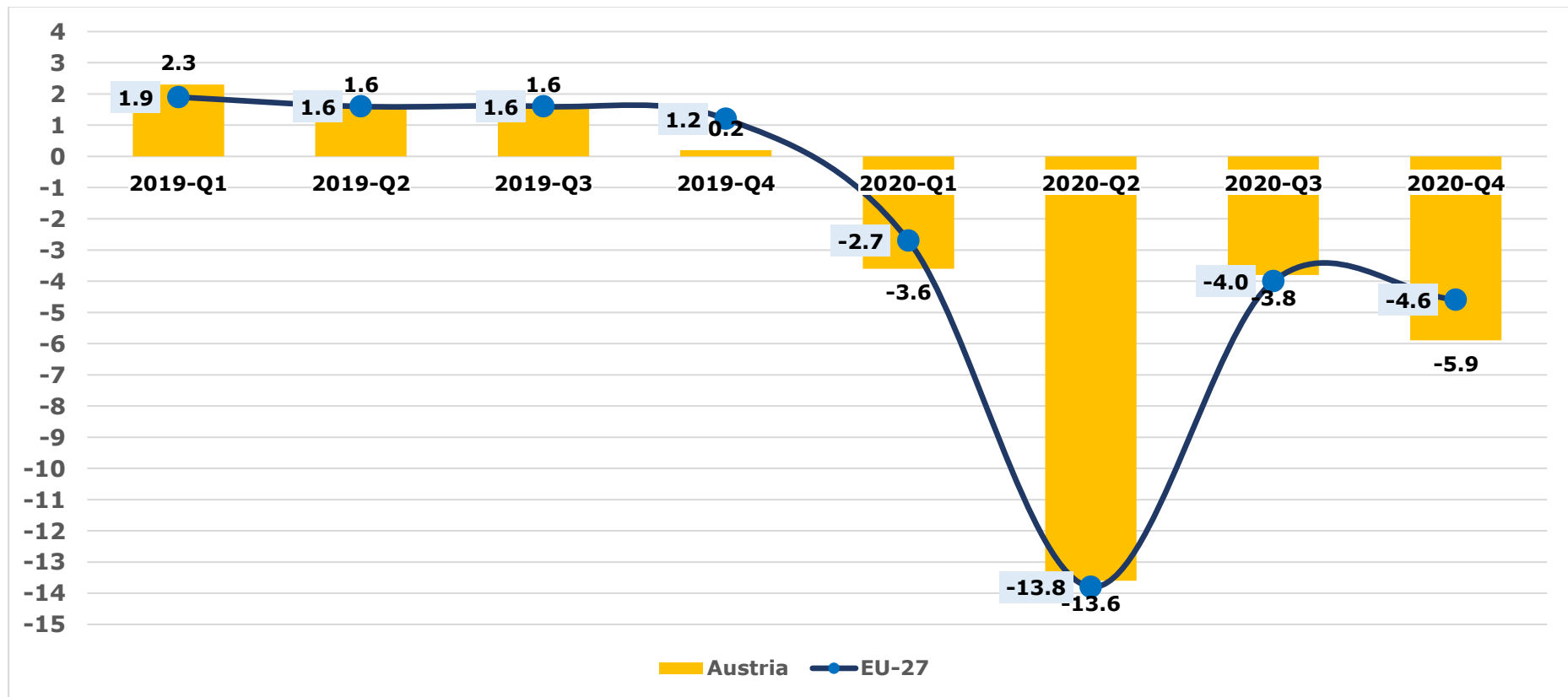


Source: Eurostat - indicator [DEMO_R_MWK_10__custom_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Austria, the decrease was 5.9% for the same period.

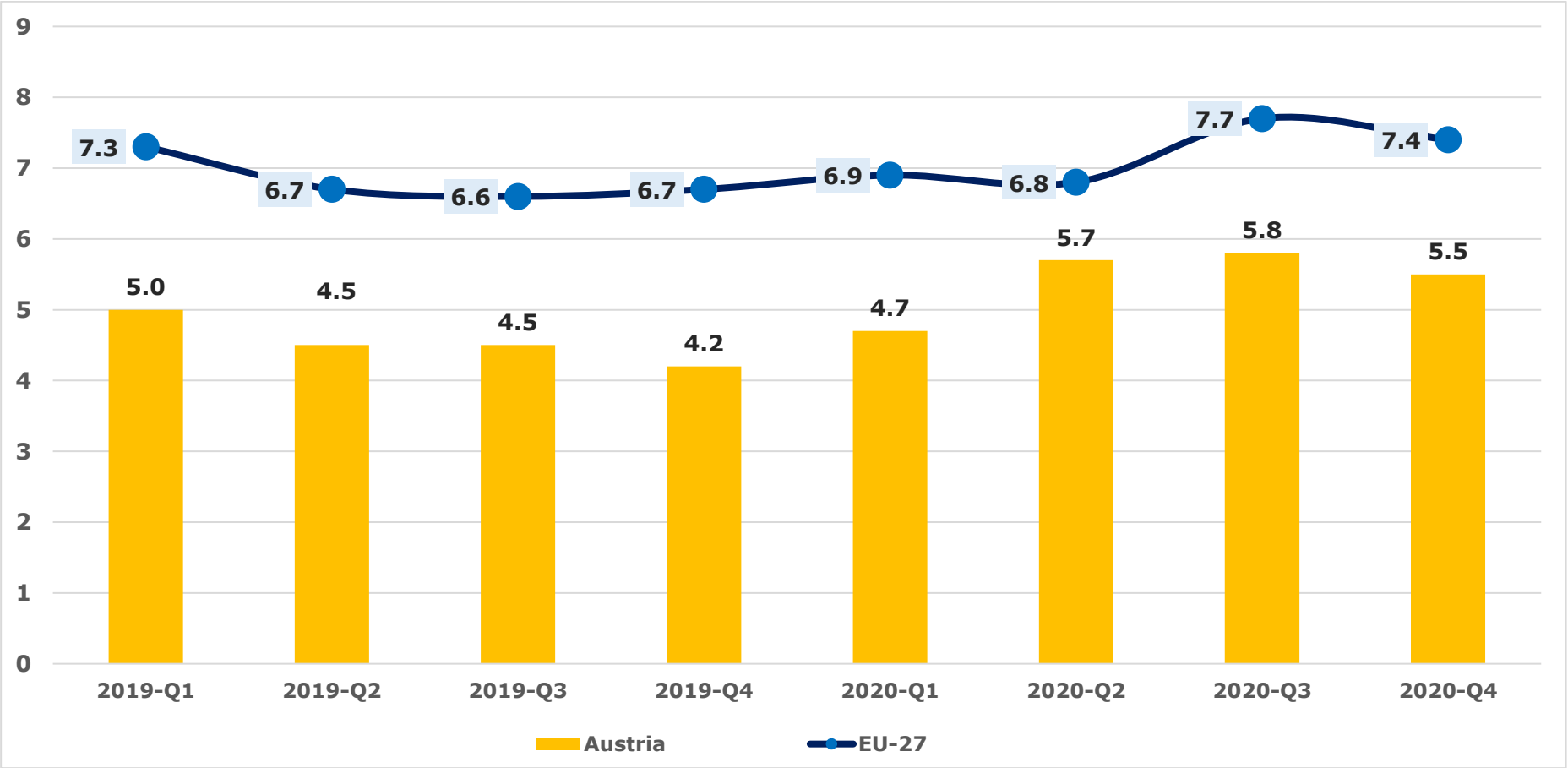
Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Austria, %)



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ_10_GDP__custom_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Austria, it is 5.5%.

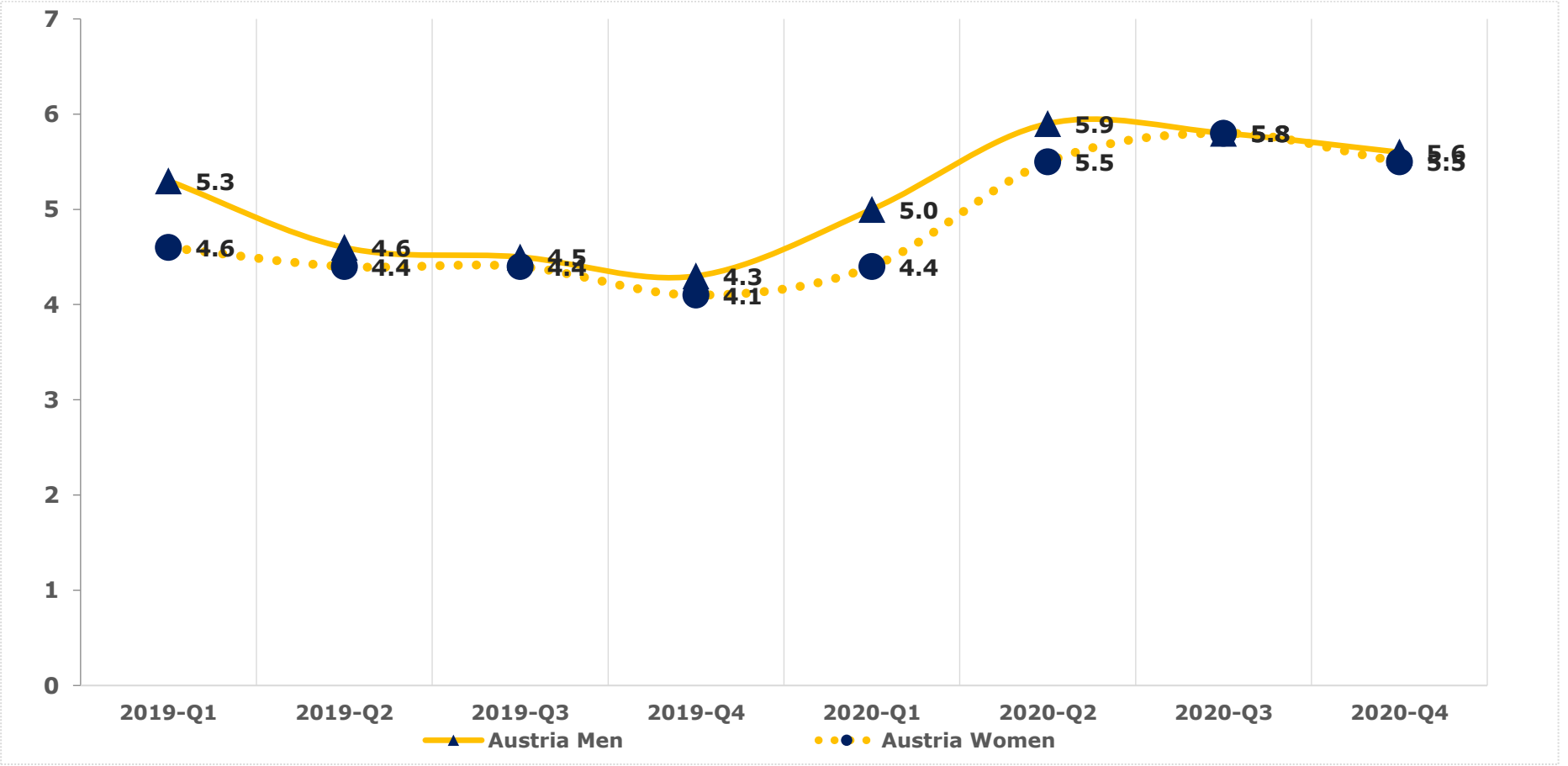
Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Austria, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Austria, these figures are 5.6% and 5.5% respectively.

