

## POVERTY WATCH REPORT – AUSTRIA 2020

This report gives an overview about poverty and social exclusion in Austria with special focus on the consequences of the COVID-19 pandemic and lock-down measures on people experiencing poverty respectively people with low income. The first part introduces the Austrian Anti-Poverty Network, the second part shows some actual data and facts on poverty in Austria and the third part deals with COVID-19 consequences.

### 1. THE AUSTRIAN ANTI-POVERTY NETWORK

#### Fight Poverty. Prevent Poverty.

Since 1995, the Austrian Anti-Poverty Network has conducted lobbying activities on behalf of those who have no lobby. It addresses the problems of poverty and social exclusion in Austria, which tend to be ignored, and aims at improving the living conditions of people experiencing poverty.

#### A conference of many colours

In 1995, the first Anti-Poverty Conference took place in Salzburg, in which many different representatives of civil society joined forces: welfare organisations, umbrella organisations of social initiatives, church and trade union organisations, education and research institutions, as well as groups of people at risk of poverty, such as single parents and unemployed people.

#### Regional networks

Regional networks and platforms have been established all over Austria. The participation of people experiencing poverty on the one hand, and social initiatives on the other, is enabled on the basis of nationwide campaign weeks, film events and cultural activities.

#### European networking

The Austrian Anti-Poverty Network is a member of the European Anti-Poverty Network (EAPN) The EAPN was founded in 1990, with the priority objective of establishing a network of NGOs combating poverty so as to put the fight against poverty and social exclusion on the agenda of EU policy makers.

### 2. POVERTY – FACTS AND FIGURES

Being poor does not always mean sleeping in a cardboard box at the train station and spending one's days in the park: being poor means not being able to take part in everyday social life.

In the statistics, poverty and social exclusion are defined as a situation of low income paralleled by deprivation in key areas of life. In terms of income, the risk-of-poverty threshold has been set at 60 % of the national median per-capita household income; and at present it is EUR 1 286 for a single-person household (EU-SILC 2019 – reporting year 2020).

For each additional adult in the household, 50 % is added to this sum, and 30 % for each child (aged under 14) in the household.

Type of household	Multiply by	Income per month
1-person household	1	EUR 1286
1 adult + 1 child (aged under 14)	1.3	EUR 1671
2 adults	1.5	EUR 1929
2 adults + 2 children (aged under 14)	2.1	EUR 2700

Deprivation in key areas of life means that you are unable to replace worn-out clothes or cannot keep your home adequately warm, not to mention paying unexpected expenses. In addition, poor people suffer from ill health more often, and live in crowded, damp flats with mould problems because, for instance, they have no money for repair work.

## **POVERTY**

### **... particularly affects immigrants, unemployed people, single parents, and working poor**

223 000 people in Austria (2.6 % of the residential population) are experiencing poverty and social exclusion (as at 2020): they live in 'severe material deprivation', and in addition to a low income, they are also facing exclusion in key areas of life (e.g. education or housing).

Women are more often affected by poverty than men. One in four people experiencing poverty are children. Their parents are immigrants, out of work, single parents, or have jobs in which they do not earn enough to make ends meet.

One in three poor people are unable to escape the cycle of poverty and social exclusion. Half of all people living in manifest poverty have been in this situation for more than a year.

### **... can hit everyone**

The risk of not being protected by social security has risen and, in view of the economic crisis, will continue to rise – poverty can thus hit everyone. The income of over 1.1 million people (13.6 %) is below the poverty line.

### **... makes you sick**

Poor people get sick twice as often as the non-poor. Children living in poverty today are the chronically ill of tomorrow. In many cases, people experiencing poverty cannot afford the same level of medical care as those not affected by poverty.

### **... causes stress**

Being unable to pay the rent in time, not knowing how to raise the money for the children's school trip, having no, or a poorly paid, job: this causes stress, and in the long run, results in serious health problems such as gastric disorders, heart conditions, hypertension, sleeping disorders, headaches, etc.

