

National Recovery and Resilience Plan: Austria Verena Vinzenz*

Abstract

Austria's recovery and resilience plan (RRP) was officially adopted by the Council on 13 July 2021. While its main focus lies on implementation of the so-called 'green' and 'digital transitions', the Austrian RRP also contains a number of reforms and investments that directly impact the labour market. The goal of this article is to explore these implications and put them in the context of the European Pillar of Social Rights and the annual country-specific recommendations issued by the European Commission.

Keywords: NGEU, Austrian RRP, Covid-19 pandemic, European Pillar of Social Rights, Social Scoreboard, Country-specific recommendations, European Semester.

1. Austria's position on NextGenerationEU.

Austria, together with Denmark, the Netherlands and Sweden, made up the so-called "frugal four", an informal grouping of fiscally conservative Member States. The "frugal four" advocated for tight fiscal policies and against a large distributive European budget and collective EU debt. As might have been expected, the implementation of the NextGenerationEU (NGEU) recovery plan was initially controversial in Austria. For instance, on 17 June 2020 then finance minister Gernot Blümel reiterated the Austrian federal government's rejectionist stance. He found the plans insufficiently precise and feared they would result in a disproportionate burden on Austrian taxpayers. In contrast, a number of other political parties in the Austrian parliament – namely the Social Democratic Party of Austria (SPÖ), the New Austria and Liberal Forum (NEOS) and the Greens – made an

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immediate and clear commitment to a “united Europe based on solidarity”, supporting NGEU from the outset.¹

On 1 July 2020, German ambassador to Austria Ralf Beste presented a set of adapted plans issued by the European Council regarding NGEU to the EU Committee of the Austrian Federal Council (*Bundesrat*). The councillors welcomed this proposal, especially the humanitarian aid it included, and hoped for its rapid implementation.² Based on these adapted plans, on 9 July 2020 then Austrian Prime Minister Sebastian Kurz declared his general approval of all European measures planned in response to the economic consequences of the Covid-19 pandemic. Much like Finance Minister Blümel, however, he also stated that a very firm commitment was necessary to ensure that conditionalities be attached to the disbursement of funds, that the relationship between grants and loans be sufficiently balanced, and repayment clarified.³ Caroline Edstadler, at the time Minister for the EU and the Constitution, declared that Austria was prepared to make a “solidarity contribution” within the framework of NGEU in order to emerge from the Covid-19 crisis. She also specified, however, that all measures adopted by the European Union would have to be short-term and clearly conditional. An approach under which Member States would be held liable for debts of other Member States would not be supported.⁴

Austria formally submitted its national RRP on 30 April 2021, and on 21 June 2021 the European Commission gave the green light.⁵ The RRP was officially adopted by the Council on 13 July 2021.

2. The Austrian RRP: the green and digital transitions.

Austria originally requested a total amount 3.46 billion euros (€) in grants (but no loans).⁶

As part of the allocations within the RRP is based on current economic data (as laid out in the updated Eurostat outturn data), the maximum financial contribution was revised upwards on 30 June 2022, so that Austria will now receive a total of €3.75 billion in grants.⁷

¹ Parliamentary Correspondence PK0628, https://www.parlament.gv.at/PAKT/PR/JAHR_2020/PK0628/index.shtml, accessed 15 July 2022.

² Parliamentary Correspondence PK0722, https://www.parlament.gv.at/PAKT/PR/JAHR_2020/PK0722/index.shtml, accessed 15 July 2022.

³ Parliamentary Correspondence PK0781, https://www.parlament.gv.at/PAKT/PR/JAHR_2020/PK0781/index.shtml, accessed 15 July 2022.

⁴ Parliamentary Correspondence PK0768, https://www.parlament.gv.at/PAKT/PR/JAHR_2020/PK0768/index.shtml, accessed 15 July 2022.

⁵ European Commission, Press release IP/21/3052, *Next Generation EU: European Commission endorses Austria's recovery and resilience plan*, https://ec.europa.eu/commission/presscorner/detail/en/ip_21_3052, accessed 15 July 2022.

