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An economic, legal und political appraisal**

Working Paper 01/2007



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# **The Non-profit Sector in Austria - An economic, legal and political appraisal**

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Vienna, April 2007

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This research was made possible thanks to grant funding from the Austrian Ministry of Science and Research (Department for Social Sciences) under its program “New Orientations for Democracy in Europe – NODE”.

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# 1. History and Specifics of the Non-profit Sector in Austria

## 1.1 Historical Development of Austria's Non-profit Sector

The third sector has a long tradition in Austria, and many of the non-profit organisations (NPOs) that are active today date back to the 19th century. A foundation for the formation of the civil society sector was the law on registered associations, which was established in 1867 (Simsa et al. 2006, 10). This law allowed people to convene officially and to engage in civil society contingencies. Thus, even before the turn of the century, an essential network of registered associations developed – especially in Vienna. The most important types of associations, from around the turn of the century until 1914, were charitable societies and saving clubs, reflecting the lack of a public system of social security and the necessity for the working class to save for unforeseen happenings. Also, the political parties of the Austrian Republic have roots in the registered associations active in these times (ibid. 21).

During World War I, the activity of the civil society sector supposedly diminished.<sup>1</sup> However, the sector recovered and grew very quickly afterwards. The number of registered associations in 1925 was much higher than in 1914. In the Interwar Years – when fascist ideology gained ground in Austria – civil society associations played an important role in disseminating fascist thoughts, which manifested themselves within such associations first, especially sports associations. Thus, associations served to disguise political activity and contributed to keep fascist ideology publicly unnoticed before emerging across the board (Simsa et al. 2006, 28).

The steady increase in the number of NPOs since 1925 came to a sudden end in 1934, when the Social Democratic Party and all associations linked with it were dissolved and any further activities forbidden. The Era of Austro-Fascisms set in and civil society was split into to parts. With the annexation of Austria in 1938, the whole sector of registered associations was restructured. Associations with ‘undesired’ aims were either shut down or brought in line with nationalistic goals. All Jewish associations were dissolved. Membership in those NPOs which were co-opted by the regime was partly obligatory. These organisations contributed significantly to the diffusion of Nazi culture and politics (Heitzmann/Simsa 2004:715). Thus, registered associations were very important for the nationalistic regime since they functioned to educate the citizens. Sports clubs, in particular clubs that focused on sport for the masses, improved physical strength and thus fitness for military service (Wachter 1983:69).

After World War II and with the formation of the Second Republic the reinvigoration of the third sector was influenced a lot by political parties. Many NPOs were founded or supported either by the Social Democratic Party (SPÖ) or by the conservative Austrian People's Party (ÖVP). Following the retreat of the Church from current political affairs, some of the NPOs associated with the Church started to work closely with the ÖVP (Simsa et al. 2006, 53). Due to these affiliations, NPOs had an enormous influence on politics. This constituted the base for the corporatist system Austria has today, within which not only political parties but as well the labour movement, professional associations, and NPOs in general are represented (see section 3). Corporatist policies contributed as well to bridge the gap between the left

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<sup>1</sup> Activities have not been recorded officially over this period of time.

and the right wings of the NPS. However, as many registered associations were primarily active in the periphery of political parties, their important role in civil society was less noticeable during this time (ibid. 47).

This situation changed starting in 1973 when the ecological, cultural and political awareness that had been developing throughout the 1960s resulted in the founding of a huge number of registered associations. Charity associations engaging in activities for disadvantaged people (like drug addicts) and a number of self-help groups and organisations delivering services emerged. Since then the number of registered associations in Austria has increased steadily. In particular, many cultural associations were founded after the fall of the Iron Curtain (ibid. 66). Against the backdrop of the war in former Yugoslavia at the beginning of the 1990s, many organisations active in refugee assistance were founded. One of the most recent occasions that motivated action within the civil society sector was the year 2000, when in the course of the protests against the new right-wing government, a great number of initiatives emerged spontaneously.

Despite this long tradition of non-profit organisations and their important role in social and economic affairs in Austria, society is not very aware of the existing non-profit sector (NPS). The concept of a “NPO” is not explicit, and it is not universally accepted – neither among people working in NPOs nor in research. Instead of ‘Non-profit-organisation’ or ‘Non-profit-sector,’ many other terms such as the ‘voluntary sector,’ the ‘intermediary sector’ or the ‘third sector’ are used. In comparison to the Anglo-Saxon countries the non-profit sector’s self-awareness in Austria is also quite low. Only some years ago, due to several political arguments concerning legal and financial issues relevant for many NPOs, did NPOs start to establish a common sector-identity (Schneider et al. 2007, chap. 4.1.1).

### **Specific Features of the Non-profit Sector in Austria**

Two relevant characteristics of the NPS in Austria are the **principle of federalism** and the **strong idea of self-administration**. Given that Austria is a federal state, many – notably the large – NPOs are structured in the same way and are organised at the federal, state and local levels. The organisations on the federal level often have a relatively weak position when compared to the organisations on the state-level which usually enjoy much autonomy. This tradition of self-administration offers the basis for NPOs to engage in solving problems for the local population (Schneider et al. 2007, chap. 4.1.2).

Another example of the principle of self-administration is the **significant role of professional associations**, where the membership is either obligatory (chambers) or voluntary (e.g. Federation of Austrian Trade Unions). Professional organisations with voluntary membership belong to the NPS. Many of these associations have an outstanding influence on social and political issues in Austria’s corporatist and tripartite model (“*Social and economic partnership*“) and cooperate closely in this context (see section 3.1).

Another typical feature of the Austrian NPS is the close and **reciprocal influence between political parties** (notably the Austrian People's Party [ÖVP] and the Social Democratic Party of Austria [SPÖ]) **and many traditional** and economically relevant **NPOs**. This is a result of history since many of these NPOs were founded in the time of labour movements. The SPÖ backed the formation of organisations that offered support to its clientele, and the ÖVP did the same for NPOs serving its clientele. Today “red” (SPÖ) as well as “black” (ÖVP) NPOs are active in many fields (social services, sports, culture).

