

# Minimum Wage & Collective Bargaining in Austria 2025

Latest update on 05/05/2025

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Austria

Statutory Minimum Wage



• Gender pay gap

18.30%

98%

• Collective bargaining coverage

• Process of transposition:

Transposed

→ Compare with other countries



# Minimum wage regime in Austria

There is no minimum wage legislation in Austria. Legally enforceable minimum wages are set by industry-level collective agreements. The vast majority – 98 per cent – of workers are covered by collective agreements. This extensive bargaining coverage is mainly the result of private sector companies’ statutory membership of the national employers’ association, the Austrian Chamber of the Economy.

Because of Austria’s extremely high and stable collective bargaining coverage the trade unions have not pressed for a national statutory minimum wage. However, the peak-level social partners – the Austrian Trade Union Confederation (Österreichischer Gewerkschaftsbund – ÖGB) and the national employers’ association, the Austrian Chamber of the Economy (Wirtschaftskammer Österreich – WKÖ) – did reach agreement on a general gross wage floor of 1,500 euros (€) a month (2017).

More recently, trade unions agreed on a wage floor of €2,000 (2023), which guides their wage bargaining demands vis-à-vis employers. By the end of 2024, almost all collective agreements in force (excluding only four) exceeded the minimum wage target of €1,500 euros a month, and more than half of all collective agreements (59 per cent) exceeded the monthly wage floor of €2,000 (Zuckerstätter 2025). It is important to note that the collectively agreed (gross) minimum wage per month is based on 14 monthly wages. For the few workers not covered by collective agreements – that is, when there is no employers’ organisation – so-called ‘minimum wage standards’ (Mindestlohtarife) are in force. These standards are settled by decree of the Federal Office for Conciliation (Bundeseinigungsamt), which is part of the Federal Ministry for Labour and Economy. The Federal Office is entitled to adopt minimum wage standards and apprentice pay for people not covered by collective agreements (for example, for assistants at private nursery schools or 24-hour care staff in private households) (Zuckerstätter 2025).

Minimum wage levels vary widely across sectors. In socio-economic terms, workers with low educational levels, young workers and migrant workers frequently fall below the €1,700 floor (Titelbach et al. 2024),

while full-time white-collar workers with higher educational degrees and in stable employment rarely fall below the general minimum wage target. Furthermore, minimum pay levels in collective agreements compared with the monthly median wage vary between sectors. For instance, the minimum wage of workers in the metal industry amounted to 69 per cent of the monthly median wage (full-time employment) in 2022 (Statistik Austria 2025a). It has to be noted, however, that effective pay exceeding collectively agreed wages is widespread in the metal industry, even in the lower pay grades. In comparison, (full-time) minimum pay of retail staff amounted to 55 per cent of the monthly median wage in 2022. That said, the majority of retail workers are part-time.

Average collectively agreed wages of blue-collar workers tended to grow more dynamically in the transport and manufacturing sectors than in tourism, banking and retail between 2017 and 2022 (Statistik Austria 2025b). In 2023 and 2024, when inflation led to more conflictual bargaining rounds, particularly in manufacturing, tourism and retail, blue-collar workers’ collectively agreed wages in these sectors increased to a lesser extent than in sectors such as transport or information and consulting.

Statutory Minimum Wage

No

Wage inequality (inter-decile Ratio P90/P10)