⁶ Recovery and Resilience Scoreboard, https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/country_overview.html?lang=de, accessed 15 July 2022.

⁷ Commission note to the Council and European Parliament, RRF: *Update of the maximum financial contribution*, https://ec.europa.eu/info/sites/default/files/2022_06_30_update_maximum_financial_contribution_rrf_grants.pdf, accessed 15 July 2022.

The European Commission has already disbursed €450 million in a pre-financing payment.⁸

The Austrian RRP focuses on four broad areas of relevance (or components), namely (1) Sustainable recovery, (2) Digital recovery, (3) Knowledge-based recovery, and (4) Just recovery.⁹ These four components are further divided into 16 subcomponents, which include 59 measures, 27 reforms and 32 investments, as well as 106 milestones and 65 targets.

Component	Costs (EUR million)
<i>1. Sustainable recovery</i>	
1.A Renovation wave	209
1.B Eco-friendly mobility	849
1.C Biodiversity and circular economy	350
1.D Transformation to climate neutrality	100
<i>2. Digital recovery</i>	
2.A Broadband expansion	891
2.B Digitalisation of education	172
2.C Digitalisation of the public administration	160
2.D Digitalisation and ecological transformation of businesses	605
<i>3. Knowledge-based recovery</i>	
3.A Research	212
3.B Reskilling and upskilling	277
3.C Education	129
3.D Strategic innovation	250
<i>4. Just recovery</i>	
4.A Health	125
4.B Resilient municipalities	104
4.C Arts and culture	67
4.D Resilience through reforms	0

2.1. Main reforms and investments.

The main focus of the Austrian RRP lies with the so-called green transition, as 59 per cent of the plan supports climate objectives. As pointed out by the European Commission, Austria's challenges regarding the green transition include the need "to improve the pricing of greenhouse gas emissions, reduce transport-related emissions and making the building sector more energy-efficient, all while taking account of regional economic implications and

⁸ European Commission, *NextGenerationEU: European Commission disburses € 450 million*, Press Release, Brussels, 28 September 2021, https://ec.europa.eu/commission/presscorner/detail/en/ip_21_4067, accessed 15 July 2022.

⁹ General Secretariat of the Council, *Annex to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Austria*, 2021/0162 (NLE), 1.

cohesion”.¹⁰ The flagship initiative contained in component 1 of the Austrian RRP is an eco-social tax reform, which introduces a price for CO₂ emissions on fossil energy sources and a climate bonus. Another principal goal, towards which 53 per cent of the reform plans are directed to, is the digital transition.¹¹ The European Commission named a number of specific digital challenges for Austria, including “the need to improve the population’s basic digital skills, adopting digital technologies, especially in smaller companies and widening very high speed broadband coverage”. Measures included in component 2 of Austria’s RRP are intended to address these issues, namely by investing €891 million in fast internet connections or providing digital end devices, such as tablets, to all Austrian high school students.¹² Lastly, the Austrian RRP aims to reinforce economic and social resilience.¹³ Austria defined the need to make taxes more efficient and more supportive of inclusive and sustainable growth as one of its key macroeconomic challenges. Therefore, the Austrian RRP includes investments and reforms in the areas of education and skills, health care, business environment, and research and innovation. The beacon project presented by the Austrian government in this area of focus is the so-called “one-stop shop for the long-term unemployed”.¹⁴

2.2. Impact of the reforms on the labour market.

Reforms with a likely impact on the labour market are included primarily in component 3 (Knowledge-based recovery), more precisely in subcomponent 3.B, entitled “reskilling and upskilling”.

This subcomponent aims to address the labour market integration of low skilled workers by reskilling and upskilling, in order to prepare for future challenges. Therefore, the first reform directly related this goal is the so-called “education bonus”. This measure consists of a “top-up”, that is, an additional payment on top of the unemployment benefits provided by the Austrian Unemployment Insurance Act (AIVG). The education bonus aims to reduce the risk of participants dropping out of school without qualifications. The education bonus is considered a “milestone”, and Austria defines the provision’s entry into force as its main qualitative indicator.