For young NPOs, that do not work closely with a political party or cannot be linked to a specific party, it is often very difficult to become established. On the contrary, NPOs with close relationships to political parties have a big influence on politics (e.g. in legislation). Their close contacts with politicians and high-ranking public officials facilitates access to public funding (Schneider et al. 2007, chap. 4.1.2). Therefore, in some areas even a rivalry between old, traditional NPOs and the newcomers exists.

Along with the political parties, the churches – mainly the **Catholic Church** – influence the Austrian non-profit sector. On one hand, Catholic churches themselves are a part of the NPS. On the other hand, they are affiliated with many significant NPOs that offer social services.

Another important element for the structure of the NPS is the **huge number of registered associations** representing the vital life of civil society. A big part of the population joins and supports such organisations. Registered associations are a part of the culture in Austria and give further support the widespread principle of self-help; their number increases every year. In contrast, the significance of co-operatives has lessened during the past few decades, even though very small organisations have revitalized this form of cooperation recently (ibid.).

## **2. Relevance of the Austrian Non-profit Sector in Economic Terms**

As in many other countries, quantitative information on the NPS in Austria is still fragmentary, since official statistics covering the entire sector have not been available. One reason for the scarcity of data might be that NPOs form a very heterogeneous group e.g. with respect to their legal status (see section 4.3). Therefore, they are not recorded in one but in different official registers, which are not integrated and additionally not entirely publicly accessible. On the other hand, due to their special legal and economic status, many NPOs are not required to register in administrative indexes that are the basis for business statistics. Those NPOs that do have to register often cannot be filtered out from the mixed pool of registered profit and non-profit organisations. So, for example, it's not known how many of the organisations in the business register are non-profit. Hence, the economic relevance of the non-profit sector cannot be determined from official statistical sources (Schneider et al. 2007, chap. 4.2.1).

First attempts to investigate the economic impact of the NPS were made in 1995. In particular, the Institute for Social Policy<sup>2</sup> has conducted several studies involving analyses of secondary data and collections of new data over the past few years (see e.g. Heitzmann 2001 or Trukeschitz 2006). The main source for the following description is a special analysis on NPOs – ordered by the Institute for Social Policy – of Statistics Austria's 2001 workplace and business census. Furthermore, extrapolations of data from a survey on the NPS conducted in 2006<sup>3</sup> are used. Where available, input-indicators such as employment (number of employment contracts, full-time-equivalents, and volunteers) and revenues as well as output-indicators – total spending of Austrian NPOs, their share of GDP, their market share in different industries – are used to describe the economic relevance of the NPS.

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<sup>3</sup> The survey "Nonprofit Organisations in Austria" is a collaboration of Statistics Austria and the Institute for Social Policy, Vienna University of Economics and Business Administration.

## 2.1 Employment in the Austrian Non-profit Sector

In order to map the economic relevance of Austria's NPS in terms of employment, we use the latest workplace and business census dating from 2001. This dataset covers all public, private for-profit and private non-profit organisations with at least one paid employee. However, the census neither records occupation on the basis of a "contract for work and labour" (*Werkvertrag*) nor volunteer staff.<sup>4</sup> These gaps in the workplace and business census have to be kept in mind when its data is compared with other records on the Austrian NPS. To cite an example, more than 109,000 NPOs are recorded in various official registers (particularly in the register of associations), but the workplace and business census accounts for just 11,005 NPO units. The major reason for this difference is the fact that the bulk of Austrian NPOs are very small associations (e.g. sports, savings or culture associations) that are commonly run by volunteers. Yet, the comprehensiveness and reliability of census data is currently unmatched by any other survey when it comes to charting paid employment.

According to the workplace and business census in 2001, **about 116,400 persons**<sup>5</sup> were employed in Austria's NPS. The actual number of employees calculated in "full time equivalent" (FTE) employees amounts to 85,570<sup>6</sup>. In 2001 about 66% of all employees working in the NPS were female (Schneider et al. 2007, chap. 4.2.3). This is in comparison to the 44.5% of women employees across all sectors of the economy in that same year (Statistics Austria 2002, 166). Trukeschitz (2006, 242) examined the gender structure of employment in Austria's non-profit social services sector. She found a percentage of women employees ranging from 65.1% in the area of housing assistance services to 94% for non-profit organisations providing home care.

NPO-employees account for 3.4% of all employees recorded in the census, which is higher than the share of NPO-units as a percentage of all workplaces (2.8% of all units, see section 2.4). This leads to the conclusion that the NPS either has a higher intensity of labour than the public or the market sector and/or that NPOs are active in fields which demand a higher intensity of labour. Evidence for the second assumption is given in Table 1 which displays the areas of activity (according to the ÖNACE-classification<sup>7</sup>) of the NPS, the public sector and the market sector in Austria. Almost 50% of all employees working in the NPS are active in the field of 'health and social work' (e.g. old people's homes, hospitals, community care) which is known to be very labour-intensive. By contrast, only 21% of public sector employees and 3% of market sector employees work in this field.

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<sup>4</sup> Concerning the number of NPOs, one-man operations and NPOs which work with volunteer staff only are also not recorded.

<sup>5</sup> The workplace and business census accurately does not count the number of employees, but the number of contracts of employment. As one person can have more than one contract at the same time, the number of employed persons might be a bit smaller than the number of contracts of employment (see, for example Sekerka 2004, 913). In this section when the terms "persons" and "employees" are used, the number of contracts of employment is meant.

<sup>6</sup> The conversion into FTE employees is based on FTE employment rates by industry (Statistics Austria/Institute for Social Policy 2006).

<sup>7</sup> Austrian classification for branch of economic activity (corresponding to the international NACE-classification "Nomenclature générale des activités économiques dans les Communautés européennes").