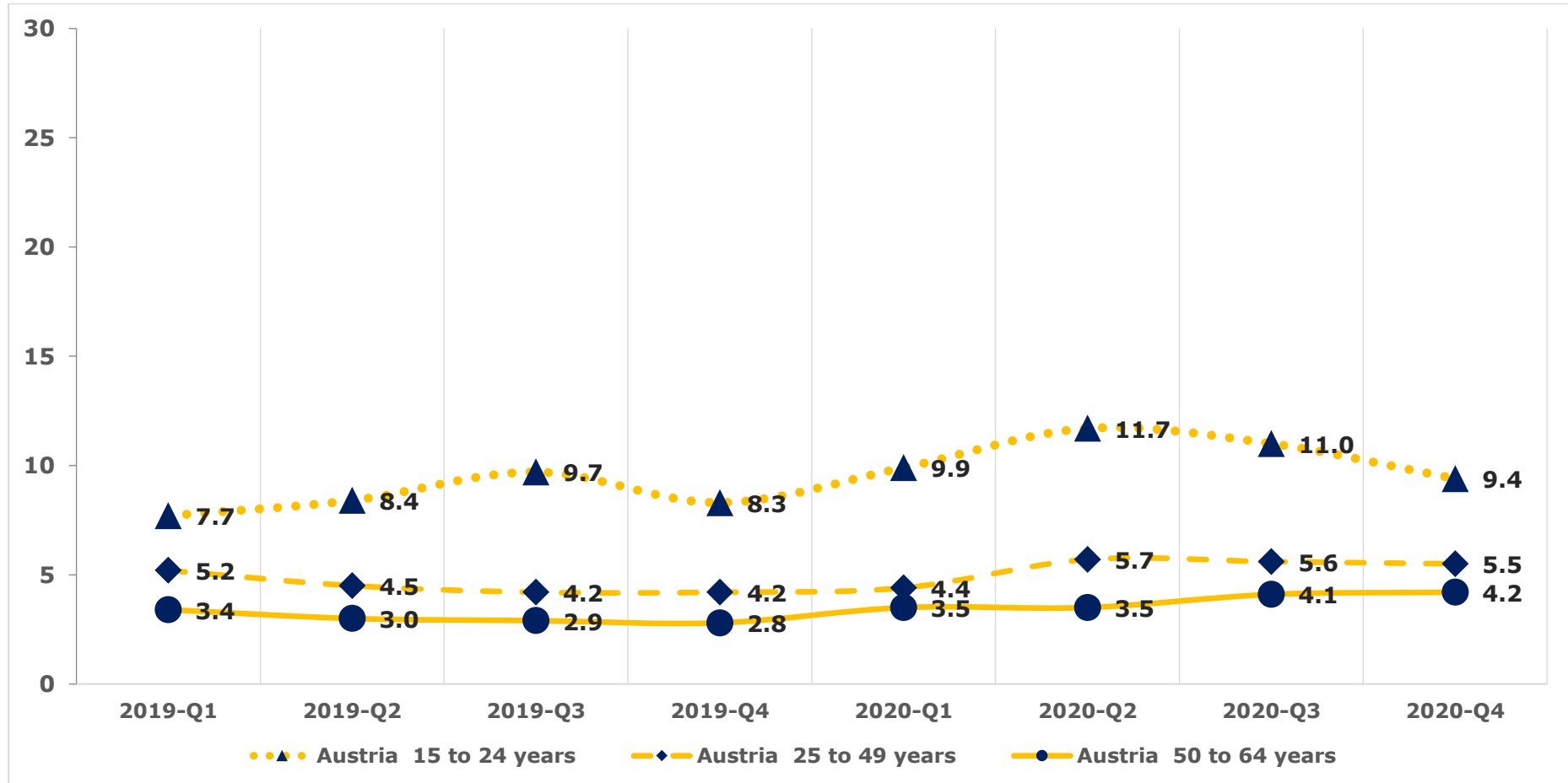
Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Austria, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Austria, it is 9.4%.

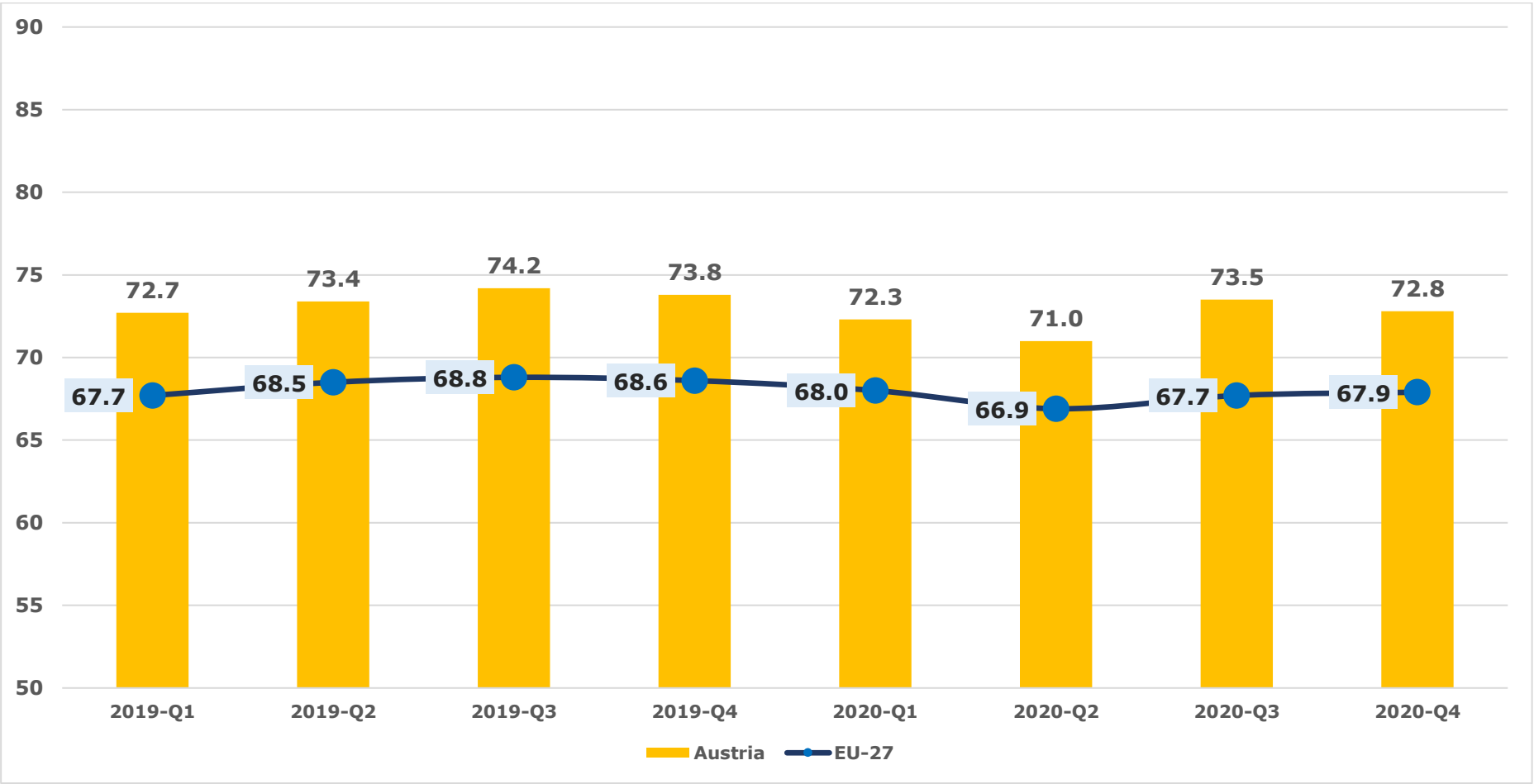
Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Austria, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Austria, it is 72.8%.