### **... makes you lonely**

People who are poor tend to see their friends and neighbours less often. Poor people frequently live isolated lives. For instance, one in ten Austrians cannot afford to invite friends or relatives over for dinner once a month.

### **... affects your future**

For people living on the brink it is harder to progress into a higher-paid job. Their future is determined by their social background. In Austria, the children of poor people have a smaller chance of getting a good education: in most cases, their parents' social status affects the children's educational opportunities, and thus their income prospects.

In fact, poverty means that it is hardly possible to take part, at least to a minimum extent, in key social areas such as housing, health-care, the labour market, social contact, cultural life, education. Poor people are facing poor chances in life.

## 2.1. Current challenges in the fight against poverty – demands to the government

### Challenges regarding poverty among children and elderly people, unemployment and chronic illness

*After the crisis is before the crisis: a strong welfare state reduces the risk of social decline and protects the middle class from poverty.*

The Anti-Poverty Network has drawn two conclusions from the current poverty figures provided by Statistics Austria – which still refer to the situation before the crisis of 1919: ‘A strong welfare state reduces the risk of social decline and protects the middle class from poverty. And effective measures need to be taken with regard to poverty among children, (unemployed) elderly people and chronically ill people.’

Conclusion 1: Welfare benefits are essential for reducing social inequality, and prevent poverty. They reduce the at-poverty risk from 45 % to 13 %. The most effective benefits include short-term and long-term-unemployment benefits, the means-tested minimum income, as well as housing benefits and long-term care benefit. However, it is precisely the means-tested minimum income which the Austrian Government plans to replace with a – smaller – welfare allowance. Moreover, whereas the gap between income from employment and property income has widened, household incomes in Austria have remained fairly stable. Social inequality is growing, and welfare state measures counteract this trend.

### Preventing people from hitting rock bottom

Conclusion 2: The poverty risk is especially high for children, elderly women, single mothers and the long-term unemployed. People suffering from chronic illness are also facing massive problems. For many of them, the high cost of housing poses a particular hazard. Children account for 303 000 of all people at risk of poverty and social exclusion; 46 % of those living in single-parent households are facing a risk of poverty and social exclusion, and 25 % of families with three or children or more. Among the group of pensioners, women in single households are affected disproportionately: 29% of them are facing a poverty risk.

### Enhancing strengths and correcting weaknesses

In the present crisis, we need to enhance the strengths of the welfare system while correcting its weaknesses. The envisaged reduction of the means-tested minimum income will deteriorate the situation. ‘This will increase social instability and widen the gap between the rich and the poor in Austria,’ the Anti-Poverty Network concludes. It will aggravate the existing social problems. An inadequate welfare allowance cannot resolve them. ‘The crisis has shown how important a good means-tested minimum income system would be, instead of a bad welfare allowance scheme that does not actually provide security for people in a situation of extreme hardship and emergency.’

The Anti-Poverty Network also calls on the Government to quickly implement the **points outlined in the Government Programme** that can potentially combat poverty. ‘Words alone don’t fill an empty stomach.’ This particularly applies to the following issues:

- awareness-raising regarding approaches to minorities and marginalised people
- expanding and funding the system of early interventions at a nationwide level
- full cost-coverage of therapy
- holiday activities
- improvement of alimony and family allowance schemes
- extension of child and youth services to include young people over 18
- expansion of low-threshold family counselling services
- opportunities index for schools
- strengthening social fundamental rights on a constitutional basis.

## 2.2. European activities of the Austrian Anti-Poverty Network

The Austrian Anti-Poverty Network is a member of the European Anti-Poverty Network (EAPN), which aims to combat and prevent poverty at the European level. Among the reports and analyses that the EAPN publishes annually, the NRP (National Reform Programme) and the Country Report are particularly worthy of mention. In addition, the EAPN draws up statements on other EU activities (e.g. child guarantee), and responds to recent sociopolitical developments (e.g. COVID-19 or the Green New Deal).