Table 1: Employment by Industry in the Non-profit, For-profit and Public Sector, Austria 2001

ÖNACE-categories		NPO Sector		Public Sector		Market Sector	
		Total	%	Total	%	Total	%
L	Public administration & defence; compulsory social security	0	0.0	208,808	38.4	0	0.0
M	Education	26,682	22.9	187,106	34.4	9,836	0.4
N	Health and social work <sup>1</sup>						
	- Human health activities	18,150	15.6	91,651	16.9	66,285	2.4
	- Social work activities	38,524	33.1	22,078	4.1	9,564	0.3
O	Other community, social and personal service activities	26,836	23.0	15,423	2.8	61,770	2.2
C-K	Other ÖNACE-categories <sup>2</sup>	6,249	5.4	18,687	3.4	2,613,169	94.7
<b>TOTAL</b>		<b>116,441</b>	<b>100.0</b>	<b>543,753</b>	<b>100.0</b>	<b>2,760,624</b>	<b>100.0</b>

<sup>1</sup> Health and social work comprises Human health activities, Social work activities and Veterinary activities. The latter are not recorded in the table, as no NPO is active in this area. <sup>2</sup> C=Mining and quarrying; D=Manufacturing; E=Electricity, gas and water supply; F=Construction; G=Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; H=Hotels and restaurants; I=Transport, storage and communication; J=Financial intermediation; K=Real estate, renting and business activities.

Source: Schneider/Hagleitner 2005, own calculations.

Around 23% of all NPS-employees work in the field of ‘education’ (e.g. primary, secondary and higher education, adult and other education) with another 23% in ‘other community, social and personal service activities’ (e.g. activities of business, employers' and professional organisations, collection of refuse, other entertainment activities, libraries, archives, museums and other cultural activities). The remaining 5% of the NPS-employees work in other industries (ÖNACE-categories C-K) like research and experimental development, maintenance and repair of motor vehicles, and private room letting. By contrast, within the market sector only 5% work in the fields of ‘education,’ ‘health and social work,’ and ‘other community activities’ with almost 95% working in other industries. The share of public employees active in ‘health and social work’ and ‘other community, social and personal services’ totals 24.8%. Most of the employees of the public sector work in ‘public administration’ (38%) or in ‘education’ (35%).

### Voluntary Work

A household survey on voluntary work in Austria (recording voluntary work within organisations as well as informal voluntary work), found about **222,000 full time equivalent employees** to be working unpaid within organisations in 2000, most of them in non-profit organisations (Badelt/Hollerweger 2006, chap. 1.2.1). Table 2 shows the number and share of full-time equivalents in each field of activity. Most often volunteers are active in social services (23.6%) and about 15% in culture and sports each. As the figures are “maximum estimates” and count volunteers working in public and in for-profit organisations as well, the amounts appear roughly accurate. Heitzmann estimated **about 116,550 full time equivalent volunteers** in non-profit organisations in 1997 (Heitzmann 2001, 190)<sup>8</sup>. The distribution over different fields of activity is hardly comparable between the two studies, because they use different categories for the fields of activities. Given the number of 222.000 FTE volunteers working in organisations, their

<sup>8</sup> The fact that both surveys used different methods to collect data – the first recorded the time spent on volunteer work reported by individuals, the second estimated volunteer work based on data provided by NPOs – the divergence might be caused by an underestimation of volunteer work by NPOs, too.

imputed value would account for 4,022 to 5,044 million euros, depending on the type of employment contract assumed for calculation (full-time employment or marginal employment).<sup>9</sup> The proportion of the population involved in voluntary work, no matter whether it is within or outside an organisation, is made up of 55.5% males and 47.2% females for persons older than 15 years (Hollerweger 2001, 36).

Table 2: Voluntary Work in Full-time Equivalents Within and Outside-of Organisations by Fields of Activity, 2000 (maximum estimate)<sup>1</sup>

Fields of activity	Volunteers working within organisations (formal)	Volunteers working within organisations in %	Volunteers working outside of organisations (informal)	Volunteers working both inside and outside of organisations <sup>2</sup>
Social services	52,382	23.6	71,219	7,349
Education	11,742	5.3	5,105	7,340
Culture, Entertainment	35,374	15.9	11,295	11,188
Environment, Animal Protection	12,579	5.7	12,599	1,459
Sports	34,267	15.4	2,772	5,300
Emergency aid	19,739	8.9	474	3,784
Religious congregations	31,610	14.2	14,052	2,297
Business and professional associations, unions	22,722	10.2	1,119	1,832
Neighbourly help	1,650	0.7	97,461	2,783
<b>Total</b>	<b>222,065</b>	<b>100.0</b>	<b>216,096</b>	<b>43,332</b>

<sup>1</sup> Unpaid work in lieu of military service is not included in these figures.

<sup>2</sup> The figures given in this column cannot be assigned to either formal or informal voluntary work, but include the calculated number of FTE volunteers working in both areas. The figures of this column are not included in any other column of the table.

Source: Badelt/Hollerweger 2007, table III.1.2.

Overall, in the NPS, the number of active volunteers (about 116,500 to 222,000) is slightly higher than the number of paid employees (about 116,400). However, employees provide a much higher number of work hours. For example, in 1995 the 20 biggest NPOs in Austria employed around 36,000 workers and counted almost 69,000 active volunteers. Yet, volunteers' work hours added up to only about 16,400 full-time equivalent workers (Badelt/Hollerweger 2006, chap. 1.2.2).

## 2.2 Revenues

According to data from the survey on the NPS conducted in 2006, the **total revenue of the entire non-profit sector** was about **€ 4,000 million in 2005** (Statistics Austria/Institute for Social Policy 2007). As shown in Table 3, the sector is financed at 50% by the public sector, 37% of total revenues result from earned income and almost 13% from philanthropy. The fields 'education and research,' 'social services,' and 'religion' seem to be most dependent (approximately 60-70%) on public sector funding.

<sup>9</sup> Assuming full-time employment, the imputed value of FTE volunteers would amount to 5,044 million euros, based on average gross earnings by industry (see, Statistik Austria 2006:233). However, as volunteers hardly work full-time, we can assume that they work about 10h per week and calculate the remuneration of 888,000 (222,000x4) people in marginal employment ("geringfügige Beschäftigte"), which would amount to an imputed value of 4,022 million euros, based on the remuneration for that kind of job.