Austria has already achieved this milestone with the implementation of the education bonus in sec 20 of the Austrian Unemployment Insurance Act,¹⁵ the reform having entered

¹⁰ European Commission, *Austria’s recovery and resilience plan – overview*, https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/austrias-recovery-and-resilience-plan_en, accessed 15 July 2022.

¹¹ *Ibidem*.

¹² <https://www.bundeskanzleramt.gv.at/eu-aufbauplan/projekte/notebooks-und-tablets-fuer-digitales-lehren-und-lernen.html>, accessed 15 July 2022.

¹³ European Commission, nt. (10).

¹⁴ *Ibidem*.

¹⁵ BGBl I 2021/158, https://www.ris.bka.gv.at/Dokumente/BgblAuth/BGBLA_2021_I_158/BGBLA_2021_I_158.html, accessed 15 July 2022.

into force on 31 December 2021. According to sec 20 para 7 of the Austrian Unemployment Insurance Act, the education bonus consists of €4 per day if a training measure was commissioned by the Public Employment Service and its duration is at least four months. In order to ensure the effectiveness of the measure, Austria set a target, namely for 40,000 people to receive the education bonus by Q4 2021. Subcomponent 3.B also contains an investment, the so-called “promotion of reskilling and upskilling” (3.B.2). Again, it is aimed specifically at already unemployed people and “consists of funding of reskilling and upskilling measures related to basic qualifications, electronics and digital technologies, nursing, social and caring professions, environment/sustainability, project oriented transitional workplaces, as well as youth coaching”.¹⁶ The investment concentrates on offering flexible training methods and focuses directly on supporting women. Implementation of the investment is divided into a milestone – consisting solely of annual reports – to be completed by Q1 2022, and a target, namely a total of 94,000 people who are supposed to benefit from the re- and upskilling measures by Q4 2024.¹⁷ The estimated costs for both measures contained in subcomponent 3.B total €335.6 million, of which the European Union has agreed to bear €227 million.¹⁸

Subcomponent 3.C (“education”) contains one investment directly relevant to the labour market (3.C.3). This investment focusses on strengthening elementary education and expanding childcare facilities. The Austrian government found that there is a need for improvement as the Barcelona goal (namely that 33 per cent of all three-year old children should have access to childcare) has not been met.¹⁹ The objective of the investment is thus to expand the provision of child-care facilities, particularly for the under threes, and to extend hours for three - to six years old to facilitate the reconciliation of work and family life. The Austrian government also stated that the expansion of elementary education and child-care facilities is crucial for improving the compatibility of family life and work. The investment contains two targets. The first is to improve child-care rates for children under three years of age by 1 percentage point per *Land* and year, with a total increase of 5 percentage points by Q4 2023; and the second is to increase the rate of early childhood education for children aged three to six by Q4 2023. The estimated amount needed to realize this goal is €142.5 million, of which the RRF will fund €28.4 million.²⁰

Component 4 (Just Recovery) also includes a number of reforms and investments that are of particular importance for the labour market and central to ensuring social protection/welfare. Firstly, subcomponent 4.B, which is entitled “resilient municipalities”,

¹⁶ Council of the European Union, *Annex to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Austria*, 10159/21 ADD 1, 54.

¹⁷ Council of the European Union, *Annex to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Austria*, 10159/21 ADD 1, 57.

¹⁸ Federal Ministry of Finance, *Österreichischer Aufbau- und Resilienzplan 2020–2026 [Austrian RRP 2020–2026]*, 1; Federal Ministry of Finance, *Anhang zum Österreichischen Aufbau- und Resilienzplan 2020–2026 [‘Annex to the Austrian RRP 2020–2026’]*, 348 f. See <https://www.oesterreich.gv.at/nachrichten/allgemein/EU-Aufbauplan.html> for both documents.