Monitoring of national developments during the European Semester is a further important element of the participation of civil society in a EU context. The contributions and statements of civil society actors are, in any case, noticed by the EU. The development of the country report in the area of education is a good example. The participation of the Austrian Anti-Poverty Network in the civil society dialogue of the ECE, and the opportunity of contacting the government department in charge, has brought about a change in the arguments in the Country Report.

## 3. THE IMPACT OF COVID-19 AND GOVERNMENT RESPONSES ON PEOPLE EXPERIENCING POVERTY

### 3.1. The impact of the virus itself: Health inequalities and access to health services

Compared to other countries, the Austrian health-care system is quite 'inclusive', with general health insurance for (nearly) everybody. However, around 100 000 persons living in Austria (only estimates can be given) – or approximately 1 % of the Austrian population – are not covered by the general health-insurance system. For many other countries, this figure may seem to be very small, but for us it is a problem because our social organisations are confronted with this issue and have, to some extent, managed to establish voluntary, well-functioning basic health-care structures for those people (which are easily accessible, anonymous and provided for free) – for example [www.amber-med.at/en](http://www.amber-med.at/en) (run by Diakonie).

Many people without health insurance have a non-Austrian ethnic background and do not speak German well. Their attitude towards health, disease and treatment tends to be different. Because of their legal status they have no access to public health care, and live under precarious conditions. They cannot afford medicines and treatment.

Other reasons for non-insurance are that people lose their job and do not register with the public employment service immediately (which leads to non-coverage for a short time), or people who do not apply for social benefits (for example homeless people). The largest group are immigrants – asylum seekers in a special situation, or people who are living in Austria illegally or have travelled to Austria as 'poverty migrants' (begging). Another relevant group are students, particularly students from abroad, who would have to pay to get insurance.

For more information, data and facts please consult the following study on people without insurance in Austria (in German):  
[http://www.armutskonferenz.at/files/fuchs-ua\\_nicht\\_krankenversicherte\\_personen-2018.pdf](http://www.armutskonferenz.at/files/fuchs-ua_nicht_krankenversicherte_personen-2018.pdf)

We know that in many European countries the risk of infection, and actual infections, have increasingly often shifted from people with higher incomes (businesspeople, ski holiday makers) to low-income groups, especially people in precarious jobs (e.g. in the meat industry); in Austria, numerous corona cases were detected in a mail delivery logistics centre with many subcontract workers.

### 3.2. The impact of social distancing and the lock-down

The lock-down in spring 2020 was, of course, an extreme exceptional situation for all people in Austria. However, it was people with low incomes, few social contacts, poorer technological equipment etc. who were particularly affected by the restrictions. As in other countries, unemployment saw a massive rise in Austria. Many companies used the subsidised short-time work option. Particularly small businesses faced massive difficulties.

The lock-down and the corona measures have also revealed a gender gap: on the one hand, women generally have a higher infection risk since women more often work in the health-care and nursing sector, or in grocery shops etc. And on the other, many additional tasks caused by the lock-down (e.g. home schooling) were taken over by women.

The following quotes and statements from people experiencing poverty date back to the early lock-down phase.

*I normally go to the Caritas supply point once a week to get groceries, but it's closed now. For a contribution of 3.80 euros I get a trolley full of goods there. Unfortunately, it's quite a long way to the nearest social supermarket; I'd have to go by tram and bus. This means higher expenses, which I can hardly afford, and I must economise where I can.*

Monika, minimum pension earner from Vienna

*It's the sanctions that really make me sick – what am I allowed to do, what's forbidden? Am I allowed to go shopping for 3 hours? For me, it takes that long to go to the Victor Adler market and back in order to get low-priced healthy fruit and vegetables.*

*Since I tend to have depressions it is very important for me to be in touch with other people – including my mother, who lives in a nursing home and has hearing problems so that it's almost impossible to talk with her on the phone.*

*What makes me sick is being so helpless, and the panic that the state and the media are spreading – so eventually my children don't dare to meet me.*

Anna, single parent from Vienna.