Table 3: Revenues of the NPS<sup>1</sup> in Austria, 2005 (in million Euros)

Field of Activity	Public Sector <sup>2</sup>		Philanthropy <sup>4</sup>		Earned Income <sup>3</sup>		Total
	Total	%	Total	%	Total	%	
Culture, Sports, Recreation	45.9	16.1	86.7	30.4	152.8	53.5	285.4
Education and Research	121.9	58.6	11.9	5.7	74.3	35.7	208.0
Health	436.9	49.0	27.6	3.1	426.5	47.9	891.1
Social Services	1,096.9	59.5	178.9	9.7	567.7	30.8	1,843.5
Environment <sup>5</sup>	19.0	47.6	6.4	16.0	14.6	36.4	40.0
Law, Advocacy, Politics	173.7	37.8	103.7	22.6	182.5	39.7	460.0
International <sup>5</sup>	34.4	25.3	101.7	74.7	0.0	0.0	136.1
Religion	76.0	65.2	6.4	5.5	34.3	29.4	116.7
Professional Associations, Unions	7.9	31.9	0.4	1.5	16.5	66.6	24.9
Not elsewhere classified	10.5	24.5	1.5	3.5	30.7	72.0	42.7
<b>TOTAL<sup>6</sup></b>	<b>2,023.1</b>	<b>50.0</b>	<b>517.9</b>	<b>12.8</b>	<b>1,507.3</b>	<b>37.2</b>	<b>4,048.3</b>

<sup>1</sup> Data from NPOs with at least one employee; <sup>2</sup> Income from governments grants, performance related contracts and other government support; <sup>3</sup> Income from service fees and sales, from membership fees and property income (e.g. rents, interest); <sup>4</sup> Income from sponsoring and donations and other support from private households, companies and other NPOs; <sup>5</sup> Data from 1997 (Heitzmann 2001, 193ff); <sup>6</sup> Rounding errors possible.

Source: Statistics Austria/Institute of Social Policy 2007, own calculations.

The most common instruments of public funding are government grants (lump-sum subsidies) and performance-related contracts. **Lump-sum subsidies** are donated to a NPO in general or to a certain project the NPO operates. To receive such subsidies, NPOs need to file an application formally. Many subsidies are only granted for a short period (e.g. one year). Therefore, it is very difficult to plan for the long run, especially for NPOs that are very dependent on public subsidies (Zauner et al. 2006, 95). During the last decade,<sup>10</sup> the funding arrangements between the NPS and the public sector started changing. **Performance-based contracts** (PBCs) began to replace lump-sum subsidies in a variety of areas. Thus the public sector no longer gives a grant without detailing the projects to be performed by the NPO. Instead, both sides agree to a contract which specifies the type, amount and/or quality of service the NPO is to deliver (e.g. number of clients they will host).<sup>11</sup> In 2005 30.6% of total NPS revenue originated from performance related contracts and 13.1% from lump-sum subsidies (see table 4). Particularly in the field of social services, where the public sector has to ensure services in a certain quantity and quality, performance related contracts are quite common, with a share of income from PBCs of 49%.

The most relevant **sources of earned income from the private sector** are service fees and sales (29.9%) and membership fees (2.6%). In contrast, membership fees seem to be especially relevant in the fields of environment (18.4%) and professional associations and unions (about 53%). Income from service fees and sales make up more than 50% of total revenue for NPOs in the fields of culture, sports, and recreation, almost 41% in the field of health, and nearly 32% in the field of education and research.

<sup>10</sup> Especially since the European procurement directive became effective.

<sup>11</sup> At first – according to the Austrian public procurement law – the public sector has to invite NPOs as well as other organisations for tenders for this service.

Revenues from **donations and sponsoring** are of minor importance. Only 9.6% of NPO generated income in Austria is funded this way (see table 4). Nevertheless, for NPOs active in the field of culture, sports and recreation sponsoring makes up about 29% of their revenues. Donations and sponsoring, in contrast, play a major role in the field ‘international’ (74.7% of total revenues).

Table 4: Share of Revenues of the NPS<sup>1</sup> by Most Relevant Sources, 2005 (in %)

Field of Activity	Thereof from Public Sources		Thereof from Philanthropy		Thereof from Earned Income		Other sources	Total revenue (in million Euros)
	Gov. Grants	Performance related Contracts	Donations	Sponsoring	Service Fees, Sales	Membership Fees		
Culture, Sports, Recreation	15.3	0.4	0.3	29.0	50.2	3.0	1.8	285.4
Education and Research	13.7	24.4	1.2	1.9	31.9	2.3	24.4	208.0
Health	20.0	18.8	2.6	0.0	40.9	4.3	13.4	891.1
Social Services	7.8	49.0	9.3	0.2	25.1	0.2	8.4	1,843.5
Environment <sup>2</sup>		47.6		16.0	8.9	18.4	9.1	40.0
Law, Advocacy, Politics	25.2	9.1	20.3	1.7	23.8	7.5	12.5	460.0
International <sup>2</sup>		25.3		74.7	0.0	0.0	0.0	136.1
Religious	9.2	55.9	0.3	0.0	28.0	0.0	6.7	116.7
Professional Associations, Unions	17.0	14.9	1.0	0.5	13.1	53.0	0.4	24.9
Not elsewhere classified	16.9	5.8	1.2	0.0	71.1	0.0	4.9	42.7
<b>TOTAL<sup>3</sup></b>	<b>13.1</b>	<b>30.6</b>	<b>7.2</b>	<b>2.4</b>	<b>29.9</b>	<b>2.6</b>	<b>14.2</b>	<b>4,048.3</b>

<sup>1</sup> Data from NPOs with at least one paid worker. <sup>2</sup> Data from 1997 (Heitzmann 2001, 193ff), Revenues from public sources **and** philanthropy can not be attributed definitely. <sup>3</sup> Rounding errors possible.

Source: Statistic Austria, Institute of Social Policy 2006, own calculations.

## 2.3 Spending

The latest estimates available on **NPO expenditures** conclude that **about € 3,500 million** was spent in 2005 (Statistics Austria/Institute of Social Policy 2007), as shown in Table 5. The most relevant spending is personnel expenditure with an average of about 63%. About 21% of total NPS spending is for intermediate consumption, and the residual expenditure of about 16% is spent on taxes, investment, transfer payments and interest. Estimates for 1997 bore similar results. Heitzmann (2001, 191f) figured that the share of personnel spending amounts to more than 56% of total NPO spending.

