

Austrian Section of CIRIEC, activities 2022-2024

The Association of public services and enterprises Austria (VÖWG) aims to promote high-quality services of general interest that are accessible and affordable for everyone. The term "services of general interest" is used to describe the provision of fundamental public services and infrastructure that are crucial for the daily lives of citizens and that enable a dignified, healthy, and safe life for all. It is essential that services of general interest guarantee access to these fundamental services for all individuals, irrespective of their social or economic status. Consequently, they represent a pivotal element of the social and economic infrastructure of any given society, significantly influencing the quality of life and social cohesion of its citizens.

The VÖWG promotes the exchange of knowledge and networking between companies and organisations. These companies and organisations provide essential services and political, economic and scientific institutions, particularly in the fields of energy, public transport, water supply, sewage disposal, waste management, economic and financial policy, housing, social services, health care and education.

VÖWG's day-to-day work is closely linked to CIRIEC's academic contributions to the public, social and cooperative economy, and supports companies and institutions that provide services of general interest in ownership, participation, or on behalf of public and municipal authorities. The VÖWG, as the Austrian section of SGI Europe (formerly known as the European Centre of Employers and Enterprises), also campaigns at the level of the European social partners for topics such as public utility, resilience and security of supply for strong services of general interest.

Key topics for the period 2022 to 2024

This activity report, covering the period from 2022 to 2024, presents a selection of four topics: A study conducted in collaboration with our partner organisations (1), then our lobbying activities concerning affordable housing (2), our position on the European Care Strategy (3), and our annual newsletter (4).

1) Study on public services in times of the COVID-19 pandemic

In 2022, a [study on the topic of "Public services in times of the COVID-19 pandemic"](#) was conducted in collaboration with the Austrian Chamber of Labour and urban researcher Manfred Krenn. The VÖWG was instrumental in providing the data required for the empirical part of the study and provided extensive editorial support for the publication. [A brief summary of the study:](#) In the context of privatisation, market liberalisation and the prevailing

austerity policies in Europe over recent decades, the impact of the COVID-19 pandemic has placed an extraordinary burden on those working in public services. The public infrastructure, which had been subject to significant reductions in the context of cost-saving measures, was already unable to adequately fulfil its role in providing essential services in normal circumstances. It was quickly overwhelmed during the crisis, and the scarce resources available made it challenging to cope with the additional demands placed upon it. In particular, the challenging circumstances in the healthcare sector and the significant national debt incurred from market interventions have had a notable impact, prompting concerns about supply stability. In order to enhance resilience to forthcoming crises, increased public investment is required to facilitate the expansion of infrastructure and guarantee future value creation.

One of the key findings of this study is that the municipal level is of paramount importance in combating the pandemic in the areas of public services examined here. While national and regional levels played a pivotal role in combating the pandemic by establishing a legal framework and providing financial compensation as part of rescue plans, it was the municipalities and cities that were at the forefront, not only in implementing pandemic measures but also in maintaining critical infrastructure.

In some of the cities (or regions) under examination, privatisation had already occurred in certain areas of public services, which were considered before the pandemic. This is particularly evident in the healthcare sector, specifically in hospitals and nursing homes in Munich, Lombardy, as well as in Stockholm. However, during the pandemic, public hospitals were required to take on the primary responsibility for the care of patients with coronavirus disease 2019 (COVID-19), as private hospitals often lacked the necessary infrastructure due to their specialisation. It is therefore evident that the public health infrastructure played a pivotal role in the medical management of the COVID-19 pandemic. It is generally acknowledged that private providers lack the capacity to respond effectively pandemic emergencies and to guarantee the requisite level of care.

One significant finding of this study is the inadequate staffing levels observed in key areas of public service provision. This issue is found to varying degrees in the four cities studied, particularly in the area of personal services. These include hospitals, nursing homes and pre-school education, childcare and care. In all three areas, the impact of the COVID-19 pandemic was particularly profound in terms of staffing levels, which were already inadequate prior to the crisis. However, the consequences of the increased workload caused by the COVID-19 pandemic are already becoming apparent. There is a further intensification of the staff shortage in already overstretched areas such as medicine, care and early childhood education due to an increase in people leaving these work fields. A particularly compelling indication of these structural deficiencies is the migration of personnel from these pivotal domains of public service due to the challenging working conditions, which further exacerbates the already existing shortage of personnel.

Notwithstanding the discrepancies between the various sectors of the public service, it is possible to derive a conclusion that transcends the boundaries

of the specific areas under examination. The study has demonstrated that the dominance of neoliberal ideologies and the associated focus on the immediate efficiency outcomes of state functions and services, within the context of New Public Management strategies, have a detrimental impact on the quality and resilience of public infrastructures. In general, this development, aligned with an exaggerated pursuit of efficiency, has resulted in a weakening of the public sector and its capacity to cope with unforeseen crises. The 1918 influenza pandemic has demonstrated that this logic has inherent limitations, particularly in the context of public services but also in the private sector, where supply chains are a significant consideration. The fundamental issue is that the dogma of cost reduction for efficiency reasons has already pushed the entire system to the limits of its capacity in normal operation. Furthermore, the structures were not prepared for an external effect such as the COVID-19 pandemic.

