

The Advisory Council welcomes the liberalization steps negotiated between the employer and employee representations of interests and proposes similar steps for other branches of the service sector, provided a more detailed evaluation reveals sustainable positive employment effects. Also there it will be important to secure the acceptance by the employees.

For a general assessment of part-time work see chapter 2.2.4.2. – Part-time Work

2.2.7. Working Time Models to Prolong Employment in Seasonal Branches

Branches in which an economic activity, due to the weather situation or similar conditions, is limited to certain periods of the calendar year, carry the problem that the majority of the employees in these sectors face unemployment during the off-season. Apart from other measures to extend the employment season, the possibilities of working time schemes for reducing the respective periods of unemployment should therefore also be analyzed and utilized.

Particularly promising seems the concept of compensating overtime through leavetime at the end of the employment period instead of money, thus prolonging the period of official employment and reducing the time of unemployment. According to the current legal position, above all four models are conceivable: compensation through leisure time instead of overtime payment; working extratime to accumulate free days in connection with holidays; a longer settlement period for working time defined in collective agreements; and mandatory consumption of parts of the annual leave in the non-employed period.

To find acceptance for such models it is important to create incentives both for employers and employees. Among other things it will be necessary to find fair compensation in both the social insurance and labour legislation sectors.

Such models prolonging employment are particularly important for the construction and tourism sectors. The Advisory Council refers to the successful conclusion of a collective agreement in the construction industry and strongly recommends to also conclude such an agreement in tourism.

2.3. New Fields of Employment

In this study the Advisory Council concentrated on the service sector, as in this sector the most significant employment increases are to be expected and as other aspects regarding Austria as an industrial location or economic policy measures beyond that have been dealt with in other studies („Austria's Competitive Position as an Industrial Location“; Social Partners' Agreement „Maßnahmen für eine beschäftigungspolitische Offensive“ – „Measures for an Employment Policy Initiative“).

2.3.1. Employment Potentials in Business-Related Services

The sector of the business-related services involves a particular growth potential for output and employment. Estimates reveal an approximately 10 percent increase in employment and output both in the eighties and the first half of this decade. Only a minor part of this employment increase can be attributed to shifting services from the industrial sector (study of the IWI – Industrial Scientific Institute – „Industriennahe Dienstleistungen“ – „Industry-related Services“, 1996).

Yet, the potential of business-related services can only be exhausted, if the demand can be satisfied in a competent way. In this sector Austria has a high potential both for demand and supply.

Apart from the small size of the enterprises, the lack of cooperation and the low degree of internationalization, the Advisory Council considers competition-restraining regulations as counterproductive in exhausting the existing potential of this sector and therefore recommends to consider the following measures:

- liberalization of the admission to certain professions
- breaking down anti-competitive fee regulations for lawyers and civil engineers
- lifting the professional ban on advertising (business lawyers), association (between civil engineers, business lawyers and trustees) and cooperation between self-employed (free professions) and businessmen in manufacturing enterprises
- lifting the ban on incorporation of business lawyers
- intangible investments (e.g. engineering, consulting) must be considered in promotion programmes

2.3.2. Employment Effects of New Communication Technologies

An efficient telecommunication infrastructure and the promotion of the manifold application possibilities of modern communication technologies in all economic fields will represent an essential factor for positive development of the employment level, though the ambitious quantitative target of the European Commission report will not easily be fully achieved, not even under the most favourable pre-conditions.

Apart from the basic pre-condition of implementing the Austrian Postal and Telegraphic Administration reform, the following economic policy measures will support an employment-promoting use of new communication technologies:

- framework conditions to create a comprehensive infrastructure in communication technology: liberalization of the telecom market (deregulation of the line monopoly by 1.1. 1998), clarification of the question of

the regulation authority as a pre-condition for investment security, expansion of the networks, decrease of the line fees to international level

- specific transitional support to overcome temporary employment problems in hitherto sheltered fields, following the example of the food industry („AUFLEB“)
- promotion of a constant innovation climate to develop and apply new products and services of the communication technology sector: application of the technology initiative, adequate use of the means of the „Technologie-Milliarden“ („Technology Billions“), reduction of innovation risks
- guarantee legal security for supplier and demander: To eliminate impairments for marketable applications and services and to lay the foundations for future supply, a very high degree of transparency and planning safety is necessary. Adjustments must also be made regarding data and consumer protection. Also questions of copyright require an internationally concerted action.
- measures for an adequate development of the human capital, in particular instruction of the skills required to apply new communication technologies in education and further vocational training sectors (also see chapter „Skills“).
- Framework conditions for social security as a necessary stability-promoting element complementing the increasing demands for flexibility.