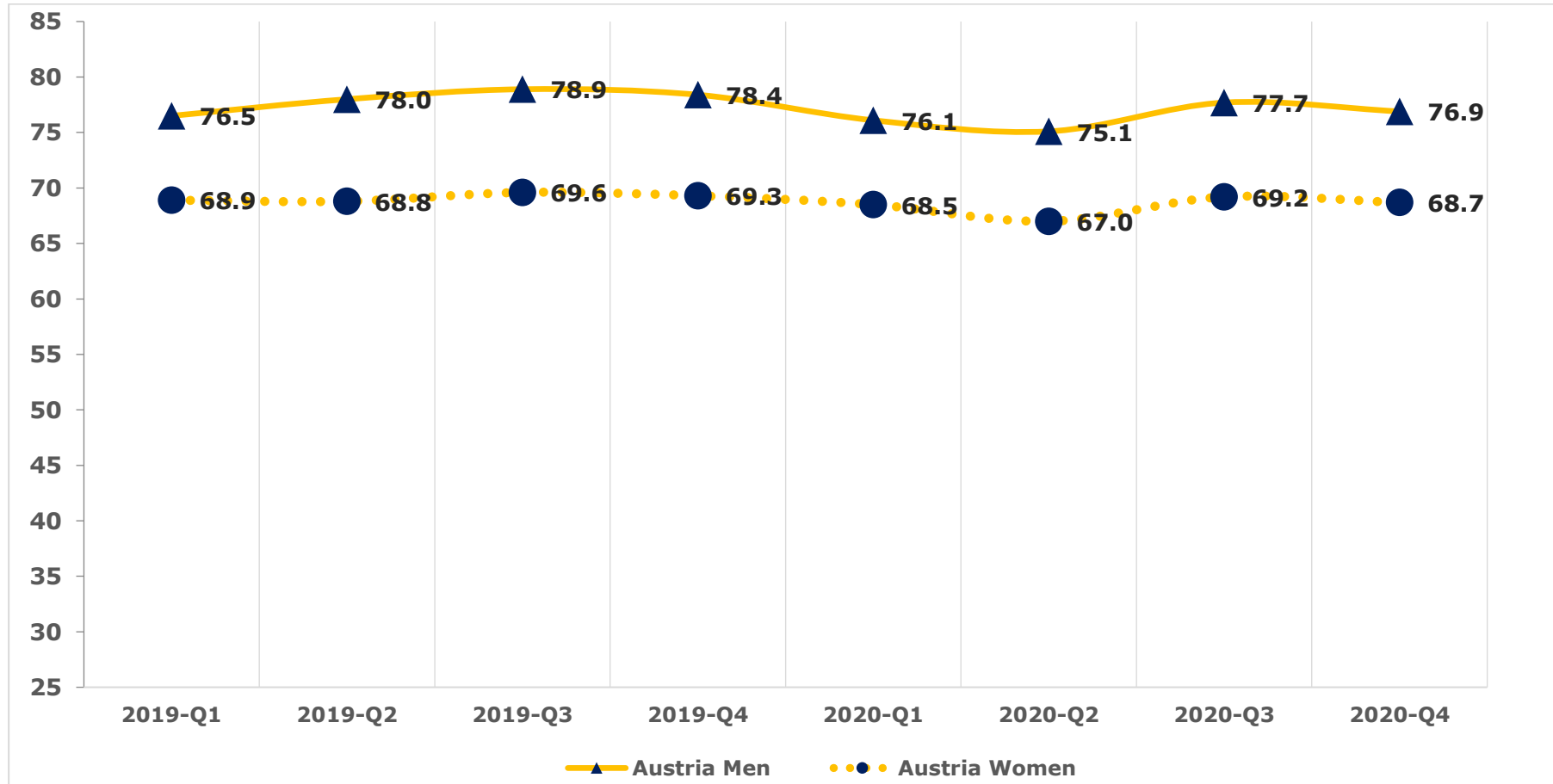
Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Austria, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Austria, these figures are 76.9% and 68.7% respectively.

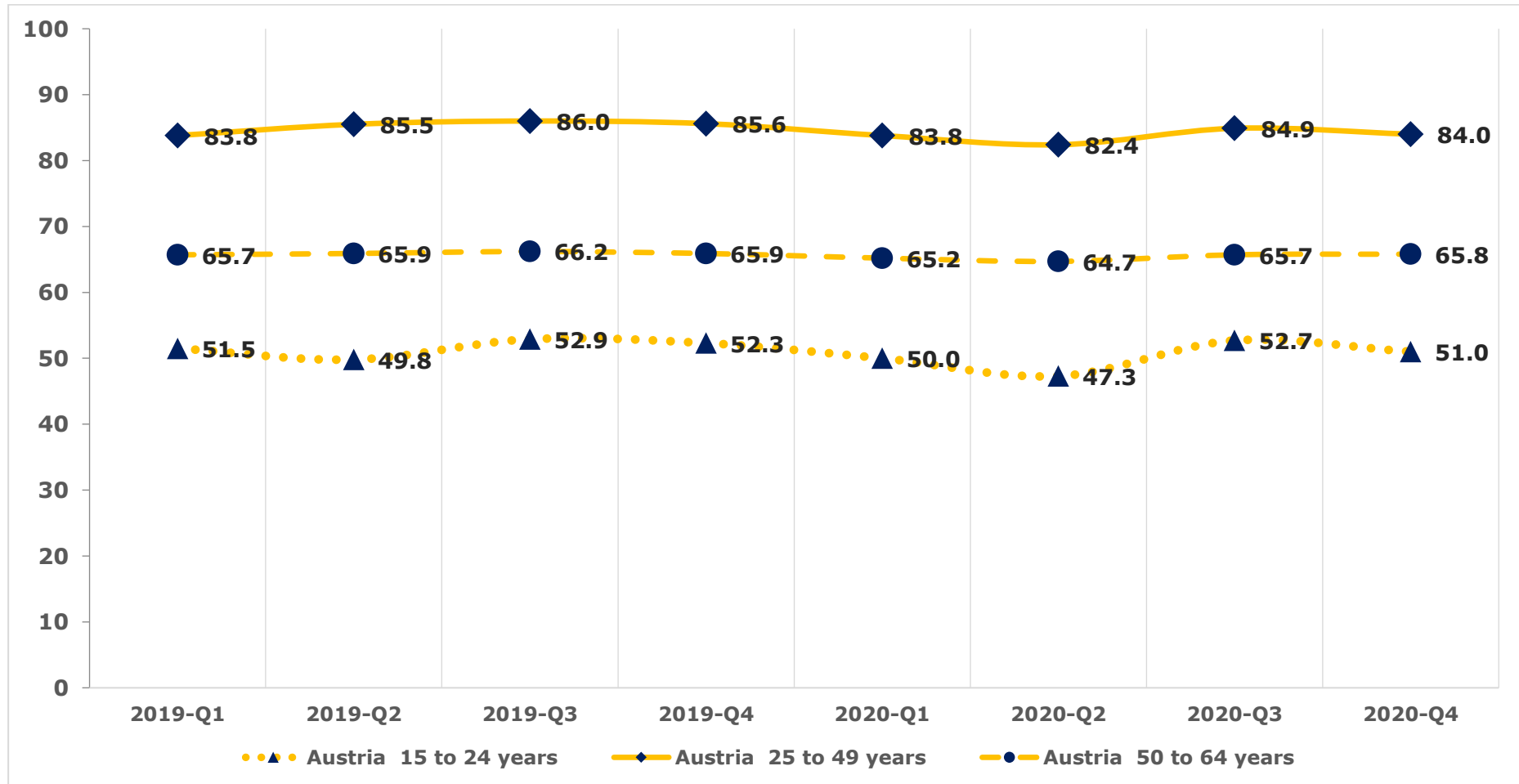
Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Austria, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Austria, it is 51.0%.

Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Austria, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

1.3 Poverty, inequality and social exclusion situation

Only limited *empirical* data on the impact of the COVID-19 pandemic on poverty, inequality and social exclusion were readily available at the time of writing this report.

However, based on data from the Austrian corona panel project,² a short research note on the development of household incomes was published (Resch 2020). Resch reported on the development of monthly household incomes between February and September 2020 and compared household incomes at the beginning and end of the period. The monthly data for average household income showed substantial volatility between February and September, with the strongest reduction in March. There were increases in most of the following months, but in September it was still somewhat lower than in February. In terms of income deciles, there appeared to be a tendency for the share of households with an income reduction to be larger in higher income deciles than in lower income deciles. In the tenth (highest income) decile, 41.7% of all households reported a reduction in income, and this share fell to 14.5% in the fourth decile. However, the share was higher in the third decile than in the fourth, at 25.9%; and in the second decile it was also more than 14%. No income reduction was reported in the first (lowest income) decile. On the other hand, a substantial share of all households showed an increase in household income between February and September – around 20% to 38% of households in income deciles 1 to 8, with the highest shares in decile 1 (29.8%), decile 8 (29.3%) and decile 4 (37.7%). These data suggest that the COVID-19 pandemic and related policy measures may have caused substantial changes in the overall structure and distribution of household incomes. However, to examine these effects in more detail, it would be necessary not only to depict the direction of changes in household income, but also their magnitude, which may be small in many cases. Unfortunately, these issues are not addressed by Resch.

Another source of information is a microsimulation model run by Marian Fink and others in summer 2020 (Fink et al. 2020). Their scenario indicates that the COVID-19 pandemic will not have a significant impact on the total average at-risk-of-poverty rate or on indicators of income inequality such as the Gini coefficient or income relations according to percentiles (p90/p10; p90/p50; p10/p50; p75/p25). However, it should be noted that this microsimulation – due to data limitations – does not cover self-employed people and their households.

² See <https://viecer.univie.ac.at/coronapanel>.

2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC³

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following information.

- a) Short description of the measure.
- b) Category: Is it a flat benefit, a conditional one, both flat and conditional, or neither flat nor conditional?
- c) Timing: When did the measure start/end? Has it been extended?
- d) Depending on the category:
 - Amount and duration (for flat measures).
 - Range (minimum-maximum), duration, and conditionality (thresholds) (for conditional measures).