Despite the considerable budgetary measures implemented by nation states to mitigate the impact of the COVID-19 crisis, it is imperative to make forward-thinking investments to enhance the resilience of public infrastructure and services. One of the most significant insights derived from the COVID-19 pandemic is that the efficacy of the state's crisis management capabilities hinges primarily on the accumulation of investments in the "dynamic capacities of the public sector".

2) Advocacy for the limited-profit housing market

In March 2022, the European Commission (EC) published a background paper which analyses the impact of rising prices on the housing market in the European Economic Area. The Commission offered a critical assessment of the sustained increase in residential property prices, which has been ongoing for almost ten years. It identifies two primary factors contributing to this phenomenon: the surge in land prices and the substantial demand for residential property, resulting from the decline in real interest rates since the mid-1990s. The cumulative price increase for residential property of 40 per cent since 2016 in the eurozone as a whole can be attributed, among other factors, to the temporary cessation of construction activity in the wake of the global COVID-19 pandemic and the general scarcity of building materials. The principal conclusion of the EC's background paper was that there is a cause for concern regarding economic performance in the EU area as a result of rising property prices. The increase in property prices and rental costs observed in the private housing market has the effect of reducing consumption, because the saving rates of households rise as a result. Furthermore, the issue is compounded by the stagnation of household incomes in comparison to the rising prices of property. As indicated by the European Commission, this imbalance in property prices is particularly evident in urban areas, which can result in a relocation of qualified workers to suburban areas or rural communities. The escalating property prices have significant ramifications for the equity capital necessary to purchase residential property, which in nearly all EU member states exceeds the average annual income. This background paper from the EU Commission provides a summary of the forthcoming discussion process on the

permanently rising property prices in Europe, and suggests that a rethink is needed with regard to economic and fiscal policy measures.

Facing of these challenges, VÖWG has promoted the position that housing is at the heart of human needs and that a balanced housing market is a prerequisite for the effective functioning of public services. [The limited-profit sector has historically occupied a substantial portion of the Austrian housing market](#), but is currently confronted with considerable challenges, including decarbonisation, escalating construction costs, and a dearth of skilled labour. The VÖWG underscores the significance of limited-profit housing associations in guaranteeing the accessibility and affordability of housing. Furthermore, the sector plays a significant role in the implementation of the currently discussed directive on the energy performance of buildings [EPBD](#), thereby contributing to the implementation of national and European climate policy. In this context, the VÖWG is committed to improving the regulatory and fiscal framework conditions for limited-profit associations.

3) European Care Strategy

On 7 September 2022, the European Commission published the "Communication on the European Strategy for Care and Support", which was based on the principles of the "European Pillar of Social Rights". This communication sets forth a series of measures designed to guarantee the provision of high-quality, affordable, and accessible care and support services within the European Union. Concurrently, it is imperative to enhance the working and living conditions of care workers and informal carers, while concurrently reducing their workload. Furthermore, two proposals for Council recommendations to the Member States on the "[revision of the Barcelona targets on early childhood care and education](#)" and on "[access to affordable and high-quality long-term care](#)" were published in conjunction with the care strategy. The Communication on the European Strategy for Care and Care Services is principally concerned with enhancing the quality, affordability and accessibility of care and care services. Furthermore, the Communication on the European Strategy for Care and Care Services sets out to enhance the participation of children at risk of poverty or social exclusion in childcare services, as well as the duration of their involvement in the early childhood education and care, particularly for children facing challenging circumstances. The strategy seeks to enhance the suitability, accessibility and availability of long-term care services, while concurrently improving the working conditions, work-life balance and training opportunities for care workers. Other measures include the promotion of public investments in the care sector, the enhancement of the EU's attractiveness to care workers, the implementation of health prevention measures and the development of new indicators for the monitoring of reforms in the care and support sector. In this context, the VÖWG has facilitated the dialogue between members and the EU Commission. This has entailed correspondence and discussions with officials from the relevant Directorate-General in the EU Commission, as well as participation in the official consultation process preceding the publication of the European Care Strategy. The VÖWG is monitoring the potential for follow-up initiatives and EU funding programmes that have been established with

the specific objective of advancing the goals set out in the care strategy and disseminating information to its members.

4) Establishment of a new CIRIEC Austria newsletter

In order to improve the exchange within scientific network in Austria, an annual [CIRIEC Austria Newsletter](#) was sent out for the first time. The VÖWG provided input to the newsletter's content and commences with a welcome message from President Dorothea Greiling, who expresses gratitude to all those involved and underscores the significance of a resilient public and social economy infrastructure. The newsletter also serves to announce forthcoming international conferences, including the 9th International Research Conference on the Social Economy in Seoul in July 2023 and the 34th International Congress of CIRIEC in San José, Costa Rica in April 2024. Subsequently, the newsletter provides details of the international scientific commissions and announces an upcoming call for papers.

Another section presents the members – including Univ.-Prof. Dr. Dorothea Greiling, Dr. Mario Hesse, Prof. Dr. Christina Schaefer, Priv.-Doz. MMag. Dr. Sandra Stötzer, Dr. Gerald Kössl, Mag. Franz Nauschnigg and ao. Univ.-Prof. Mag. Dr. Michaela Schaffhauser-Linzatti – and presents current projects and publications. It is intended that this newsletter will be continued in the future.