Table 5: Spending of the NPS<sup>1</sup> in Austria, 2005 (in million Euros)

Field of activities	Personnel Expenditure <sup>2</sup>		Intermediate Consumption <sup>3</sup>		Other expenditure <sup>4</sup>		Total expenditure
	total	%	total	%	total	%	
Culture, Sports, Recreation	116.2	65.8	41.1	23.3	19.2	10.9	176.4
Education and Research	114.2	47.0	63.7	26.2	64.8	26.7	242.7
Health	550.9	61.6	241.9	27.1	101.5	11.3	894.3
Social Services	1,109.7	71.8	252.4	16.3	183.2	11.9	1,545.2
Environment <sup>5</sup>	16.1	40.3	23.9	59.8	0.0	0.0	40.0
Law, Advocacy, Politics	133.7	36.2	81.2	22.0	154.3	41.8	369.2
International <sup>5</sup>	29.7	100.0	0.0	0.0	0.0	0.0	29.7
Religious	65.2	62.0	8.8	8.4	31.2	29.6	105.2
Professional Associations, Unions	8.5	48.5	4.6	26.0	4.5	25.5	17.6
Not elsewhere classified	19.1	47.0	11.3	28.0	10.1	25.0	40.6
<b>TOTAL<sup>6</sup></b>	<b>2,163.2</b>	<b>62.5</b>	<b>728.9</b>	<b>21.1</b>	<b>568.7</b>	<b>16.4</b>	<b>3,460.9</b>

<sup>1</sup> Data from NPOs with at least one employee. <sup>2</sup> Including wages, salaries and employers' social security contribution.

<sup>3</sup> Including e.g. rent, purchase of goods, material and services. <sup>4</sup> Including investment, taxes, interest, and transfer payments. <sup>5</sup> Data from 1997 (Heitzmann 2001, 194ff). <sup>6</sup> Rounding errors possible.

Source: Statistic Austria, Institute of Social Policy 2007, own calculations.

## 2.4 NPOs Share of Market

According to the latest workplace and business census in 2001, 11,005 out of a total of 396,270 units were identified as NPOs.<sup>12</sup> That means that approximately 2.8% of all non-agricultural units in Austria belong to the NPS, 5.2% (about 20,490 units) belong to the public, and the large majority of 92.1% to the market sector. Thus, there is one NPO-unit for about every 19 for-profit units (Statistics Austria 2004, 39). The third sector's contribution to the GDP was 1.4% in 1999 (Mazegger 2001, 299).

However, as pointed out earlier, due to the narrow definition of NPOs used in the workplace and business census and, because local units without paid employees are not recorded at all, the number of NPOs offered by the census seems to be underestimated. To measure the relevance of the public, for-profit and non-profit sectors in certain fields of activities, the number of units does not seem to be very useful because the size of the units may differ substantially. Therefore, the number of employees is used as the yardstick for the following comparison between sectors. Table 6 shows that NPOs play a dominating role in providing social work activities. Around 55% of all people working in this field are employed in the NPS, about 33% in the public sector, and the remaining 14% in the market sector. Concerning other community, social and personal service activities, NPO-employees supply about a quarter of all services, and the market sector is the biggest provider with around 60%.

<sup>12</sup> To identify an organisation as an NPO the following criteria were considered: a) the name of the organisation, b) the legal form and c) the non-profit distributing criterion. Additionally, the definition of Non-Profit Institutions Serving Households (NPISH) was used: d) not controlled or for the most part financed by government; e) no revenues from compulsory fees; f) less than 50% of spending covered by sales; g) serving private households (information provided by Statistics Austria). For detailed information on the definition of NPISH and NPI and the distinctions between these two concepts, see Mazegger 2001.

The most prominent field where the NPS dominates the other sectors is that of human health activities. NPO employees carry out almost 90% of all in-home services and 83% of all ambulance and patient transports. In the field of education NPOs serve only 11.9% overall, but they are important providers of childcare in kindergartens (29%), medium-level technical and vocational schools (31%), and adult and other education (27%) (Schneider/Hagleitner 2005).

Table 06: Comparison of Employees between Sectors, 2001 (in %)

ÖNACE-categories		NPO Sector		Public Sector		Market Sector	
		Total	%	Total	%	Total	%
M	Education	26,682	11.9	187,106	83.7	9,836	4.4
N	Health and social work <sup>1</sup>						
	- Human health activities	18,150	10.3	91,651	52.0	66,285	37.6
	- Social work activities	38,524	54.9	22,078	31.5	9,564	13.6
O	Other community, social and personal service activities	26,836	25.8	15,423	14.8	61,770	59.4
<b>TOTAL</b>		<b>110,192</b>	<b>19.2</b>	<b>316,258</b>	<b>55.1</b>	<b>147,455</b>	<b>25.7</b>

<sup>1</sup> Health and social work comprises Human health activities, Social work activities and Veterinary activities. The latter are not recorded in the table, as no NPO is active in this area.

Source: Schneider/Hagleitner 2005, own calculations.

### 3. Relevance of the Austrian Third Sector in Political Terms

Although the legally chartered rights for civil society are generally very poor in Austria, non-profit organisations de facto play an important role in political affairs. They have a huge influence in legislation, because their lobby activities are highly valued by the administration. The reason for this is the tradition of the social and economic partnership, a special corporatist arrangement within the Austrian political system. In addition there exists the close relation between NPOs and political parties (see section 1).

#### 3.1 Corporatist Arrangements – Social and Economic Partnership

The social and economic partnership in Austria was established in the late 1950s to reduce the risk of inflation by balancing the interest of all economic groups (employees, employers, government). Therefore, representatives of these different groups built a system of cooperation with which they can discuss social and economic questions to find compromises and solutions that are widely accepted to avoid class-conflicts and strikes. The main partners of this informal and voluntary arrangement are the Austrian Federal Economic Chamber, the Federal Chamber of Labour, the Federation of Austrian Trade Unions, and the Chamber of Agriculture, but the foundation for this cooperation is the system of business and professional associations and unions which is very elaborate in Austria.<sup>13</sup> Almost every profession, codified by law, has its own self-governing chamber with obligatory membership and elected representatives (Leitl 2005, 50ff; Öhlinger 2005, 164f). The tradition that the chamber's expertise be used by administration and politics consequently increased. Thus, besides the unions, other NPOs are used as experts as well.