If the measure is neither flat nor conditional, this is indicated by "Not applicable".
- e) Targeted population: What is/are the target(s) of the measure? – that is to say, which parts of the population or of the labour force. Where data and evidence are readily available, estimated number of people targeted and/or applicants.
- f) Beneficiaries: What is the number of recipients of the measure (if relevant and available)?
- g) Novelty (was the measure new or an already existing one that was adjusted?).

2.1 Measures related to unemployment benefits

2.1.1 *Einmalzahlung nach dem Arbeitslosenversicherungsgesetz (One-off payment according to the Unemployment Insurance Act)*

- a) Short description of the measure: Two one-off lump-sum payments for recipients of unemployment benefit (UB: *Arbeitslosengeld*) and unemployment assistance (UA: *Notstandshilfe*) were granted in the context of COVID-19.
- b) Category: Conditional benefit.
- c) Timing: The first one-off payment was granted in September 2020, and the second in December 2020.
- d) Range, duration and conditionality: The first one-off payment was available for all people who had received UB or UA for at least 60 days between the beginning of May and the end of August 2020. It was a uniform lump sum of €450 per person. The second payment was granted in cases where the duration of UB or UA exceeded 14 days between the beginning of September 2020 and the end of November 2020. Different benefit levels applied to the second payment. People who had received UB or UA for 45 days or more were given €450; those who had received it for 30-44 days were given €300; and those who had received it for 15-29 days were given €150.
- e) Targeted population: Both UB and UA are benefits under the unemployment insurance system, with UA granted after the maximum period for UB has been reached. To receive UB (and subsequently UA), unemployed people have to meet eligibility

³ The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

conditions,⁴ such as a minimum preceding employment and insurance record. All work contracts are included in unemployment insurance, except contracts with an income below a marginal income threshold (*Geringfügigkeitsgrenze*), currently (2021) amounting to €475.86 per month. Self-employed people may in principle opt in to unemployment insurance on a voluntary basis, but in fact less than 1% do so (see Fink and Nagl 2018).⁵ According to estimates, around 440,000 people were expected to receive the first one-off payment,⁶ and around 400,000 the second.⁷

- f) Beneficiaries: According to data provided by the Public Employment Service (PES), about 406,000 people in practice received the first one-off payment, which equalled around 53% of those registered as unemployed between April 2020 and August 2020. About 472,000 people – or 77% of those registered as unemployed between September 2020 and November 2020 – received the second one-off payment.
- g) Novelty: Such one-off lump-sum payments are a novelty in the case of Austria. They derive from a compromise between the two parties forming the current coalition government. The Greens were in favour of a raising of the wage-replacement rate of unemployment insurance benefits, which was, however, rejected by the conservative Austrian Peoples Party (ÖVP). The two parties eventually agreed on the one-off lump-sum payments described.

2.1.2 Temporäre Erhöhung der Nostandhilfe auf das Niveau des Arbeitslosengeldes (Temporary increase in unemployment assistance to level of unemployment benefit)

- a) Short description of the measure: At the end of April 2020, it was decided that the level of UA would be temporarily increased to the level of UB, starting retroactively from 16 March 2020 and lasting until September 2020. In September 2020, this regulation was extended until the end of 2020. In January 2021 it was prolonged until the end of March 2021, and in April once more until the end of June. UA may be granted once the maximum period for UB has been reached, but the amount received is somewhat lower.
- b) Category: Conditional benefit.
- c) Timing: Starting retroactively from 16 March 2020.
- d) Range, duration and conditionality: The “base amount” (*Grundbetrag*) of UA normally amounts to between 92% and 95% of the base amount⁸ of the preceding UB, and it is also subject to different additional caps. It varies according to the duration of the earlier period of UB, which is defined by two parameters, namely the earlier insurance record and the age of the beneficiary.

UB is usually granted for a maximum of 20 weeks. However, this period may be extended according to following rules:

- to 30 weeks in cases of 156 weeks (three years) of employment subject to unemployment insurance;
- to 39 weeks if the beneficiary is at least 40 years old and can show 312 weeks (six years) of employment subject to unemployment insurance within the last 10 years; and

⁴ For more details see: <https://www.ams.at/arbeitsuchende/arbeitslos-was-tun/geld-vom-ams/arbeitslosengeld#welchebedingungenmssensieerfilen>.

⁵ For recent data see also the following parliamentary request: https://www.parlament.gv.at/PAKT/VHG/XXVI/AB/AB_00696/imfname_699655.pdf.

⁶ See https://www.parlament.gv.at/PAKT/VHG/XXVII/I/I_00285/fname_807463.pdf.

⁷ See https://www.parlament.gv.at/PAKT/PR/JAHR_2020/PK1238/index.shtml.

⁸ In addition to this base amount, family allowances may be granted under specific circumstances in addition to both UB and UA.

- to 52 weeks if the beneficiary is at least 50 years old and can show 468 weeks (nine years) of employment subject to unemployment insurance within the last 15 years.

In cases where the preceding maximum benefit duration of UB was 20 weeks, a cap of €33.35 per day (figure for 2021) usually applies to UA. Where the maximum duration of UB was 30 weeks, UA is usually capped at €38.90 per day (figure for 2021). In cases where the duration of UB was 39 or more weeks, no such special benefit cap applies for UA.

The temporary increase in the benefit level of UA aligned its wage-replacement rate with that of UB. Relative to the base amount of UA, it implied an increase of between 5% and 7%. In addition, the alignment of UA with UB also abolished the benefit caps normally applicable to UA. This means that the base amount of UA – the same as UB – may currently amount to around €56 per day, instead of (depending on age and earlier insurance record) around €33 or €39 according to the normal regulations applicable for UA (see above).

To the best of our knowledge, at the time of writing (February 2021) no detailed data are readily available on the share of UA recipients who previously faced a cap on their benefits, and how high these benefits are now without the cap. To give a rough estimate of the related effects one can, however, compare the average daily benefit levels of UB and UA before and after the reform. In February 2020 the average daily UA for women amounted to €25.70, or around 85% of the average daily UB (€30.10). In April 2020 (the first month where the reform was fully applicable) the average daily UA for women amounted to €27, or 92% of the daily UB. In case of men, the daily UA in February 2020 was €28.90, or 79% of the daily UB (€36.70). And in April 2020 the average daily UA for men amounted to €30.80, or 89% of the daily UB (€34.50). Overall, this indicates that this measure on average had some impact – but not a very substantial one – on the level of benefits of UA recipients.

- Targeted population: Recipients of UA. No specific application has to be made. See below on the actual number of recipients.
- Beneficiaries: Between March 2020 and January 2021 the number of recipients of UA increased from around 161,500 to around 214,000. During the same time, their share in the total number of recipients of UB and UA increased from around 36% to around 50%. This equalled around 32% of all registered unemployed people in March 2020, and 46% in January 2021.⁹
- Novelty: This is a novel measure, specifically decided in the context of COVID-19.

2.2 Measures of job protection provided through support to employers, employees and the self-employed

2.2.1 Corona Kurzarbeit (Corona short-time work)

- Short description of the measure: The corona short-time work scheme (CSTW) is designed to compensate for the loss of wages caused by short-time working during the pandemic. It was introduced on 15 March 2020 and has been revised and temporally extended several times since then. The scheme initially covered situations where working time was reduced to between 10% and 90% of its previous level; this was later changed to between 20% and 70% (during the period covered by the calculation, working hours can also be temporarily reduced to nil). Depending on the earlier usual salary, the wage replacement rate of the CSTW amounts to between 80% and 90% of the previous net salary.

⁹ Data provided by the Austrian PES via their online database (<http://iambweb.ams.or.at/ambweb>) and own calculations.

Employers receive a refund under the CSTW of close to 100% of the costs associated with hours not worked; social insurance contributions and pro-rata costs for Christmas and holiday pay are also covered. Employers get a refund of the related costs from the PES on a monthly basis.

- b) Category: Conditional benefit.
- c) Timing: The CSTW was first established for a period of three months (phase 1, starting retroactively from 1 March 2020 and lasting until May 2020), and was then extended until the end of September 2020 (phase 2). Phase 3 then lasted until the end of March 2021, with some gradual modifications. In April 2021 the CSTW was further extended until the end of June 2021 (phase 4).
- d) Range, duration and conditionality: According to the original model (phase 1 and phase 2: March to September 2020), in the case of “temporary, non-seasonal economic difficulties due to the coronavirus” (e.g., caused by a drop in sales), working hours for company employees could be reduced to between 10% and 90% of their previous level (during the period covered by the calculation, working hours could also be temporarily reduced to nil). The wage-replacement rate of the short-time compensation varied between 80 and 90% of the previous net salary,¹⁰ with the highest replacement rate applying in cases where the previous gross salary did not exceed €1,700 per month. For a gross salary between €1,700 and €2,685, the wage-replacement rate amounted to 85%, and for a higher previous gross salary 80%. In the case of apprenticeships, the wage-replacement rate amounted to 100% of the previous gross salary. This meant that people in the CSTW usually received a substantially higher wage replacement rate than unemployed people receiving UB (see above Section 2.1.2). Starting with phase 3, the usual working hours could be reduced to between 20% and 70% of the previous level. As in phases 1 and 2, working hours could still be temporarily reduced to nil, and in exceptional cases (to be approved by social partner organisations) to 10% of the previous working time on a regular basis. The latter also applied to companies in sectors directly affected by a lockdown decided by the government. Within phase 4, starting from April 2021, the scheme has remained largely unchanged compared with phase 3.
- e) Targeted population: The CSTW is in principle available to employees of all companies located in Austria which have to reduce their working time due to the COVID-19 pandemic. The only exceptions are employers which are at the same time public entities, such as the government of the Federal Republic, the federal provinces (*Bundesländer*), municipalities and also political parties. “Employees” also includes those on fixed-term contracts, part-time employees and temporary agency workers (*Leiharbeit*). Freelance contractors (*Freie Dienstnehmer*) and different forms of self-employment are not covered by the CSTW. One precondition for participating in the CSTW is a “social partners agreement” (*Sozialpartnervereinbarung*) indicating the necessity to reduce working time. In companies with a works council, this agreement is reached at the firm level. In cases where no works council exists, social partner organisations review the related application under the procedure for approval set by the PES. Reportedly, applications for the CSTW are extremely rarely rejected by social partner organisations involved in the related procedures. This means that the total potential target group in March 2020 amounted to around 2.9 to 3 million people, or more than 80% of all employees (depending on the definition of the “public sector”).
- f) Beneficiaries: The number of employees registered with the CSTW rose sharply during the first lockdown starting from mid-March 2020. In April 2020 around 1.2 million people were already registered for the CSTW; and an all-time high was reached in May 2020, with more than 1.3 million people. This equalled around 36% of all employees,