¹⁹ Federal Ministry of Finance, *Anhang zum Österreichischen Aufbau- und Resilienzplan 2020–2026 [‘Annex to the Austrian RRP 2020–2026’]*, 375.

²⁰ *Ibidem*, 11.

contains nothing less than an Austrian government commitment to further develop care provision, especially long-term care (reform 4.B.2). The reform is intended to serve as preparation for a long-term care reform starting in 2024,²¹ as Austria is faced with an ageing demographic, which will increase the utilisation of nursing and care services over the coming years. Therefore, the RRP focusses mainly on preparatory steps for this upcoming long-term care reform with the establishment of a “care taskforce”. As a consequence, no funds were requested for the reform.²²

Finally, subcomponent 4.D, which is entitled “resilience through reforms”, contains two measures directed at increasing equal treatment between women and men. Reform 4.D.2. aims to increase the effective retirement age by reducing incentives for early retirement. It introduces the so-called “early starter bonus”, which provides that people will receive €1 on top of their actual pension for each month that they worked between the ages of 15 and 20, or up to €60 per month or up to €840 per year (assuming the thirteenth and fourteenth salary is included).²³ With this reform, Austria addresses a country-specific recommendation (CSR) on addressing pension system sustainability (see below). The early starter bonus, as laid out in sec 262a General Social Security Act (ASVG), entered into force on 1 January 2022. The second reform contained in this subcomponent is so-called “pension splitting” (reform 4.D.3). The reform aims to “mitigate the effect of interrupted employment histories e.g. due to childcare responsibilities, on old-age pension rates”,²⁴ and consists of the introduction of automatic pension splitting for couples with children. In addition, voluntary pension splitting will also be available for every form of partnership and regardless of parenthood. Lastly, subcomponent 4.D also introduces reform 4.D.10, the so-called “labour market one-stop shop” mentioned above. The objective of the measure is to provide targeted support for bringing long-term unemployed facing multiple barriers back into the labour market. The coordinated support is expected to help to address those multiple barriers and facilitate access to qualifications and training. The one-stop shop will be set up in close cooperation with the social partners and the *Länder*, and should coordinate and facilitate access to the appropriate services of different support institutions. For both measures included in subcomponent 4.D, Austria has requested no grants from NGEU.

²¹ Council of the European Union, *Annex to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Austria*, 10159/21 ADD 1, 75.

²² Federal Ministry of Finance, *Anhang zum Österreichischen Aufbau- und Resilienzplan 2020–2026* [*Annex to the Austrian RRP 2020–2026*], 492.

²³ Federal Ministry of Finance, *Anhang zum Österreichischen Aufbau- und Resilienzplan 2020–2026* [*Annex to the Austrian RRP 2020–2026*], 565.

²⁴ Council of the European Union, *Annex to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Austria*, 10159/21 ADD 1, 89.

3. Social and labour dimensions in the RRP.

3.1 Assessment by the European Commission.

The European Commission assessed Austria's RRP based on 11 criteria set out in the Regulation.²⁵ For instance, the European Commission had to assess whether the measures adopted have a lasting impact; whether the challenges identified in the country-specific recommendations were addressed by the measures; or whether the milestones and targets were clear and realistic.²⁶ The European Commission's assessment thus resulted in a rating of the individual criteria. All criteria were rated A, except for criterion 2.9, which was rated B.²⁷ Overall, the European Commission found that the Austrian RRP "represents a comprehensive and adequately balanced response to the economic and social situation of Austria, thereby contributing appropriately to all six pillars referred to in the RRF Regulation".²⁸