<sup>13</sup> In 1997 almost 4,800 professional associations were registered (Heitzmann 2001, 182).

On the other hand, many professions have a strong lobby. It is hard for NPOs to make themselves heard and to promote their interests. Therefore, in fields that are not covered by professional associations, NPOs consider converting to chambers to get more political power or even to become members of other big chambers, like the chamber of commerce (Schneider et al. 2007, 4.1.2).

### 3.2 Political Affiliation and Tradition of Specific Organisations

As already mentioned (see section 1), many traditional NPOs in Austria were founded and supported either by the *ÖVP* (and/or the Church) or by the *SPÖ*. Because of this, the representatives of these organisations had – and in most cases still have – a good and close relationship with public officials and with politicians. This cooperation not only makes it easier for NPOs to obtain public funding but also to make suggestions for new regulations and to lobby bills (Schneider et al. 2007, chap. 4.1.2). The advantage of this relationship for public administration and politicians was that the NPOs somehow promoted their party's ideology and they could use the NPOs know-how.

Besides these informal lobby-activities, a more formal way of influencing legislation exists.

### 3.3 Right to Appraise Bills

In Austria a small part of the non-profit organisations influence in the course of preparing a law has a legal foundation. Thus, certain associations (particularly the chambers) have the right to appraise and comment on bills prepared by ministries before they are brought to the Council of Ministers.<sup>14</sup> Although this right is given only to a few associations and only for bills concerning the tasks of these associations, in practise it is used to a much greater extent (Öhlinger 2005, 194). *De facto*, all bills made by ministries are sent to a huge number of NPOs (including chambers) which are invited to comment on them. Each ministry has its own list of organisations, which has grown over time.<sup>15</sup> The aim is to learn about and avoid possible caveats of the law and to improve its acceptance. As the ministries are interested in collecting feedback from organisations, it is usually no problem for NPOs to be added to the list. The time given to comment on the bills usually lasts from two weeks to several months, but there are no legal norms for it (as there is no legal foundation for this proceeding at all).<sup>16</sup>

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<sup>14</sup> After the Council of Ministers has adopted the bill it shall be introduced to parliament.

<sup>15</sup> To get an idea of these lists, here all organisations which have written statements on a bill of the Ministry of the Interior on the AsylG-Novelle 2003 are listed: *United Nations High Commissioner for Refugees, Caritas Österreich, Diakonie Österreich, Deserteurs- und Flüchtlingsberatung, Österreichische Bischofskonferenz, Rechnungshof, Verwaltungsgerichtshof Präsidium, BM f. Finanzen, Vereinigung der Mitglieder der Unabhängigen, Verwaltungssenate, Unabhängiger Bundesasylsenat, Ständige Konferenz der Kinder&JugendAnwältInnen Österreichs, Österreichischer Bundesverband für Psychotherapie, BM f. auswärtige Angelegenheiten, Bundeskanzleramt – Verfassungsdienst, Österreichische Kinderfreunde, asylkoordination österreich, Präsidium des Verfassungsgerichtshofes, Ständige Konferenz der Kinder&JugendAnwältInnen Österreichs, Amt der Steiermärkischen Landesregierung, Arbeitsgruppe Menschenrechte für Kinderflüchtlinge, Amt der Wiener Landesregierung, Amt der Niederösterreichischen Landesregierung, Unabhängiger Verwaltungssenat des Landes Oberösterreich, Österreichischer Rechtsanwaltskammertag, Amt der Tiroler Landesregierung, Gewerkschaft Öffentlicher Dienst, BM f. Wirtschaft und Arbeit, Bundeskanzleramt, Abt. V/3, Volkshilfe Österreich, BM f. Justiz, Katholischer Familienverband Österreichs, Universität Wien, Institut für Staats- und Verwaltungsrecht, Vereinigung der österreichischen Richter, Bundessektion Richter und Staatsanwälte in der GÖD, Österreichischer Städtebund, Amt der Salzburger Landesregierung, Amt der Vorarlberger Landesregierung, Asyl in Not, Österreichische Städtebund, Amt der Burgenländischen Landesregierung, Amt der Oberösterreichischen Landesregierung (Austrian Parliament 2006).*

<sup>16</sup> Indeed, in the course of the discussion on the Austrian Constitution in 2005 (Österreichkonvent), suggestions to codify the public access on governmental bills were made (Österreich Konvent 2006).

However, all bills made by ministries are published on the web site of the parliament as well and, therefore, can be read (and commented on) by anyone. This service has been carried out voluntarily by the parliament since 1996. Furthermore, on the web site all comments made by organisations (or persons) on a certain bill can be read<sup>17</sup> (Heindl 2003, 184).

Nevertheless, there is no law ensuring that the statements are considered or discussed. Furthermore, if bills pass the parliament without having been sent to these organisations, they become valid regardless.

### 3.4 Right to Initiate Legislation

In practise, in Austria the government proposes the large majority of bills, although there are legal possibilities for civil society to participate in legislation. Citizens' initiatives are the **Petition for a Referendum** ("*Volksbegehren*") and the **Initiative of Citizens** ("*Bürgerinitiative*"). The first has to be supported by 100,000 citizens who are entitled to vote and it can be written as a motion for a certain law. Such a referendum has to be negotiated in parliament – the result however is not compulsory. The second has to be supported by at least 500 Austrian citizens and has to concern federal issues. The **Initiative of Citizens** is discussed in a committee for such initiatives, but it's not compulsory that a motion for a law will be started.

All the other legal instruments for participation, like the plebiscite, the petition, and the public opinion poll, cannot be initiated by civil society but occur if the parliament or the government demands it.