¹⁰ Up to the maximum contribution basis of social insurance, currently (2021) amounting to €5,550 gross per month.

and around 45% of employees in the private sector. After this, the number of people in the CSTW fell to around 85,000 (around 2.3% of all employees) in October 2020; but then – against the background of renewed lockdown measures – it increased again to nearly 500,000 (around 13.5% of all employees) in February and March 2021. After March 2021 the number fell to around 240,000 in April 2021, but then it increased again to around 300,000 in May 2021.

- g) Novelty: Short-time work schemes are not a complete novelty within Austrian labour market policies. They were also used during the economic and financial crisis that started in 2009. However, the CSTW is substantially more accessible and generous than previous schemes.

2.2.2 Härtefallfonds (Hardship fund)

- a) Short description of the measure: The hardship fund (HF) was introduced in March 2020 against the background of the first COVID-19 lockdown. It provides financial subsidies for different types of self-employed people. Two different phases of HF have to be differentiated. The first covered the period between 15 March 2020 and 15 April 2020, and has also been called “emergency aid” (*Soforthilfe*). The second phase started on April 16 2020 and has been repeatedly extended since then.
- b) Category: Conditional benefit.
- c) Timing: According to the regulation in place at the time of writing (May 2021), the HF covers the period 15 March 2020 until 30 June 2021.
- d) Range, duration and conditionality: For the first phase of the HF (15 March 2020 to 15 April 2020), emergency aid could be granted to self-employed people who faced substantial losses of income, and/or financial difficulties, due to the first COVID-19 lockdown. In cases where the net yearly income in the last preceding tax year amounted to not more than €6,000, the aid amounted to €500; and in cases of higher yearly net income, it amounted to €1,000. The second phase started from 16 April 2020 and has been repeatedly extended since then. The total timeframe currently covers 15 March 2020 until 15 June 2021. For these 15 months, the subsidy is calculated on the basis of the last available yearly income tax assessment (*Einkommenssteuerbescheid*). 80% of the monthly “loss of earnings” (*Einkommensentgang*) – that is, the difference between current earnings and earnings in the relevant preceding year – is then compensated for by the HF (and in some cases of low earnings, 90% of the lost earnings). However, the monthly subsidy per applicant is capped at €2,000.¹¹ If no income tax assessment from an earlier year is available (primarily in the case of a recently started business/self-employment), a lump-sum subsidy amounting to €500 per month applies. In addition to these benefits a “comeback bonus” and an “additional bonus” (*Zusatzbonus*) are granted under the second phase of the HF. The comeback bonus, introduced in May 2020, amounts to €500 per month (€7,500 for 15 months); and the additional bonus, introduced in April 2021, amounts to €100 per month (€1,500 for 15 months). In order to be eligible for the HF, one of the following conditions¹² has to be met in the relevant “observation period”¹³ (*Beobachtungszeitraum*) for which a subsidy is granted: (a) the applicant can no longer cover running costs due to the COVID-19 crisis; (b) the business is directly affected by an official COVID-19 related ban on access during more than 50% of the observation period; or (c) the business faces a reduction of turnover amounting to 50% or more compared with the observation period in the last taxable year.

¹¹ For more details on the rather complicated related regulations see: <https://www.wko.at/service/haertefall-fonds-phase-2.html>.

¹² For more details see: <https://www.wko.at/service/haertefall-fonds-phase-2.html>.

¹³ Each observation period lasts from the 15th day of one month to the 15th day of the next month.

- e) Targeted population: The target population of the HF is: single-person businesses, small businesses as natural persons, or self-employed shareholders of small businesses, with fewer than 10 full-time employees and an annual turnover of less than €2 million; freelance contractors (*Freie Dienstnehmer*); and members of liberal professions.

It appears that no concrete data on the estimated number of applicants were made publicly available *ex ante*. However, some data are available on the number of applications actually made (see below).

- f) Beneficiaries: Irrespective of conditionalities, the take-up of subsidies from the HF appears to be substantial (see also: Eurofound 2020). Up to 15 April 2021,¹⁴ around 144,300 applications had been made for the first phase of the HF, of which around 132,800 resulted in a benefit being paid. The average benefit amounted to €916. For the second phase, around 1,285,100 applications had been made up to 15 April 2021, resulting in 1,080,500 benefits granted (around 26,000 applications were pending at this date). On average, €1,162 was paid per individual per month in the second phase (up to April 2021). According to a survey conducted in July and August 2020 by KMU Research Austria, 57% of single-person enterprises had taken advantage of government support measures in connection with the COVID-19 crisis. Of these, almost all single-person businesses had applied to the HF. Significantly fewer had also applied for tax and duty deferrals (36%), instalment payments or deferrals of social security contributions (35%) and fixed-cost subsidies (29%).

Overall, the HF appears to have had a substantial impact on safeguarding the income of self-employed people and small businesses. Successive reforms substantially increased the generosity of the system, but a more detailed assessment of the concrete impact on the income of small single-person businesses and small businesses generally was not available at the time of writing (May 2021).

- g) Novelty: The HF is a novel regulation, specifically introduced in context of the COVID-19 pandemic.

2.2.3 *Fixkostenzuschuss* (Fixed-costs subsidy)

- a) Short description of the measure: A number of different measures have been introduced to safeguard the financial liquidity of self-employed people and companies. These measures have been repeatedly expanded and reformed, resulting in a rather complicated basket of different subsidies and allowances, which can be partly combined with one another.¹⁵ In the context of this report the fixed-costs subsidy (FCS) is of special interest, because under specific preconditions the income of self-employed people (the "entrepreneurs' salary": *Unternehmerlohn*) may also be partly replaced by the FCS.
- b) Category: Conditional benefit.
- c) Timing: Within the FCS two different phases can be distinguished. The first covered 16 March 2020 to 15 September 2020, and the second covers 16 September 2020 and 30 June 2021.
- d) Range, duration and conditionality: the first phase was available for companies and self-employed people with a reduction of turnover amounting to 40% or more. The second phase is available in cases of a reduction of turnover amounting to 30% or

¹⁴ Source for the following data: Federal Ministry of Finance (2021b, 40ff).

¹⁵ For an overview see: <https://www.wko.at/site/corona-unterstuetzungen/finanzielle-zuschuesse.html> and <https://www.bmf.gv.at/public/top-themen/corona-hilfspaket-faq.html>.

more. Fixed costs may be subsidised to different degrees, depending on the reduction of turnover.¹⁶

Within the first phase, the rates of replacement of fixed costs were as follows:

- loss of turnover 40-60%: 25%
- loss of turnover 60-80%: 50%
- loss of turnover 60-80%: 75%

Within the second phase, the rate of replacement of fixed costs equals the loss of turnover. For example, in case of a loss of turnover of 60%, the rate of replacement of fixed costs also amounts to 60%, and so on.

Amongst other fixed costs,¹⁷ in the case of “individual entrepreneurs” (*Einzelunternehmer*) who are subject to income tax, an “entrepreneur’s salary” (*Unternehmerlohn*) may also be partly replaced by the FCS. This salary is calculated according to the taxable income in the preceding year, divided by the months during which the related person was active as an entrepreneur. The minimum amount that may be taken into account is €666.66 per month, and the maximum is €2,666.67. This income may then be replaced according to the above-described replacement rates (depending on the actual loss of turnover). A benefit from the FCS can be combined with a benefit from the HF (see above), and vice versa, without deductions.

- e) Targeted population: The target group of the FCS is all private companies and self-employed people in Austria. However, only individual entrepreneurs subject to income tax may have a part of the entrepreneurs' salary reimbursed by the FCS. No estimates were made available *ex ante* of the number of companies and individual entrepreneurs expected to apply for the FCS. This was – inter alia – caused by the fact that no valid estimates were available on the likely future development of the turnover of companies and individual entrepreneurs.
- f) Beneficiaries: Up to 15 April 2021, around 82,500 companies and individual self-employed people had applied under the first phase of the FCS, and the number of beneficiaries was around 78,300.¹⁸ Applications for the second phase of the FCS were only possible from 23 November 2020. Up to 15 April 2021, around 11,000 companies and self-employed people had applied, and in around 7,500 cases a subsidy had already been granted. It is expected that the number of applications and subsidies will rise substantially in the future, as applications can also be made *ex post*. As all kinds of private companies may apply for the FCS it is difficult to evaluate what share of self-employed people operating in the form of single-person businesses or individual entrepreneurs applied for the FCS and received a related benefit. For the same reason it also remains unclear in how many cases entrepreneurs' salaries have been taken into account under the FCS. However, within the first phase more than 80% of the benefits did not exceed €10,000, and within the second phase it was more than 60%. This suggests that small and medium-sized enterprises (SMEs) are important beneficiaries of this scheme.
- g) Novelty: The FCS is a novel instrument, specifically introduced in context of the COVID-19 pandemic.