3.10

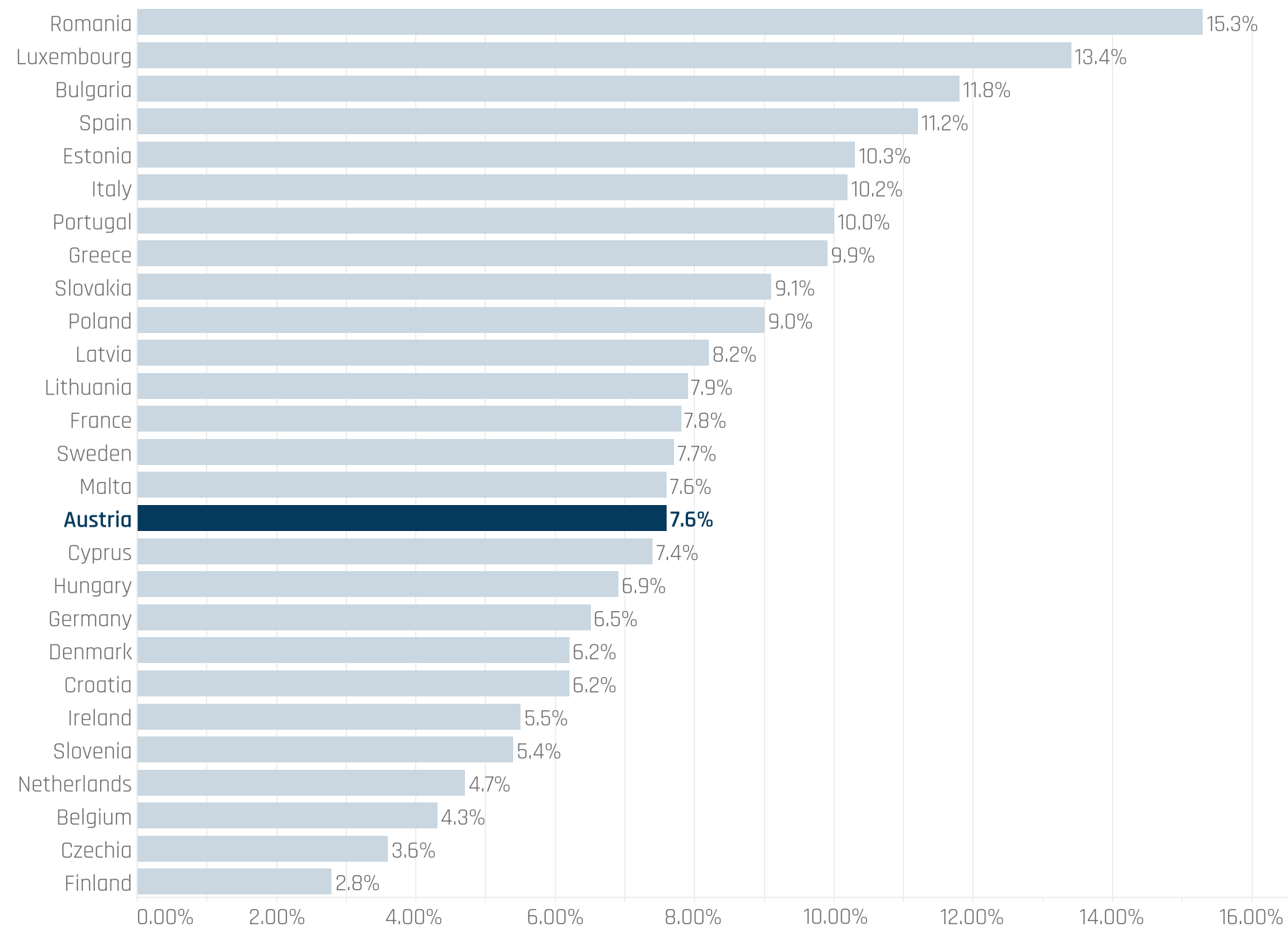
Gender Pay Gap

18.30%

In-work poverty rate

7.00%

In-work poverty rate (%) per Country







# Collective Bargaining system in Austria

Austria has one of the highest coverage rates in Europe, with around 98 per cent of private sector workers covered by a collective agreement. This high coverage rate has remained remarkably stable over recent decades. Three main features that characterise the Austrian collective bargaining model also explain its outstandingly high coverage:

**(i) (Compulsory) membership of the national employers’ association:**

Private companies are obliged to be members of the Chamber of the Economy (WKO), which makes collective agreements legally binding for them. Currently, the WKO covers companies that employ over 66 per cent of all Austrian employees ([Zuckerstätter 2025](#)). To date, firms have made no significant attempts to ‘opt out’ of collective agreements. The Austrian economy is dominated by small and medium-sized enterprises that benefit more from their membership of employers’ associations than large international companies. Generally speaking, the vast majority of firms support collective bargaining and the stability it provides (for example, a very low incidence of strikes, high economic predictability) ([Glassner/Hofmann 2024](#)).

The Austrian Labour Constitution Law (ArbVG) grants the right to negotiate collective agreements also to voluntary organisations of employers or employees, provided they meet certain criteria (ArbVG 1974: §4ff., [Zuckerstätter 2020](#)). There is a substantial number of voluntary organisations. Some have a long tradition of collective bargaining, such as associations of newspaper publishers or electricity suppliers([Zuckerstätter 2025](#)). Others are employers’ organisations that have formed more recently, for instance, in educational and [social services](#). Employers oriented towards norms of cooperation and legal norms (such as the extension of collective agreements), as well as organising efforts and pressure exerted by unions lead to their successful inclusion in the collective bargaining regime.