2.3.3. *Employment Potentials in Personal Services*

Due to various factors, an increase in demand for leisure time activities and personal services is to be expected, whereby two categories can be differentiated: social services (health & care) and household-related services (incl. child care). The employment potential in this sector is unquestioned.

The basic problem, however, is that the potential for productivity increases in the personal services sector is lower than in other economic sectors. Thus in the personal services sector, increases of labour costs are more directly reflected in price increases or an increased need for subsidies than in the production sector.

The models discussed in chapter 2.3.3.1 are to be checked as regards to employment effects, financing, budgetary effects, demand etc. particularly for the household-related services but also in the social service sector.

2.3.3.1. Household-related Services

Tax or other price-decreasing measures could prevent that the demand of private households for cleaning services, child care, private lessons, gardening work etc. is either not satisfied or only through the shadow economy. The as-

assessment of the arising public costs or revenue shortfalls must also take into account the financial, social and human costs of unemployment as well as the present revenue shortfall due to the non-performance of these services or satisfaction by the informal sector.

Internationally various models are being either discussed or applied. The models are generally based on tax benefits and reductions of social security contributions, partly in connection with service coupons. In all cases the public support aims at enabling adequate net wages despite a lower productivity and thus at satisfying the demand for household-related services through official employment.

The Advisory Council recommends the evaluation of the international models discussed in this study in consultation with the Labour Market Service. In this connection, the experiences of existing private facilities in Austria are to be taken into account.

2.3.3.2. Social Services

The present far-reaching change in the social structure is directly reflected in different and additional requirements and demands by private households. Proceeding from available surveys, about 5% of the population need health and nursing services (in particular care of elderly people). Presently approximately 40,000 people are taken care of by institutions offering out-patient nursing services; this means a share of 0,5% of the overall population. It is expected that this figure will double in the foreseeable future, making additional employment of 8,500 persons in the nursing service and 500 persons in the administrative sector necessary.

An expansion to this extent would require considerable additional means. The Advisory Council recommends both an increased financial contribution of the public authorities under consideration of the budgetary restraints, and higher contributions of the recipients under consideration of the social situation (at present app. 24%) to implement this employment potential; thereby measures have to be taken to ensure that in the case of increased private financial contributions, the recipients do not escape into the shadow economy.

Part of the labour market relevant potential in the social services sector was already covered by the „Pflegegeld“ (nursing allowance). To achieve the desired employment effect, the accurate use of the nursing allowance for buying qualified nursing services on the market or for partially compensating the nursing activity of family members must be guaranteed. The question of the social insurance of family members taking over nursing tasks remains unsolved.

To implement a higher employment growth, the institutional framework conditions additionally must be changed in line with also still lacking directives for subsidies. be able. The Advisory Council proposes to abolish employment-impairing restrictions for those offering social services (planning safety, long-term targets, investment measures, pricing etc.) as well as to create quality standards and a collective agreement. The Labour Market Service,

Ofinally, could assist by offering a temporary financial „start“-aid for hiring additional personnel.

2.4. Active Labour Market Policy

For the medium-term future the Advisory Council advocates the following strategic objectives in labour market policy:

Central tasks must be the intensification of the placement of employees and the expansion of the direct company contacts. Apart from measures of further training, active instruments might be hiring allowances, temporary job creation programmes, child care facilities etc. New models combining social training (e.g. in form of an employment institution) and further vocational training could be developed for long-term unemployed. The field of non-profit manpower-leasing must, however, as a „secondary labour market“ remain a transitory labour market only.

„Arbeitsstiftungen“ (labour foundations) have proven particularly useful instruments of placement and further training. The relations between Labour Market Service and employees must follow a contractual relationship. Instruction and training of the key skills should be increasingly incorporated into the repertory of labour market training. Moreover, measures of further vocational training of unemployed persons should be evaluated more strongly and examined for qualitative criteria as well as for chances of re-employment and cost efficiency. To make the employment market and the range of further vocational training measures more transparent, cooperation between the Labour Market Service, enterprises and existing institutions of further training should be intensified.

In addition, the relationship between active (labour market subsidies) and passive (safeguarding the existence) means needs to be changed. This asks for clear political priorities, since a change in this relationship in the short run is not a zero-sum game but requires additional expenditure which should be compensated through successful placements in the medium and longer term. An intensification of active labour market policy must furthermore be accompanied by a comprehensive „quality assurance“ of the measures to be financed.

To fully utilize the possibilities of active labour market policy to contribute to decreasing unemployment, it must become even more efficient in the coming years. The newly acquired independence of the Labour Market Service offers the prerequisite to optimally use the means needed for infrastructure and personnel in line with the targets set by the Labour Market Service; here decentralization is of particular importance.