

# **UNECE-Ministerial Conference on Ageing**

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## **Ministerial Panel 2**

### **Adjusting Social Protection Systems to Population Ageing**

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Dear Madam Chair, dear Colleagues,  
Ladies and Gentlemen,

Austria has taken the necessary measures to adapt the Austrian social protection system to the demographic challenges. Let me present to you in short the corner stones of these measures:

To start with a matter of principle: The Austrian Federal Government is convinced that social policy must be seen as a productive factor. Sustainable social policy is only possible if economy, employment and social affairs support each other.

The big challenge in all ageing societies is to be able to grant social protection

- To the older persons of today , and
- To the older persons of tomorrow.

Also middle-aged and younger generations shall be able to rely on getting an adequate pension in old age – this is a question of social justice and we will grant for this.

In recent years Austria therefore has taken decisive steps to reach long-term financial sustainability of the pension systems by carrying out profound reform measures. The pension reforms of the years 2003 and 2004 were appreciated on the European level as essential steps towards achieving sustainable pension systems. According to comparative calculations of all Member States concerning public expenses for pensions up to the year 2050, pension expenses in Austria will increase from 13,4% of the GDP (in 2004) to 14 % in 2030 and then fall to 12.7 % by 2050. So we have little room for improvement in the future, intergenerational solidarity is important.

The number of those aged 80 plus will double in the years to come. This group will grow in the EU-25 from now 4 % to 11 % by 2050; for Austria an increase from now 4 % to 13 % by 2050 is predicted. In view of this demographic trend we have to develop a health and care system that concentrates on

prevention. Activating prevention measures is the best way in order to avoid or at least delay dependency. Our social system comprises all groups of the population and it is affordable and accessible for all – this has to be safeguarded in the future. Health and care systems should meet the wish of the older persons to stay as long as possible in their own homes and should provide social protection for the carers – mostly women and migrants. The Federal Government, consequently, defined care as one of its central priorities, starting with measures to support care and nursing at home.

As a first step the legal framework conditions for an affordable and quality provision of care at home (up to 24 hours a day) were created, entering into force on July 1, 2007. This support model for 24-hour-care was an important step to improve the situation of persons in need of care and their family carers.

I would like to point out that by legalizing and granting financial support for the so-called 24-hour-care, the creation of additional jobs for 5.000 to 10.000 persons is predicted. To be more clear: We want to transfer this people from the illegal market to the normal labour market.

In institutional care, special protection provisions were established for residents of public and private older peoples' and nursing homes, contained in an obligatory contract to be

signed by home owners and residents. That is to strengthen the rights of older persons as consumers.

The right of self-determination is an especially important aspect in Austria in view of the expected increase of the numbers of very old persons with dementia. This has been taken into account in the Residential Home legislation by guaranteeing legal protection and a control mechanism with regard to restrictions of free movements and free decision-making of residents.

Moreover, an adequate minimum income for all is essential in a solidary society. In Austria we intend to reach this solidarity by introducing a means tested minimum income combined with incentives to take up a job until 2010. The higher minimum income foreseen for those who engaged in activities in the community and/or in training and educational programmes will create incentives especially for persons whose integration into the labour market is very difficult. Thus, it is guaranteed that minimum income does not represent a workless basis income.

The introduction of this means tested minimum income will be connected with intensive guidance of the recipients of minimum income who are able to work by the labour market service to ensure a high integration or reintegration rate into the labour market. The amount of this minimum income will depend on the

national risk-of-poverty threshold. For next year it will be 726,- Euro (x14).

Another key factor is to consider demographic development in labour market policies and find a balance between the number of working people and those in retirement.

Today in the Western European Member States there are four persons in working age for each person aged 65, in 2050 the ratio will be two persons working for every person in retirement age. It is, nevertheless, expected, that the overall employment rate will further increase. This is due to the fact that more women and older persons as well as migrants will enter or remain in the labour market, so that the dependency rate can be improved.

Ladies and Gentlemen,

Let me conclude with some general remarks.

As a contribution to the international cooperation agreed upon in commitment 10 on the Follow-up of the UNECE-Regional Implementation Strategy of the 2<sup>nd</sup> World Assembly on Ageing in Madrid 2002, Austria supported the International Project on Mainstreaming Ageing, that was/will be presented to you by the European Centre on Welfare Policy and Research. In collaboration with the UNECE, indicators for the evaluation of

progress made in the implementation of the Regional Implementation Strategy of the ECE were formulated and published together with the country profiles of all 56 Member States on the website [www.monitoringRIS.org](http://www.monitoringRIS.org). You can find the link on the official website of the UNECE and I would like to cordially invite all Member States to contribute to the extension of this comprehensive data bank by voluntary financial support as well as by actively contributing to this work.

To give you an overview over the work performed up to now, the comprehensive analytic publication “Mainstreaming Ageing – Indicators to monitor sustainable policies”, published on the occasion of this conference, is available outside on the table of the European Centre Vienna, and I have seen, many of you already got it.

Thank you very much for your attention!