

European (& the GCC) Employment Law Update

Jurisdiction: Austria
Date: November 2017

Impact date	Development	Impact
2018 - 2021	Full harmonisation of blue and white collar employees has been decided and new minimum salary is introduced in Austria	<p>In the course of the election campaign for the Austrian parliamentary elections the full unification of blue and white collar employees was one of the most discussed “election sweeteners” decided in parliament just days before the election took place.</p> <p>Austrian employment law traditionally distinguished between blue and white collar employees. Even though some provisions have been unified over the last couple of years, huge differences still existed with regard to notice periods, termination for cause or remuneration in case of sick leave.</p> <p>For example, if not otherwise agreed, blue collar employees may be terminated any time by complying with a notice period of 14 days. For white collar employees, statutory notice periods depend on the years of service and range from 6 weeks to 5 months. Specific termination dates (e.g. the end of the calendar quarter) exist. Termination for cause requires different justifying reasons.</p> <p>White collar employees also have better entitlements to continued remuneration in case of sickness. While white collar employees are entitled to at least six weeks of paid sick leave every six months and in addition to reduced sick pay, if they get sick again prior to the end of such six month period, blue collar employees are not entitled to more than 6 weeks of continued remuneration per year at all.</p> <p>Especially the extension of notice periods and the introduction of termination dates for blue collar employees will have significant effects for industrial companies, the construction industry as well as other industries with a high percentage of blue collar employees. While it</p>

		<p>currently is possible to quite easily react to changes in the order situation by hiring or firing personnel, according planning will become much more difficult in the future so that employees might have to be paid even though no work exists.</p> <p>In order to enable employers to adapt to the new situation, the harmonisation will start in 2018 by unifying the entitlement to remuneration in case of sick leave and end with the unification of termination regulations in 2021.</p> <p>On top, a minimum remuneration of EUR 1.500 gross per month has been agreed as well and will now be implemented on a step by step basis during the next couple of years.</p>
--	--	---