¹⁶ For details see https://www.fixkostenzuschuss.at/wp-content/uploads/2020/12/FAQ-FKZ_I-30-12-2020_FINAL.pdf and https://www.fixkostenzuschuss.at/wp-content/uploads/2021/03/FAQ_FKZ800k_Version_12032021_FINAL.pdf.

¹⁷ See for an overview on fixed costs that may be taken into account: <https://www.fixkostenzuschuss.at/fkz1> and <https://www.fixkostenzuschuss.at/fkz800k>.

¹⁸ Source for the following data: Federal Ministry of Finance (2021b, 27ff).

2.2.4 Stundungen und Ratenvereinbarungen für Steuern und Sozialversicherungsbeiträge (Deferments and instalment agreements for taxes and social insurance contributions)

- a) Short description of the measure: Income tax for self-employed people, retroactively from March 2020, has been made subject to “automatic deferment”. This means that self-employed people may postpone their quarterly income tax payments without being admonished or fined by the tax authorities. Furthermore, a regulation has been introduced on the conditions for future payment by instalment of arrears of taxes. Deferment, temporary reduction of payments and instalment agreements are also possible regarding social insurance contributions by self-employed people. However, this is subject in the first instance to individual agreements between the related person and the social insurance provider.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: Automatic deferment of income tax was introduced from March 2020 and has been repeatedly extended, taking it to the end of June 2021. The regulation on instalment agreements for taxes currently differentiates two phases for instalment payments, one between April 2021 and June 2022 and one between July 2022 and March 2024.¹⁹
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All self-employed people who are subject to income tax and/or statutory social insurance. No estimates were made available *ex ante* on the number of companies and/or individual entrepreneurs expected to apply.
- f) Beneficiaries:²⁰ Between 15 March 2020 and 15 December 2020, around 237,000 applications were made for a temporary reduction of income tax payments, and around 40,000 for a temporary reduction of corporate tax. In total around 318,000 applications were made for deferment of income tax payments and/or for payment by instalments. These applications have been accepted in literally all cases. At the same time, it is difficult to assess how many individuals have applied for one or more of these options of temporary tax reduction, deferment and/or instalment, as there might be more than one application per person. However, it is likely that a substantial share of the 480,000 self-employed people in Austria²¹ have applied for one or more of the measures described in the area of taxes. No related data are publicly available on social insurance contributions.
- g) Novelty: The measures described above are novel instruments, specifically introduced in the context of the COVID-19 pandemic. Instalment agreements for taxes and social insurance contributions were also possible before the pandemic, but were to a much larger degree subject to discretionary decisions by the responsible administrative authorities.

¹⁹ For details see: <https://news.wko.at/news/oesterreich/Factsheet-Neues-Covid-19-Ratenzahlungsmodell.pdf>.

²⁰ Source for the following data: Federal Ministry of Finance (2021a, 24f).

²¹ Data for 2019. Source: Statistik Austria, Mikrozensus, http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_NATIVE_FILE&RevisionSelectionMethod=LatestRelease&dDocName=063337.

2.3 Measures related to sickness benefits and sick pay

2.3.1 *Kostenersatz für Lohnkosten bei Quarantäne von Arbeitskräften* (Reimbursements of wage costs for quarantined workers)

- a) Short description of the measure: The basic regulations on sick pay (*Lohnfortzahlung im Krankheitsfall*) and sickness benefit (*Krankengeld*) have remained unchanged. However, employees who have been formally put into quarantine via an official notification by the responsible district administrative authority (*Bezirksverwaltungsbehörde*) because of being sick with COVID-19, or for having had close contact with an infected person, do not get normal sick pay, but instead receive a “refund” (*Vergütung*) according to Section 32 of the Epidemic Act (*Epidemiegesetz*²²). The refund has to be paid by the employer and it amounts (as with sick pay) to the level of the usual wage. However, unlike sick pay, the employer – on application – gets the full costs of the refund reimbursed by the Federal Republic.
- b) Category: Conditional benefit.
- c) Timing and novelty: This regulation was already in place before March 2020 and was not specifically introduced to deal with the COVID-19 pandemic. However, it is the first time that this part of the Epidemic Act has been implemented on a large scale.
- d) Range, duration and conditionality: Employees who have been formally put into quarantine via an official notification by the responsible district administrative authority (*Bezirksverwaltungsbehörde*) because of being sick with COVID-19, or for having had close contact with an infected person, do not get normal sick pay, but instead receive a refund according to Section 32 of the Epidemic Act (*Epidemiegesetz*). The refund has to be paid by the employer and it has the same level as sick pay, which is equal to the normal salary. The employer – on application – gets the full costs of the refund reimbursed by the Federal Republic. This refund in the first instance has a positive income effect on people put into quarantine without a positive COVID-19 test, as they would not normally meet the criteria for sick pay (as it is not clear if they are actually sick).
- e) Targeted population: This regulation applies to all employees.
- f) Beneficiaries: No related data were publicly available at the time of writing.

2.4 Measures related to health insurance

No important measures have been introduced regarding coverage by health insurance and concerning benefits covered or healthcare baskets. COVID-19 vaccination is free of charge for all people with regular legal residence in Austria. Coverage by health insurance is not a precondition for COVID-19 vaccination.

2.5 Measures related to minimum-income schemes and other forms of social assistance

No substantial changes have been introduced regarding the minimum-income schemes of the federal provinces, called “social assistance” (*Sozialhilfe*) or “means-tested minimum income” (*Bedarfsorientierte Mindestsicherung*). However, some other measures have been taken in order to improve the financial situation of specific groups by special newly introduced transfers and subsidies.

²² See <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010265>.

2.5.1 Corona Familienhärtefonds (Corona family hardship fund)

- a) Short description of the measure: The corona family hardship fund (CFHF) provides financial subsidies for families with children in cases where, due to the COVID-19 pandemic, at least one parent has become unemployed, is on the CSTW, or is self-employed, and has financial difficulties because of the pandemic. This transfer may be granted for a maximum of three months and is subject to means-testing; that is, the total household income may not exceed specific limits. The timeframe of the measure and the related budget have been repeatedly extended. However, the maximum period for which the benefit may be granted (three months) has remained unchanged.²³
- b) Category: Conditional benefit.
- c) Timing: Applications could be made from 15 April 2020, with benefits starting retroactively from March 2020. Currently, it is envisaged that applications may be made until 30 June 2021; but this timeframe may be further extended.
- d) Range, duration and conditionality: CFHF benefits are subject to means-testing and the condition that the financial situation of a family substantially worsened because at least one parent has become unemployed, is on the CSTW, or is self-employed, and has financial difficulties because of the pandemic. Regarding means-testing, the following income thresholds (net per month) apply: €1,600 for a one-parent household with one child; €2,000 for a one-parent household with two children; €2,800 for a one-parent household with three or more children; €2,400 for a couple with one child; €2,800 for a couple with two children; and €3,600 for a couple with three or more children: Universal childcare allowance is not taken into account when calculating the household income.
 The benefit amounts to a maximum of €1,200 per month, depending on household composition. It is calculated according to a weighting system, whereby the applicant has a weight of 1, a second parent 0.6, children aged below 10 0.4, children aged 10-15 0.6, and children over 15 0.8. The sum of the weighting factors applicable for the household is then multiplied by 300, resulting in the total monthly benefit. For example, for a two-parent family with two children aged 10-15 the weighting is 2.8, which results in a benefit of €840 (2.8 times 300).
- e) Targeted population: Families with one or more child²⁴ who face a reduction of income due to unemployment/short-time work, or a substantial reduction of income in the case of unemployment. At the same time the monthly net income may not exceed specific thresholds. It appears that no concrete data on the estimated number of applicants were made publicly available *ex ante*.
- f) Beneficiaries: Up to 20 October 2020,²⁵ benefits from the CFHF had been granted in around 66,200 cases.²⁶ These data, however, do not clearly indicate how many families have actually been granted a benefit, as (theoretically) one family may have submitted more than one successful application between April 2020 and October 2020.²⁷

²³ For more details see: <https://www.bundeskanzleramt.gv.at/service/coronavirus/coronavirus-infos-familien-und-jugend/corona-familienhaerteausgleich.html>.

²⁴ "Child" is defined as a person for whom childcare allowance is granted. Childcare allowance is a universal benefit up to the age of 18, and in the case of continuing education up to the age of 24. To obtain childcare allowance, parents have to have regular residence in Austria.

²⁵ More recent data from official sources did not appear to be publicly available at the time of writing (May 2021).

²⁶ Source: Federal Ministry for Labour, Family and Youth, https://www.parlament.gv.at/PAKT/VHG/XXVII/AB/AB_03267/imfname_845225.pdf.

²⁷ No more recent detailed data were publicly available at the time of writing (May 2021). However, the Austrian Federal Chancellor, Sebastian Kurz, during a parliamentary interpellation on 6 May 2021, said that so far "close to 100,000 families were supported via the corona family hardship fund"; source: https://www.parlament.gv.at/PAKT/PR/JAHR_2021/PK0533/#BR_BRSITZ_00925.

- g) Assuming one application per family, however, 66,200 families would be equivalent to 4.8% of the 1.39 million families with children in Austria in 2019.²⁸
- h) Novelty: The CFHF was newly introduced against the background of the COVID-19 pandemic. It adds to the traditional universal system of family allowances by introducing a specific means-tested benefit, which is – however – strictly limited in terms of the stipulated maximum benefit period.