On 23 May 2022, the European Commission published its annual Country Report for Austria, in which it took stock of the implementation of the Austrian RRP. It also assessed Austria's progress with implementing the European Pillar of Social Rights and achieving the EU headline targets on employment, skills and poverty reduction (the so-called "social scoreboard"). Regarding the RRP, the Commission summarised that Austria is making progress especially in implementing reforms contained in components 1 and 2 of the RRP, therefore focusing on green investments and reforms. The introduction of a CO₂ price or the launch of a nationwide flat-rate public transport ticket was explicitly highlighted by the Commission. Also, a number of "key deliverables" were outlined that should be implemented within the next 12 months, such as the provision of broadband access to 46 per cent of households.²⁹ The European Commission also found, however, that Austria will face a number of additional challenges not sufficiently covered in the RRP. Among these, long-term care is explicitly mentioned. The Commission calculated that the cost of long-term care is expected to soar by up to 30 per cent within the next eight years. While a comprehensive reform of the long-term care system was announced well before the Covid-19 pandemic, its implementation is still pending. The Commission also addressed the fact that Austria's healthcare and pension systems are facing permanent structural challenges

²⁵ Regulation 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility, L 57/17.

²⁶ European Commission, *Questions and answers: European Commission endorses Austria's recovery and resilience plan*, Questions and answers, Brussels, 21 June 2021, https://ec.europa.eu/commission/presscorner/detail/en/QANDA_21_3122, accessed 15 July 2022.

²⁷ Summary of the assessment of the Austrian recovery and resilience plan, https://ec.europa.eu/info/sites/default/files/at_rrp_summary.pdf, accessed 15 July 2022.

²⁸ European Commission, nt. (26).

²⁹ European Commission, *Commission staff working Document 2022 Country Report – Austria*, SWD (2022) 601 final, 9, Brussels, 23 May 2022.

because of population aging. A raising of the statutory retirement age was outlined as a possible solution to this problem.³⁰

3.2 The Austrian RRP and the European Pillar of Social Rights.

The Austrian RRP responds directly to several targets laid out in the European Pillar of Social Rights. Chapter I (equal opportunities and access to the labour market) includes four principles, principle 1 being “education, training and life-long learning”.³¹ This principle is further defined in the European Skills Agenda,³² which in turn declares one of its numerous objectives for 2025 as increasing the participation of low-qualified adults in learning, as well as increasing the share of unemployed adults aged 25–64 with recent learning experience.

As already specified, subcomponent 3.B of the Austrian RRP addresses exactly this principle, entrenched in the European Pillar of Social Rights, as it includes measures of reskilling and upskilling in order to better integrate low-qualified and unemployed adults into the labour market. For instance, the Austrian RRP introduced a so-called “education bonus”.

The most recent press release by the Ministry of Labour, dating back to 2 December 2021, shows that the measure, which was originally intended to last only until 31 December 2021, has now been extended until the end of 2022. As of December 2021, around 36,100 people had benefitted from the education bonus, thus only narrowly missing the target that Austria set itself of 40,000 people by Q4 2021.³³ Secondly, the Austrian RRP also aims to ensure the preconditions for re- and upskilling (investment 3.B.2, please refer above for more detailed information), with a target of having at least 94,000 people pass through some kind of re and upskilling measure by Q4 2024. For purposes of completeness, it may be added that the European Pillar of Social Rights also includes principle 13, entitled “unemployment benefits”, under which the above-mentioned measures could also be classified. Principle 13 is also explicitly addressed by reform 4.D.10 of the RRP, the labour market one-stop shop, also previously mentioned.

The measures included in subcomponent 3.C of the Austrian RRP correspond to principle 11 of the European Pillar of Social Rights, entitled “childcare and support for children”, which is part of Chapter III (social protection and inclusion). This principle states that all children have the right to affordable early childhood education. As described above, investment 3.C.3 aims to do just that by expanding elementary education for under

three years old and three to six years old by Q4 2023 in order to meet the Barcelona target of 33 per cent of all children under the age of three to have access to elementary education/child-care services.

³⁰ *Ibidem*.

³¹ See <https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/> (accessed 15 July 2022) for more detailed information on the European Pillar of Social Rights.

³² For more information on the European Skills Agenda, its actions and objectives, see <https://ec.europa.eu/social/main.jsp?catId=1223&langId=en>, accessed 15 July 2022.