**(ii) The multi-level structure of wage-setting ensures high bargaining coordination.**

The industry is the dominant level of collective bargaining in Austria. However, collective agreements are embedded in a nested, hierarchical system of regulation. While labour law sets basic working conditions, such as maximum working hours, it confers the settlement of wages and wage-related issues on social partners at the industry level ([Glassner/Hofmann 2019](#)). Next are company/works agreements, concluded between management and works councils. Importantly, terms and conditions settled in individual labour contracts can only set more favourable conditions for workers (‘favourability principle’).

Only when mandated by a multi-employer agreement are works councils authorised to bargain over pay. One example is the ‘competition clause’ settled in the metalworking agreement of 2023, which allows works councils in companies struggling with economic difficulties to negotiate pay settlements that deviate from the industry-wide wage increase in exchange for more leisure time or one-off payments. According to the Federation of the Metalworking Industry the clause was used by around 10 per cent of metalworking companies in 2024.

Collective Bargaining Coverage  
**98.00%**

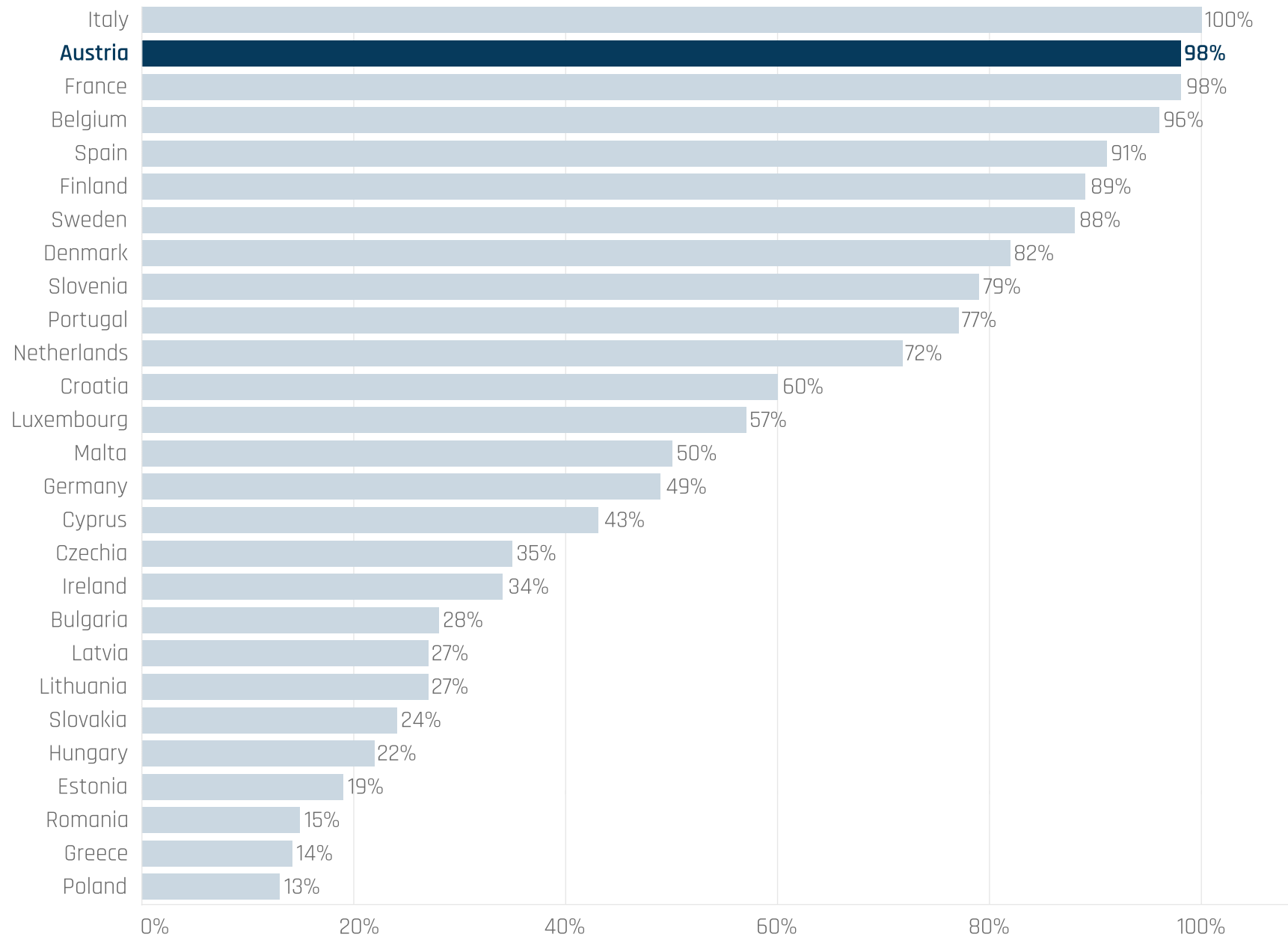
Trade Union Density  
**26.30%**

Extension Mechanism  
**Rare extension**

Validity of Collective Agreements after expirations?  
**Yes**

Protection of workers and trade union representatives against dismissal/discrimination  
**Yes**