*What's probably the worst thing especially for elderly single people is that it has become so quiet suddenly, and that they are alone. The TV and the phone are like lifelines to the rest of the world. Technical problems are a disaster. These people are hardly able to solve them. For elderly people, the internet is not a viable option particularly when they are on their own. Fears and depression are growing, and encroaching on us.*

Christine, minimum pension earner from Vienna

*Here I am in cramped conditions with my 4 children. We're already getting claustrophobic. The children can't go to the football field or to the playground, despite the warm weather. We're five people sharing one laptop. The children need to do their homework and continue studying. They are good children, but sometimes they'd just need more space. It's impossible not to start quarrelling.*

Astrid, single mother from Salzburg.

### 3.3. Most affected vulnerable groups

**Single-parent families** (mostly women): extreme situation due to the lock-down measures – home schooling for children, full-time childcare (losing other family support), work from home or losing their job etc.

**High-risk types of work** (gig economy, temporary jobs) and **self-employed workers** (including precarious jobs in the cultural area): many losing their jobs; or reduced income due to lock-down measures. People working in the cultural field: they are generally in a precarious situation because of irregular income, illegal working contracts, the complicated insurance system for self-employed people.

**Homeless people:** lock-down restrictions, quarantine in 'emergency shelters', losing NGO support (soup kitchens, outreach medical care, street work etc.).

**Illegal immigrants and asylum seekers:** being in quarantine, unclear information (language problems), more stigmatisation through populist politicians ('immigrants are bringing COVID-19 to Austria'); no possibility of social inclusion; unclear future outlook (no jobs); precarious housing situation, often 2-4 people in one room, not enough space to enable physical distancing.

**Elderly people** living alone involuntarily, or in nursing homes, especially senior citizens with small incomes. Losing social networks, contacts, support. In nursing homes: separation from others (for example, having dinner with others is a very important opportunity for contact with others) leads to more isolation and loneliness.

### 3.4. Government measures (short-term)

The Austrian Government has taken various measures to support business and the population, but this support has not been oriented towards the poorest groups. The government representatives argue that people experiencing poverty have already been poor before the crisis so, for them, the situation has not changed. However, this view ignores the fact that the means-tested minimum income and other social benefits have been insufficient already before the crisis, and that the crisis makes the situation even harder for people experiencing poverty (losing support through social services, child care etc.).

One of the measures taken is the short-time work scheme, i.e. employees work only part-time, and part of the income they lose is paid by the state (so they earn about 90 % of their original wage). More than 1 million employees are doing short-time work at the moment. This measure prevents people from losing their job and having to rely on unemployment benefits, which are lower. Another corona measure that has been taken is support for self-employed people (mostly financial support by means of government-backed loan guarantees). The problem here is that people who earned too little are not eligible for support; it has been criticised that credit guarantees are mainly support for banks, whereas self-employed people have to pay back the money and will be indebted. Precarious working situation already before the crisis, now even more dramatic.

The family hardship fund, another corona support measure, was originally only aimed at families in which one partner had recently lost their job because of the corona crisis. After massive criticism and interventions by the Austrian Anti-Poverty Network, among other organisations, the government modified the regulations and also included families in which one partner had already been unemployed before the crisis, and also recipients of means-tested minimum income. This, in fact, is one measure that is oriented towards the situation of people experiencing poverty.

Another measure from which people experiencing poverty can benefit is the Government's decision that people who have been unemployed for a longer period won't lose their regular (short-term) unemployment benefits (normally, the regular unemployment benefit is replaced with a – reduced – long-term unemployment benefit after a certain period).