³³ Federal Ministry of Labour, Press release, 2 December 2021.

The Austrian RRP also addresses principle 18 of the European Pillar of Social Rights, which focusses on long-term care. According to principle 18, everyone has the right to affordable long-term care services of good quality, in particular homecare and community-based services. This corresponds to reform 4.B.2 of the Austrian RRP, which aims to further develop care provisions in the long-term care sector. As mentioned above, reform 4.B.2 aims mainly to prepare a long-term care reform starting in 2024, and therefore the roll-out of changes in long-term care provisions will take place only after 2024.

Lastly, principle 15 (old-age income and pensions), which aims to ensure that women and men will have equal opportunities to acquire pension rights, is a focus of the Austrian RRP through the implementation of reforms 4.D.2, the early starter bonus, and 4.D.3, pension splitting.

In terms of the social scoreboard, which is an Annex to the European Pillar of Social Rights,³⁴ we may summarise that the Austrian RRP to some extent focusses on all three aspects, namely equal opportunities, fair working conditions and social protection and inclusion. The main vision of the Austrian RRP, however, and what most of the resources will be directed towards, is still the green and digital transitions.

In summary, the Commission found that Austria is performing well on most dimensions of the European Pillar of Social Rights, but some challenges remain, especially regarding the underused potential of women, low-qualified workers, older workers and people with a migrant background.³⁵

3.3 The Austrian RRP and implementation of the CSR.

The annual CSR regularly point out areas that Austria should focus on in the upcoming years. One of its central points of criticism, which is repeated from year to year, is that the Austria tax system relies on a complex fiscal federalism, which hampers fiscal transparency and political accountability. It is also characterised by a high burden on labour.³⁶ In 2022, the Commission acknowledged that the eco-social tax reform – which was introduced as a beacon project by the Austrian RRP – “is a step in the right direction”, but that there is still room for improvement. For instance, the Commission recommends that Austria “reduce non-wage labour costs to boost job creation and labour supply, especially for low-income earners”.³⁷

³⁴ See <https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/#annex2>, accessed 15 July 2022.

³⁵ European Commission, *Recommendation for a Council Recommendation on the 2022 National Programme of Austria and delivering a Council opinion on the 2022 Stability Programme of Austria*, COM (2022) 601 final, 8.

³⁶ For 2019, see: Official Journal of the European Union, *Council Recommendation of 9 July 2019 on the 2019 National Reform Programme of Austria and delivering a Council opinion on the 2019 Stability Programme of Austria*, 2019/C 301/20, 119. For 2022, see: European Commission, *Recommendation for a Council Recommendation on the 2022 National Programme of Austria and delivering a Council opinion on the 2022 Stability Programme of Austria*, COM (2022) 601 final, 7.

³⁷ European Commission, *Recommendation for a Council Recommendation on the 2022 National Programme of Austria and delivering a Council opinion on the 2022 Stability Programme of Austria*, COM (2022) 601 final, 7.

In terms of the social and labour dimensions, the CSR 2019 noted that “the untapped potential of human capital is hampering productivity and long-term growth”. While the female employment rate stands well above the EU average, the number of women in full-time employment remains rather low. Austria’s female part-time rate is well above the EU average and has even risen in the past couple of years (2018: Austria 47.6 per cent, EU 33.8 per cent; 2021: Austria 49.9 per cent, EU 28.3 per cent). The limited supply of affordable, high-quality childcare is identified as a major hindrance for women wishing to participate more actively in the labour market, therefore the Commission requests that Austria should increase the supply of quality childcare.³⁸ In 2022, the European Commission repeats this recommendation, stating that women’s labour market participation “would benefit from the improved availability of quality early childcare facilities”.³⁹