De facto, however, all these instruments to participate are of little importance in the political system, because they are used very rarely.<sup>18</sup>

### 3.5 Representative Action and Other Legal Instruments of NPOs

A few organisations – mainly those active in the **field of consumerism** – have the right of representative action. Subject to the law for consumer protection,<sup>19</sup> the association for consumer information and the members of the economic and social partnership<sup>20</sup> are legally allowed to file representative actions. They can file a claim for injunctive relief against anybody who uses illegal or immoral clauses in his/her terms and conditions. In practise, however, only the Chamber of Labour and the Association for Consumer Information (*Verein für Konsumenteninformation* - VKI)<sup>21</sup> make use of this law (Pirker-Hörmann/Kolba 2006, 2).

Since 2005, in the field of **services for handicapped** the umbrella organisation of the associations for the handicapped (ÖAR)<sup>22</sup> can sue anyone violating the law for equal treatment of handicapped people. However, at first the federal advisor on issues for handicapped must recommend doing so.<sup>23</sup>

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<sup>17</sup> The materials can be found at: [www.parlinkom.gv.at](http://www.parlinkom.gv.at), menue „Parlamentarisches Geschehen“, menue „Begutachtungsverfahren und Stellungnahmen“.

<sup>18</sup> The last Petition for a Referendum was held in 2003 (on “Nonnuclear Europe”); since 2002 (last legislative period) 31 Initiatives of Citizens have been submitted (Austrian Parliament 2006).

<sup>19</sup> Konsumentenschutzgesetz 1979 (BGBl. Nr. 140/1979) §§ 28 und 29.

<sup>20</sup> Bundeskammer der gewerblichen Wirtschaft, Österreichischer Arbeiterkammertag, Österreichische Landarbeiterkammertag, Präsidentenkonferenz der Landwirtschaftskammern, Österreichischer Gewerkschaftsbund (KschG §28).

<sup>21</sup> For more than 10 years the VKI has been assigned by the relevant ministry to undertake legal actions as well as test cases and class-action lawsuits (Pirker-Hörmann/Kolba 2006, 2).

<sup>22</sup> Österreichische Arbeitsgemeinschaft für Rehabilitation.

<sup>23</sup> Bundes-Behindertengleichstellungsgesetz 2005 (BGBl. I Nr. 82/2005) §13. The ÖAR can not sue for compensation, but for ascertainment that discrimination has occurred.



Organisations active in the field of **environmental protection** don't have the right of representative action, but they have been able to participate in the procedure of environmental impact assessments since 2005. The law for environmental impact assessment, implemented in 1994,<sup>24</sup> stipulates that the impact of human activities<sup>25</sup> on the environment must be evaluated before a project is undertaken and that civil society has the right to intervene beforehand. That means that those living on adjoining property and other affected citizens, the municipality where the project will be carried out, as well as other affected municipalities and civil society initiatives have the right to intervene. Since 2005<sup>26</sup>, NPOs active in environmental protection can assert environmental rights in the process of an environmental impact assessment as well. Therefore, NPOs have to apply to be approved as a relevant party in environmental impact assessments by the ministry.<sup>27</sup> Currently already 20 NPOs are accredited.<sup>28</sup>

## 4. Legal Background of NPOs' Activities in Austria

To draw the line between NPOs, for-profit organisations and public organisations is quite difficult, as Austrian laws do not refer to the notion "non-profit organisation" at all. Accordingly, it is not possible to obtain a legal non-profit status. In the following, typical legal forms of NPOs and the consideration of the non-profit distributing criteria in tax law are depicted.

### 4.1 Legal Forms of NPOs

Considering their legal status, NPOs constitute a very heterogeneous group, because a specific form for NPOs does not exist. For all practical purposes, all legal forms of organisations can be approved as non-profits, with the exception of partnerships (OHG, KG) (Heitzmann 2001, 36). However, in practical terms such an approval is mainly relevant for matters of taxation. The most common legal forms for NPOs used in Austria are (see Nowotny/Fieda 2007, 3.3):

- **Registered associations:** The most important legal form for NPOs is the registered association, since this form does not require much administrative effort for its incorporation. The founders of an association have to announce the name, the intended purpose, the domicile and the charter of the association to the authority responsible for registering. If the authority does not prohibit the incorporation within four weeks, the association is registered automatically and can start pursuing its activity. However, in 2002 the requirements considering accounting and annual reporting for registered associations – at least for large ones – have been tightened. Additionally, the liability of associations' members was enhanced (Heitzmann/Simsa 2004, 716). Some evidence indicates that due to these new regulations registered associations became less popular as a legal form for large NPOs (see section 6).

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<sup>24</sup> Umweltverträglichkeitsprüfungs-Gesetz (BGBl. Nr. 697/1993).

<sup>25</sup> An exhaustive list of projects, for which an environmental impact assessment has to be considered, is included in the law.

<sup>26</sup> BGBl-Novelle 2004 (BGBl. 153/2004).

<sup>27</sup> NPOs have to meet the following criteria to be accredited by the ministry for agriculture, forestry, water and environment: at least three years primarily active in the field of environmental protection, organised either as a registered association or foundation, non-profit distribution.

<sup>28</sup> Among them are: Österreichischer Alpenverein, ÖKOBÜRO, Umweltverband WWF Österreich, VIER PFOTEN, Greenpeace CEE, ARGE Müllvermeidung, Umweltdachverband, Österreichischer Naturschutzbund u.a..

- **Foundations:** In principle, two forms of foundations exist in Austria: foundations under public law, which can only be corporate as non-profit foundations and since 1994, private foundations. The latter are not necessarily non-profit foundations, as this has to be decided by the tax authorities. Estimates for 2003 suggest that only 5% of all private foundations can be classified as non-profit foundations.
- **Co-operatives:** A very small segment of the co-operative incorporations belongs to the non-profit sector, although sometimes it is difficult to distinguish non-profit from ordinary co-operatives. The incorporation of non-profit co-operatives is similar to those of registered associations. Profit distribution to members needs to be excluded by the charter of the co-operative.
- **Corporations:** Corporations (private limited companies (GmbH) or public limited companies (AG)) can be awarded the status of a non-profit corporation (by fiscal authorities), if their statutes codify the non-profitability and if this can be verified in practice. All other legal issues are the same as for-profit corporations. Because the commercial register does not indicate if a corporation is listed as a non-profit corporation, it is impossible to determine their number on the basis of the register.