2.5.2 Familienbeihilfensonderzahlung (Family allowance special payment)

- a) Short description of the measure: In July 2020 it was decided to grant a one-off lump sum transfer for every child, paid together with the universal family benefit in September 2020.
- b) Category: Flat benefit.
- c) Timing: One-off lump sum transfer granted in September 2020.
- d) Amount and duration: The family allowance special payment, amounting to €360 per child, was granted as a one-time lump-sum payment to all children eligible for family allowance in September 2020. Family allowance is generally a universal benefit and not subject to means-testing.

The normal monthly family allowance amounts to between €114 and €165.10 per child, depending on the age of the child. This means that the special payment equals around two to three usual monthly family allowances per child.

- e) Targeted population: All families with children meeting the conditions for family allowance (that is principally the age limits, as family allowance is a universal benefit).²⁹ It is basically granted to all children up to their 18th birthday. For children in continuing education (including apprenticeships), the family allowance may be granted up to the 24th birthday. In 2019, the total number of children for whom family allowance was granted amounted to 1,754,854.³⁰ No related data have so far been made publicly available for 2020.
- f) Beneficiaries: In 2019, the total number of children for whom family allowance was granted amounted to 1,754,854. No related data have so far been made publicly available for 2020. However, the number of recipients does not change to a large degree from one year to the next.³¹ As family allowance is a universal benefit and available for all children up to the age of 18, the coverage rate for this age group is 100%.
- g) Novelty: The measure was specifically introduced in the context of the COVID-19 pandemic, but designed and implemented within the traditional structure of family allowance (target population, universality of the benefit etc.).

²⁸ Source: Statistik Austria, http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_NATIVE_FILE&RevisionSelectionMethod=LatestRelease&dDocName=023080.

²⁹ For more details see: https://www.oesterreich.gv.at/themen/familie_und_partnerschaft/geburt/3/2/2.html.

³⁰ Source: http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_NATIVE_FILE&RevisionSelectionMethod=LatestRelease&dDocName=041163.

³¹ See: http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_NATIVE_FILE&RevisionSelectionMethod=LatestRelease&dDocName=041163.

2.6 Measures related to housing support

2.6.1 *Beschränkung der Rechtsfolgen von Mietzinsrückständen bei Wohnungsmietverträgen* (Limitation of the legal consequences of rent arrears regarding rental agreements for dwellings)

- a) Short description of the measure: Within the “Second federal law on accompanying measures to COVID-19 in the judiciary” (2. *Bundesgesetz betreffend Begleitmaßnahmen zu COVID-19 in der Justiz*³²), dating from the beginning of April 2020, it was decided that from April to June 2020 tenants of dwellings could reduce or suspend rent payments in cases where they had suffered a substantial reduction in income and substantial financial difficulties due to COVID-19. However, the initial regulation stipulated that the related arrears, including 4% interest, should be paid by 31 December 2020, and that late payments could be claimed by the landlord in court after that date. In December 2020 it was decided to further extend the timeframe for late payments resulting from reduced or suspended payments between April and June 2020, by another three months until the end of March 2021. Furthermore, rent arrears resulting from this regulation may not cause a termination of a rental contract for a dwelling and an eviction enacted by the court (*gerichtliche Räumung*) before the end of June 2022.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: For a reduction or suspension of rental payments for dwellings, beginning of April to end of June 2020; for payment of arrears, up to the end of March 2022 (see above).
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: The law does not clearly define what is meant by a “substantial reduction in income”, which means that the targeted population is also not clearly defined. However, it is supposed that this regulation is in any case applicable to people who have become unemployed, who are on short-time work or who face a substantial reduction of income from self-employment due to lockdown measures.
- f) Beneficiaries: No valid data appear to be publicly available on the question of how often tenants of dwellings used the opportunity to reduce or suspend rent payments between April 2020 and June 2020. From a medium-term perspective, the (positive) social impact of this measure appears to be limited, as tenants will in any case have to pay outstanding rents by the end of March 2021 at the latest.
- g) Novelty: This is a new measure, specifically introduced in context of COVID-19.

2.6.2 *Gesetzliches Stundungsrecht von Verbraucherkreditverträgen* (Legal right for deferral of consumer credit agreements)

- a) Short description of the measure: The above-mentioned “Second federal law on accompanying measures to COVID-19 in the judiciary” also enacted a legal right for “deferral of consumer credit agreements”. In more detail, private borrowers have the right to deferral of loan instalments for different types of credit (including for housing) for a maximum of 10 months (between April 2020 and January 2021).³³ The preconditions for such a deferral are, again, a substantial reduction in income and financial difficulties due to COVID-19. It applies to private persons and small

³² See <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20011115>.

³³ For details see: <https://www.arbeiterkammer.at/zahlungsschwierigkeiten> and <https://www.wko.at/branchen/bank-versicherung/coronavirus-appell-an-oesterreichische-banken.html>.

businesses.³⁴ The more detailed conditions of the deferral have to be agreed upon between the debtor and their banking institution, but the debtor cannot be obliged to pay deferred instalments as a one-time payment at the end of the period of the deferral: instead the duration of the credit is extended by the months for which no instalments have been paid. The law is unclear about the issue of whether interest has to be paid or is added to the total of the loan for the time during which instalments were deferred. Reportedly, banking institutions handle this in different ways and consumer protection organisations are currently bringing related cases before the court for legal clarification.³⁵

- b) Category: Neither flat nor conditional benefit.
- c) Timing: Beginning of April 2020 until the end of January 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: natural persons and small businesses facing a substantial reduction of income and financial difficulties due to COVID-19 (i.e. due to unemployment, short-time work, lockdowns, and a decrease in turnover and income of self-employed people and small businesses³⁶).
- f) Beneficiaries: According to information by the banking association, up to the second half of July 2020 the option of a credit moratorium was used for nearly 72,000 loan agreements, with a total credit value of up to €5.9 billion.³⁷ However, no more recent data appeared to be publicly available at the time of writing.

The social impact of the measure appears to be ambiguous. On the one hand, the deferral of credit payments (including loan repayments for housing) reduces current financial burdens. However, the longer credit period – depending on the concrete agreements between debtors and banks – may result in an increase in the total interest to be paid, which may make the loan overall substantially more costly. The issue of interest to be paid or accumulated during deferral of loan repayment is currently subject to legal cases brought before the court by consumer protection organisations, with concrete results still to be awaited.

- g) Novelty: This is a new measure, specifically introduced in context of COVID-19.

2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19

2.7.1 Sonderbetreuungszeit (Special care time)

- a) Short description of the measure: Special care time (SCT) was introduced as a measure to allow employees to look after children aged below 14, disabled relatives or relatives in need of long-term care living at home. The more detailed rules have changed to some degree according to four different phases of SCT. Under the scheme, employees can agree with their employer to take leave where: their children cannot attend school or childcare facilities, due to an officially ordered partial or complete closure of related institutions; facilities for disabled people have been closed by official order or due to a deliberate decision by the facility or due to a decision not to attend such facilities in order to prevent infection; and long-term care at home according to the

³⁴ Small businesses are companies which have fewer than 10 employees and a yearly turnover not exceeding €2 million.

³⁵ See <https://www.trend.at/branchen/bonitaet/sozialministerium-hilfe-kreditstundung-11881228>.

³⁶ Small businesses are companies which have fewer than 10 employees and a yearly turnover not exceeding €2 million.

³⁷ Source: <https://www.derstandard.at/story/2000119237649/die-stundung-der-kreditraten-bringt-statt-entlastung-zusatzkosten>.

Home Care Act (*Hausbetreuungsgesetz*^{38/39}) can no longer be organised as usual. Lay-offs for SCT may take the form of an uninterrupted period of three weeks (since 1 November 2020, for four weeks per year); but other forms of lay-off are also possible (separate weeks, days or half-days).

It is important to stress that, until the beginning of November 2020, employees were not legally entitled to take SCT, but had to reach a voluntary agreement with their employer. Such a legal entitlement was introduced as from 1 November 2020. However, regarding children aged below 14 this legal entitlement only exists if schools or childcare facilities are *completely* closed due to public lockdown or quarantine measures, whereas in Austria even during times of “school lockdowns” and/or “kindergarten lockdowns” these facilities usually continue to offer classes or childcare for the children of parents who cannot manage to organise private childcare. This means that the “legal entitlement” for SCT in these cases is only a theoretical one.⁴⁰

b) Category: Conditional benefit.

c) Timing:

- phase 1 – 16 March 2020 to 31 May 2020;
- phase 2 – 25 July 2020 to 30 September 2020;
- phase 3 – 1 October 2020 to 31 October 2020;
- phase 4 – 1 November 2020 to 9 July 2021.

d) Range, duration and conditionality: During SCT employees receive their usual salary from the employer. The employer gets a partial reimbursement for the related costs from the Federal Republic. Depending on the different phases of SCT, the employer gets a reimbursement amounting to 33.33%, 50% or 100% of the related wage- and non-wage labour costs during SCT, as follows.

- Phase 1 (16 March 2020 to 31 May 2020) and phase 2 (25 July 2020 to 30 September 2020): no legal entitlement for employees; reimbursement for employers of 33.33% of wage- and non-wage labour costs.
 - Phase 3 (1 October 2020 to 31 October 2020): no legal entitlement for employees; reimbursement for employers of 50% of wage- and non-wage labour costs.
 - Phase 4 (1 November 2020 to 9 July 2021): legal entitlement for employees; reimbursement for employers of 100% of wage- and non-wage labour costs.
- Maximum total duration of SCT: four weeks per year.

e) Targeted population: Employees⁴¹ with children aged below 14, or who are looking after disabled relatives, or who are looking after relatives in need for long-care living at home. It appears that no concrete data on the estimated number of applicants were made publicly available *ex ante*.

f) Beneficiaries: The impact of the scheme was rather limited before a legal entitlement to SCT was introduced. Up to the end of August 2020, around 25,300 employees had used SCT, in sum looking after around 29,500 people, of which the vast majority were children aged under 14.⁴² Only 190 people looked after were disabled people, and 110 cases were caused by a need for long-term care. It remains to be seen whether the

³⁸ See <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20005362>.