The integration of other disadvantaged groups – such as people with a migrant background or low-skilled workers – into the labour market is also an area of focus. The European Commission took note that the promotion of reskilling and upskilling measures included in the Austrian RRP will address these challenges by supporting training for low-skilled workers and the long-term unemployed. The Commission pointed out, however, that the measures do not fully address the underlying problems of people with a migrant background and low-skilled workers. Therefore, educational outcomes for these groups need to be improved much earlier in life. Also, a need remains for additional retraining and lifelong learning opportunities for workers of all ages.⁴⁰

Another recommendation of the CSR 2019 was to reduce the so-called pension gap. The Council suggested that Austria should aim to close the gap between the statutory and the effective retirement ages and promote longer working lives. It should also strive to adjust the minimum age for both early and statutory retirement to help improve long-term sustainability.⁴¹ In 2020, when the Covid-19 pandemic held centre stage, retirement was not explicitly addressed by the CSR 2020. However, the Commission recommendation reiterated that the reforms mentioned in the CSR 2019 are essential and that those recommendations “remain pertinent and will continued to be monitored”.⁴² In 2022, the European Commission concluded that “the long-recognised challenge related to the gender pension gap is being partially addressed”⁴³ in the Austrian RRP.

Finally, in 2022 the European Commission acknowledges that “public expenditure for long-term care is expected to soar by up to 30% in the next eight years. In addition to demographic developments, the need for more intensive care due to old age-related illnesses is also expected to play a role in pushing up the costs of long-term care.”

³⁸ *Ibidem*, 8.

³⁹ *Ibidem*.

⁴⁰ *Ibidem*, 9.

⁴¹ Official Journal of the European Union, *Council Recommendation of 9 July 2019 on the 2019 National Reform Programme of Austria and delivering a Council opinion on the 2019 Stability Programme of Austria*, 2019/C 301/20, 119.

⁴² European Commission, nt. (37), 6.

⁴³ *Ibidem*, 8.

The Commission recognised that the Austrian RRP (reform 4.B.2.) announced a comprehensive reform of the long-term care system, but that its implementation was still pending.⁴⁴

4. Reception of the Austrian RRP

In 2022, the European Commission pointed out that “Austria’s strong social protection system and extensive policy measures have limited the social impact of the COVID-19 pandemic”.⁴⁵ Thereby, the Commission did not identify Austria as one of the Member States for which an in-depth review would be needed.⁴⁶

Within Austria, however, the RRP was reviewed and discussed much more heatedly.

Leading up to the implementation of the Austrian RRP, the Austrian government chose to directly involve interested parties, such as the social partners, local and regional authorities, NGOs and other relevant stakeholders by giving them the opportunity to voice their opinions in a consultation process. The consultation process was initiated by a “kick-off event” on 26 January 2021, to which representatives of the Austrian ministries, *Länder* and municipalities, as well as several NGOs were officially invited. In accordance with sec 18 para 4(q) of Regulation 2020/241, participation in public consultations via e-mail was possible until 26 February 2021.⁴⁷ According to the Austrian Social Democratic Party, however, the implementation process from this point onward was neither transparent nor comprehensible to the public. Austria was one of the last countries to submit its draft reconstruction plan or the final version. Thereby, a broad, substantive discussion about the draft of the RRP was, at least according to opposition parties, not possible.⁴⁸ The Austrian Freedom Party (FPÖ) even went so far as to demand the rejection of NGEU altogether.⁴⁹

The Chamber of Labour also criticised the involvement of the social partners in the preparations of the plans. While the Chamber of Labour was invited for a discussion with the (then) Federal Minister *Caroline Edstadler*, they stated that this was no substitute for a broad dialog with experts from the social partners.⁵⁰

The “Momentum Institut”, an Austrian thinktank, issued an analysis of the Austrian RRP in 2021.⁵¹ It found that “only 4% of the total investment volume went to completely new

⁴⁴ *Ibidem*, 7.

⁴⁵ *Ibidem*, 8.

⁴⁶ *Ibidem*, 2.

⁴⁷ Inquiry response 6427/AB,

https://www.parlament.gv.at/PAKT/VHG/XXVII/AB/AB_06427/imfname_986918.pdf, accessed 15 July 2022.