Collective Bargaining Coverage per Country (%)





# Collective Bargaining system in Austria

### (iii) Holistic and coordinated wage bargaining process

Usually, pay and conditions are settled annually, in a synchronised and coordinated process ('pattern bargaining'). The pay increase settled in the metalworking collective agreement serves as a benchmark for other industries in their subsequent collective bargaining rounds (Bittschi 2023). The public sector is formally excluded from collective bargaining. In practice, however, the public sector unions negotiate the pay and working conditions of civil servants and public sector employees. These standards are declared legally binding by parliamentary resolution.

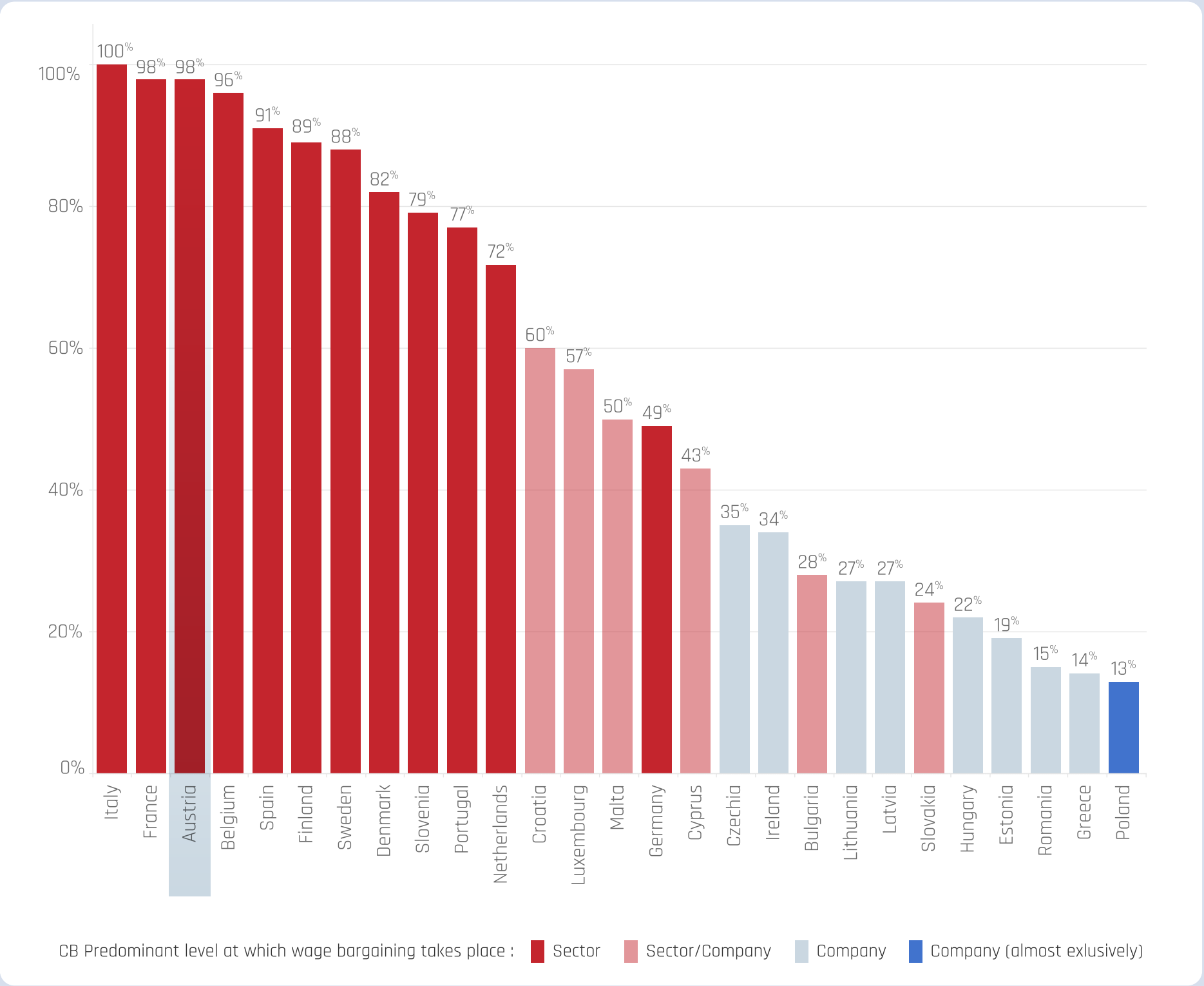
Austrian unions usually pursue a solidaristic, productivity-oriented wage policy in order to ensure that all groups of workers benefit from economic progress based on the norm that past inflation plus general productivity increases should equal the nominal wage increase ('Benya formula'). Nevertheless, there is a comparatively high inter-industry wage differentiation and a growing divide is emerging between wage developments of instable, insecure (seasonal) jobs, on one hand, and stable, secure (all-year round, social insurance-based) employment, on the other (Bittschi 2023).