HOWEVER: despite our criticism, the Federal and Regional Governments did not change the new regulations concerning the means-tested minimum income scheme. In Germany, for example, the Government decided to abolish the proof-of-financial assets requirement, and it has not been possible either to reduce the waiting period (which is up to three months).

The Austrian Anti-Poverty Network has voiced a number of other proposals regarding support especially for people experiencing poverty – but these proposals have been implemented only in part:

(temporary) increase of the means-tested minimum income;  
easier access to 'support in specific situations' (part of the means-tested minimum income scheme, but in most cases people are not granted this type of support);  
higher 'family bonus' for people receiving unemployment benefits.

Our press release (in German):

*Austrian Anti Poverty Network demands a social fund for the most deprived!*

<http://www.armutskonferenz.at/news/news-2020/armutskonferenz-fordert-sozialfonds-fuer-die-aermsten-schutzschirm-fuer-menschen-in-not.html>

### **3.5. Addressing the social crisis: Demands to the Government (middle & long-term)**

#### **1. Reduce educational inequality.**

- ← Ensure completion of education for all children.
- ← Increase school social work nationwide, and expand outreach social work
- ← Establish an opportunities index for schools: support for 'hotspot schools' with an opportunities index on an empirical basis, combined with school development. Additional school-related resources, school assistance, social work, cooperation with parents.

#### **2. Convoke a Parliamentary Subcommittee on combating poverty.**

Raise awareness of, and listen to, voices against poverty.

#### **3. Avert insolvency and private bankruptcy.**

Those particularly at risk include unemployed people, people with reduced incomes, as well as those failing at self-employment.

Provide sufficient means for debt advisory services in times of crisis.

#### **4. Fight unemployment among young people.**

- The Federal Government must ensure the Guaranteed Training Scheme up to age 25, oriented towards diversified education and training options. The focus must particularly be on young people with precarious biographies, who need a high degree of stabilisation and a well-structured environment.
- Digitisation efforts which, in addition to technological equipment, focus on teaching media skills, as well as on the pupils' self-reliance.

#### **5. Prevent child poverty.**

Introduce universal minimum financial support for children independent of type of family, ethnic origin or parents' residence status.

## **6. Single parents: Reform alimony law.**

Here, considerable shortcomings are apparent, which trigger poverty.

- Ensure a minimum level of alimony in line with age-related guidelines for average needs, based on actual child-related expenses.
- Expand the advance-on-alimony scheme, and particularly extend the age limit up to completion of education/training.
- Quickly implement the alimony reform oriented towards the children's well-being.
- Simplify alimony advancement proceedings

## **7. Welfare assistance: Security for people with disabilities.**

If a 25-year age limit for parents' maintenance obligations towards children with disabilities is laid down, as a consequence, the current obligation on the part of adults with disabilities to sue their own parents for maintenance must also be abolished.

## **8. Child health: Close the therapy gap.**

Tens of thousands of children do not get necessary therapies.

## **9. Introduce health impact assessment.**

A health impact assessment (HIA) combines various procedures, methods and tools in order to predict and assess the positive and negative health consequences for certain population groups that may result from a variety of plans and programmes.

HIA can be complemented by a 'social impact assessment' of legislation that is adopted.

## **10. Prevent persistent long-term unemployment.**

This requires qualification programmes, employment in social firms, as well as programmes that combine work and learning.

It is particularly important to include all people who are unable to find jobs with living minimum wages in the present-day labour market.

## **11. Prevent violence against women and children.**

Ensure basic support for women and children experiencing violence, as well as the nationwide expansion and secure funding of women's shelters.

## **12. Youth services up to age 24.**

The young people affected need assistance and support beyond the age of 18.

## **13. New means-tested minimum income that ensures livelihood, opportunities and social inclusion**

The welfare assistance scheme will increase social problems instead of solving them.

## **14. Invest in social housing.**

Housing has become unaffordable for many people, and housing costs pose a high poverty risk.

## **15. Include social human rights in the constitution.**

Strengthen fundamental rights: enforceable rights, not charity.