⁴⁸ Parliamentary inquiry 8613/J XXVII. GP,

https://www.parlament.gv.at/PAKT/VHG/XXVII/J/J_08613/fnameorig_1013710.html, accessed 15 July 2022.

⁴⁹ Parliamentary Correspondence PK0503,

https://www.parlament.gv.at/PAKT/PR/JAHR_2021/PK0503/index.shtml, accessed 15 July 2022.

⁵⁰ <https://www.arbeiterkammer.at/wiederaufbaufonds>, accessed 15 July 2022.

⁵¹ Dammerer Q., Hehenberger A., Huber A., Muckenhuber M., Picek O., Tölgyes, J., *EU-Wiederaufbauplan: Wenig wirklich Neues*, Momentum Institut, Studie 02, 2021.

projects and measures. The remainder was either already being implemented or at least expressly mentioned in the government program”.⁵² The authors of the survey also concluded that 17% of funding, was targeted towards job holders and families, whereas the majority was directed towards infrastructure. While the specific allocation of funds to measure in the government program was regarded as fundamentally positive, the authors of the survey concluded that an “opportunity to invest additional/new money was partially missed” and that “unemployment, loss of income, loss of education and other effects weigh on a sufficient, lasting revitalisation of the economy”⁵³ after the end of the COVID-19 pandemic.

5. Conclusions

With its RRP, Austria decided to take up the main emphasis of the NGEU, thus “making Europe healthier, greener and more digital”.⁵⁴ Therefore, the main focus of the Austrian RRP lies within its first two components, sustainable recovery and digital recovery.

As shown above, a number of the reforms and investments contained in Austria’s RRP will directly impact the labour market, such as the re- and upskilling, or the one-stop shop for unemployed workers. Austria also decided to directly address the recommendations contained in the 2019 and 2020 CSR by specifically including measures to transform the tax system, enhance childcare and close the pension gap.

The 2022 CSR confirmed that the implementation of the reforms and investments of the Austrian RRP is well under way and that the effect of the implementation of several measures, such as the adoption of an eco-social tax reform or the introduction of a CO₂ price for non-ETS sectors, are already visible. However, the Commission found that certain issues have not been thoroughly addressed in the Austrian RRP and will only increase in importance:

- firstly, Austria will have to focus its attention on reform of the long-term care system, which was announced but is still pending;
- secondly, that Austria is still not doing enough to integrate women, low-qualified workers, older workers and people with a migrant background into the workforce.

The Institute for Advanced Studies (IHS) was commissioned by the Ministry of Finance to conduct an assessment of the economic impact of the reforms and investments contained

https://www.momentum-institut.at/system/files/2021-04/moment_studie_02.21_20210415.pdf, accessed 15 July 2022.

⁵² *Ibidem*, 2.

⁵³ *Ibidem*, 9.

⁵⁴ See https://europa.eu/next-generation-eu/index_en, accessed 15 July 2022.

in the Austrian RRP.⁵⁵ The study found that the impact of the reforms and investments should lift Austria's GDP by 0.4 per cent (short-term) and 0.914 per cent (medium-term).⁵⁶

The boost to the economy should create up to 14,000 jobs by 2026.

In conclusion, Austria's RRP has been evaluated positively by the European Commission and includes reforms and investments that should effectively help to foster economic growth. Austria still has to focus, however, on boosting women's labour market participation, enhancing quality child-care services, and improving labour market outcomes for disadvantaged groups.

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⁵⁵ Reiter M., Forstner S., Garstenauer V., Hofer H., Molnárová Z., Paterson I., *Macroeconomic assessment of the Austrian Recovery and Resilience Plan – Research Report*, Institute for Advanced Studies, Wien, 2021 <https://irihs.ihs.ac.at/id/eprint/5831/1/ihs-report-2021-reiter-forstner-garstenauer-hofer-molnarova-paterson-austrian-recovery-resilience-plan.pdf>, accessed 15 July 2022.

⁵⁶ *Ibidem*, 56.