Other structural key features of the Austrian collective bargaining regime include:

- **Erga omnes and extension clauses:** Collective agreements cover all employees regardless of their membership status. If an agreement reaches a large share of employers, it can be declared legally binding, even for non-members of the employers' organisation. An example is the collective agreement for social service providers, which was declared generally binding by the Federal Office for Conciliation.
- **Validity of collective agreement after expiry:** Collective agreements are usually binding for one or two years. Collective agreements remain valid as long as no subsequent collective agreement is in force. There is no obligation for employers to engage in collective bargaining, but collective bargaining norms and practices are still established among bargaining actors and are rarely questioned.

- **Comprehensive institutional resources and very limited competition on the employee side:** The Austrian trade union system is unitarian with only one peak-level organisation, the Austrian Confederation of Labour (ÖGB, Österreichischer Gewerkschaftsbund). The vast majority of works councils, which play a central role in Austria's dual system, are well integrated in the union system. Unions and works councils in Austria, ultimately, can rely on the Chamber of Labor (Arbeiterkammer, AK), which acts as the statutory employee interest organisation of all employees in Austria.

CB Predominant level at which wage bargaining takes place per Country







# Collective Bargaining system in Austria

• **Bargaining clauses in public procurement:**

As bargaining coverage in Austria is exceptionally high, bargaining clauses in public procurement are not a major issue for ensuring collective bargaining. Because public procurement also involves foreign providers, however, measures are in place to ensure that minimum wage rates are applied.

• **Right of access to workplaces for unions:**

Around 54 per cent of employees in Austria have access to a works council in their company. In Austria's dual system, works councils serve as employees' direct access to interest representation. Works councils have the right to invite trade union representatives into their companies. In companies without works councils, union access to workplaces is possible but legally sensitive (Majoros/Risak 2014).

• **Protection of union representatives**

**against discrimination:** Works councils in Austria are comprehensively and legally protected against dismissal and discrimination. However, legal issues arise mainly in the period before works councils are established.

A number of factors challenge the stability of collective bargaining in Austria:

- Political attacks on statutory membership of the chambers and on the influence of social partners on Austrian politics driven by right wing and economic liberal parties endanger one of the most important legal underpinnings of the exceptionally comprehensive system of collective bargaining (Flecker/Astleithner 2017).
- Employers' compliance with collective agreements and their normative support for collective bargaining can no longer be taken for granted. To date, however, attempts to circumvent the application of collective agreements are very rare. One exception is the break-up of the 'bargaining cartel' in the metal sector in 2011 (Pernicka/Hefler 2015).

- Commonly acknowledged bargaining norms, such as the orientation towards the two indicators of mid-term overall productivity growth and the consumer price inflation rate of the previous year ('Benya formula') have repeatedly been called into question by employers, especially in difficult bargaining rounds in times of high inflation, such as 2023.

# Transposition of the European Directive on Adequate Minimum Wages in the EU

Austria's high bargaining coverage of 98 per cent mean that the European Minimum Wage Directive has had no direct impact on Austrian law. The Directive was transposed by including an indication in several laws – such as the Law on the Prevention of Wage and Social Dumping –that the Directive is in line with Austrian legislation. With regard to people (still)not covered by collective agreements, however, there is some need for improvement, in particular with regard to the mechanism for extending collective agreements. Minimum wage standards should be strengthened and extended, and the definition of 'appropriate' minimum wages (§1152 ABGB)should be clarified. Furthermore, the Directive requires effective instruments for data collection to monitor minimum wage developments. In Austria, data on the number of persons earning the lowest minimum wages in collective agreements are not yet available.



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**WAGE-UP is the ETUC Monitoring Tool** presenting information on Minimum Wage setting procedures and Collective Bargaining systems in all EU countries, as well as the progress in EU countries toward the transposition and the implementation of all the provisions of the Directive on adequate minimum wages in the EU (2022/2041).

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