³⁹ This addresses long-term care at home by privately hired caregivers within the “24 hours care” regime; see: <https://sozialministeriumservice.at/Finanzielles/Pflegeunterstuetzungen/24-Stunden-Betreuung/24-Stunden-Betreuung.de.html>.

⁴⁰ See <https://www.buchhaltungsagentur.gv.at/sonderbetreuungszeit> for more details.

⁴¹ This includes employees in the private and the public sector and also part-time workers, workers with a fixed-term contract, part-time workers and temporary agency workers. Self-employed people are not eligible and no specific related scheme exists for this group.

⁴² In 2019 1,194,279 children aged 0-13 lived in Austria (yearly average). Source: Statistik Austria, http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_NATIVE_FILE&RevisionSelectionMethod=LatestRelease&dDocName=023428.

introduction of a legal entitlement to SCT will increase actual take-up; no recent data were publicly available at the time of writing.

- g) Novelty: This is a new measure, specifically introduced in the context of COVID-19. STC complements other measures that were already in existence before the pandemic, which – however – are solely targeted at employees looking after ill relatives (“paid care leave”: *Pflegefreistellung*).⁴³

⁴³ For details see:

https://www.oesterreich.gv.at/themen/familie_und_partnerschaft/kinderbetreuung/3/Seite.370201.html.

3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with Section 3.4 on debates and recommendations.

3.1 Expected cost of social protection and inclusion measures

Table 1 gives an overview of the actual costs that resulted for public budgets up to the beginning of 2021 from the measures described in Section 2. The measures which have cost the most (as a percentage of 2019 GDP) are the CSTW (1.38%) and tax deferrals and instalment agreements (0.62%) (see Table 1). However, outstanding taxes will have to be paid later. Other measures causing rather high costs are the HF (0.23% of 2019 GDP), the family allowance special payment (0.16%) and the FCS (0.15%).

Table 1: Costs of social protection and inclusion measures for public budgets

Measure	Actual costs 2020 (€ and % 2019 GDP)
One-off payments according to the Unemployment Insurance Act	September-December 2020: €365.3 million (0.09%*)
Temporary increase in UA to level of UB	€90 million (0.02%)
CSTW	€5.5 billion (1.38%) Total allocated funds for completed and ongoing CSTW projects (data from January 2021): €10.2 billion (2.57%)
Reimbursements of wage costs for quarantined workers	N.A.
CFHF	€129.6 million (0.03%)
HF (for self-employed people and small businesses)	Up to 15 January 2021: €931.6 million (0.23%)
FCS	Applications accepted up to 18 January 2021: €597.4 million (0.15%)
Deferments and instalment agreements for taxes	Reduced income tax prepayments: €1.1224 billion (0.28%) Deferments and instalment agreements: €2.479 billion (0.62%)
Family allowance special payment	September 2020: €665.3 million (0.16%)
Limitation of legal consequences of rent arrears regarding rental agreements for dwellings	0
Legal right for deferral of consumer credit agreements	0
SCT	€8.6 million (0.002%)

Source: Federal Ministry of Finance (2021a) and own calculations.

* Austria's GDP in 2019 was €397.575 billion (Statistik Austria,

http://www.statistik.at/web_de/statistiken/wirtschaft/volkswirtschaftliche_gesamtrechnungen/index.html).

3.2 Impact on the social protection system and on social inclusion policies

All of the measures described in this report are of a temporary nature and will in all likelihood not turn into more permanent ones. Overall, the Austrian government has turned out to be extremely reluctant to take measures which could contribute to a more structural or long-term reshaping of the social protection system and social policies.

The CSTW clearly substantially mitigated the increase in unemployment caused by the pandemic and related lockdown measures. Nonetheless, registered unemployment in Austria reached 473,300 in May 2020, 70% higher than in May 2019 (equal to an increase of around 195,000). In January 2021 the number of unemployed people was still around 32% higher than in January 2020 (equal to an increase of around 113,000).⁴⁴ However, calculations by the Austrian PES (AMS 2021), taking into account the actual amount of working time reduction within the CSTW, show that unemployment without the scheme would have been higher by another 570,000 people in April 2020, by another 374,000 in May 2020, and by around 117,000 in November 2020. It therefore appears that the CSTW strongly mitigated the increase in unemployment, and to a large degree stabilised the income of the workforce.

3.3 Remaining gaps in the social protection system and social inclusion policies

The Austrian government has tried to mitigate the adverse social consequences of the COVID-19 pandemic by applying temporary ad hoc measures, which have been repeatedly revised and extended. In doing so, it has not addressed more structural weaknesses and challenges of different strands of the Austrian system of social protection. What especially has to be mentioned in this context is the financial situation of unemployed people: it is evident that the Austrian unemployment insurance system grants rather low wage-replacement rates for some groups compared with other countries. This especially holds true for people who become unemployed after having received a comparatively low income from employment. Related challenges concern the minimum-income schemes administered by the federal provinces; substantial disparities exist between the different provinces, with problems of accessibility and adequacy in all of them. The government of the Federal Republic has remained reluctant to put this issue on the political agenda, presumably due to incompatible positions held by the two coalition parties in government (the conservative ÖVP and the Greens).

Another point is the social and financial situation of solo self-employed people and other small businesses. Here, empirical evidence on the actual impact of the COVID-19 pandemic, and the appropriateness of the public subsidies made available for this group, is still very limited.

3.4 Debates and recommendations

Political debates about possible reforms regarding the social protection system and social inclusion policies have in the first instance concentrated on unemployment insurance. The opposition Social Democrats and the trade unions, in particular – but also the right-wing Freedom Party – have asked for a general increase in the wage-replacement rate of unemployment benefits. The Greens have repeatedly signalled that they would also be in favour. Such a reform has, however, been rejected by the ÖVP.

⁴⁴ Source: Austrian PES via their online database: <http://iambweb.ams.or.at/ambweb>.

Interestingly, the issue of minimum-income schemes in the form of social assistance has not been broadly addressed in political debates. Only civil society organisations have repeatedly stressed that the minimum-income schemes of the federal provinces do not provide sufficient benefits, and that the system generally lacks nationwide co-ordination and/or harmonisation. Financial subsidies for companies and self-employed people have generally been supported by all political players, and the issue of the future financing of the public deficits arising from these measures has only rarely been addressed.

Overall, it appears that the COVID-19 pandemic and its social consequences have hitherto not led to a more substantial and profound debate about the strengths and weaknesses of the Austrian system of social protection and social inclusion policies in the wider sense.

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ANNEX: ADDITIONAL POLICY MEASURES

Lockdown Umsatzensatz November/Dezember 2020 (Lockdown turnover compensation (LTC) November/December 2020).

a) Short description of the measure: The Austrian government has enacted a number of different programmes targeted at companies, in order to mitigate the adverse economic effects of the COVID-19 pandemic and of measures to restrain the pandemic.⁴⁵ However, most of these programmes only have an indirect effect on job protection and job retention, as financial support for companies in most cases is not conditional on not undertaking job cuts. The two exceptions to this are the CSTW and “lockdown turnover compensation” (LTC). The latter was granted to companies under specific circumstances in November and December 2020, subject to the condition that they *may not dismiss employees while receiving it*.

LTC was introduced against the background of the second strict lockdown, which began on 3 November 2020 and was tightened further from 17 November. Under the scheme, restaurants, hotels and other tourism businesses were granted 80% of their turnover in the preceding year for the period 3 November to 6 December 2020, and 50% for the period 7 December to 31 December.⁴⁶ For retail shops closed due to the lockdown, turnover compensation varied between 20% and 60% for 3 November to 6 December 2020, and between 12.5% and 37.5% for 7 December to 31 December (depending on the specific trading sector⁴⁷). This (overall rather generous) compensation could be combined with other subsidies and with the CSTW. Total costs for subsidies paid and pending under this measure amounted to €3.25 billion (data from 15 April 2021) (Federal Ministry of Finance 2021b).

b) Targeted population: Companies and employees in the tourism and retail trade sectors.

c) Timing: November and December 2020.

d) Novelty: It was a novelty to make financial support for companies conditional on not dismissing employees.

Social impact and relevance

a) Conditional benefit: As already mentioned above, the Lockdown Turnover Compensation (LTC) was – besides the CSTW – the only subsidy targeted at companies/employers which was conditional on them not dismissing employees while they were receiving it. In this sense LTC directly contributed to job retention. Depending on the sector and time period involved, LTC amounted to between 12.5% and 80% of the turnover of the preceding year. Furthermore, LTC could be combined with other subsidies targeted at companies and also with the CSTW.

b) Estimated number of people targeted and/or applicants: It appears that no concrete data on the estimated number of applicants were made publicly available *ex ante*.

c) Number of recipients: Applications for LTC could be made up to 20 January 2021. By 18 January around 115,500 companies had made an application for November 2020, and around 95,000 for December 2020. These applications in total sought subsidies of €2.25 billion for November 2020 and €1.05 billion for December 2020 (Federal Ministry of Finance 2021a). . This measure in all likelihood contributed substantially to stabilising employment during the second strict lockdown starting in November 2020. However, hitherto no more detailed assessment has been made available of the likely concrete size of these positive effects.

⁴⁵ For an overview see <https://www.wko.at/service/corona-hilfspaket-unternehmen.html> and <https://www.bmf.gv.at/public/informationen/corona-hilfsmassnahmen.html>.

⁴⁶ For details see: <https://www.cofag.at/umsatzersatz.html>.

⁴⁷ For details see: <https://www.umsatzersatz.at/anhang2>.

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