Table 7 shows the empirical relevance of the certain legal forms and gives the total number of officially recorded NPOs in each category.<sup>29</sup>

Table 7: Number of Nonprofits Organisations by Legal Form

Legal form of non-profit organisation	Total number
Registered associations (31.12.2005)	108,459
Private foundations (2002, estimated number)	115
Foundations under public law (2003)	475
Non-profit corporations (2006)	310 <sup>1</sup>
Co-operations (1999)	297 <sup>2</sup>
<b>Total</b>	<b>109,346</b>

<sup>1</sup> At least. <sup>2</sup> At most, because not all identified co-operatives can be said to be non-profit organisations.

Source: Schneider et al. 2007, 4.2.2.; Statistik Austria 2007: 190.

## 4.2 Tax Exemptions for NPOs

In the Austrian tax law, a legal definition of ‘non-profit organisation’ does not exist, and basically no tax concessions are granted only because of the legal status of a NPO (Achatz 2006, 50). However, two kinds of organisations, ‘Corporations under public law’ and ‘organisations fostering non-commercial, beneficial or religious purposes’ enjoy quite extended tax privileges if they meet certain criteria. The granted privileges for both types of organisations are quite similar, but the latter mentioned type is more common within the Austrian NPS. Here only the privileges of organisations fostering non-commercial, beneficial, or religious purposes are presented.

<sup>29</sup> For the huge difference compared to the number of NPOs in the census of local units, see section 2.4.

To become accepted by fiscal authorities as an **organisation fostering non-commercial, beneficial or religious purposes**, NPOs must adopt – exclusively and immediately – one of these three preferential purposes, which must be codified in their statutes and be pursued in reality, as well. Additionally, the organisations are not allowed to distribute dividends. If these qualifications are fulfilled, the organisation may enjoy the following tax exemptions (see Achatz 2006, 57ff):<sup>30</sup>

- **Corporate Income Tax:** As a rule, NPOs do not have to pay corporate tax. However, those profit-seeking parts of the organisations – if there are any – do not benefit from this exemption and have to pay corporation tax on profit.
- **Value Added Tax (VAT):** NPOs in principle have to pay VAT but enjoy a reduced tax rate. NPOs active in specific fields, which are listed completely in the relevant law (e.g. hospitals, youth centres, theatres) enjoy total VAT exemption.
- **Capital Transfer Tax:** NPOs do not have to pay taxes on bequests, inheritances, and donations, unless the transferred commodities are immovable property. For immovables a reduced tax rate (2.5%) is granted (ibid. 59).

Furthermore, tax concessions are selectively granted to NPOs targeting certain aims, e.g. NPOs active in the social services and health field (municipal tax) and NPOs active in sports and research, for instance (real estate tax).

Not only NPOs enjoy tax privileges. Corporations and individuals can deduct donations to certain NPOs from their tax base up to a level of 10% of their total profit or income in the previous year. However, this is only true for a specific list of NPOs active in the field of research. Additionally, corporations can deduct expenses for NPO-sponsoring.

#### **4.3 Legal Norms Affecting Voluntary Work: Social Work Obligation**

Since 1975, young Austrian males can select social work obligation instead of military service. If they do so, they have to work for 9 months, either in public administration, in organisations under public law (e.g. chambers, fire brigades, and social insurance institutions), or in NPOs. Organisations can only offer places for social work obligation if the Ministry of the Interior accredits them and if they are active in one of the fields listed in the law for social work obligation. The most relevant fields are social services (hospitals, nursing-homes, ambulance and patient transports, organisations working with handicapped people, with orphanages, with homeless people, with drug-addicted people, with old people, and with refugees), ecological services, memorial places or traffic safety. In 2004 about 1,020 organisations offered a total of 12,538 places for social work obligation (BMI 2005, 45ff, Zivildienstverwaltung 2006).

The young men must work full time, but the organisations are not required to pay much for their work (about € 263/mo., additionally they must serve or pay for meals and pay for travel expenses). The NPS benefits significantly from these regulations. Many NPOs, especially those active in the field of ambulance and patient transport, or in the field of social services for the handicapped, where 4,250 and 1,980 civilian servants were active in 2004, would not be able to deliver their services at current levels, if it were not for the institution of social work obligation (BMI 2005, 45ff, Zivildienstverwaltung 2006).

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<sup>30</sup> Profit-seeking segments do not benefit from these exemptions.

## 5. Organisational Characteristics of Austrian NPOs

Against the backdrop of the strong principles of self-administration and federalism in the political system in Austria (see section 1), a relevant part of the NPS is structured accordingly. In particular, large and traditional NPOs (e.g. Caritas, Red Cross, Boys and Girl Scouts) are composed of relatively autonomous and strong organisations active on the state level (mainly in each of the nine states of Austria) and of one – relatively weak – **umbrella organisation** on the federal level. The reason might be that many NPOs are active in fields in which the states are responsible for legislation (e.g. health, social services and sports), so the state-level organisations are the partners with which the public authorities deal. Remarkably, the peer-organisations on the state level may differ from each other considerably, although they have the same name. This might be caused by the different legislation in each state because the peer-organisations have different contracts with the state governments and might offer different services (Schneider et al. 2007, chap. 4.1.2).

Most of the NPOs organized on the federal and the state level have sub-organisations on the regional or municipal level as well (e.g. Austrian Alpine Association, Boys and Girls Scouts, Austrian Athletics Federation). These organisations are not very strong and don't have too much autonomy – sometimes they even can be seen as local outlets. The strength of these organisations on the local level, however, is their close contact to their members and the citizens.

Besides the **vertical structure within one organisation**, in certain non-profit industries umbrella organisations pooling different NPOs are common as well (e.g. federal sports organisation, federal-state fire brigade association). Moreover, recently, umbrella organisations allying different non-profit fields were established, too (e.g. IÖGV – Austrian Non-Profit-Organisation Lobby). For small and autonomous working NPOs it is rather unusual to be organized within umbrella organisations, but they also have started to do so (e.g. umbrella organisation for self-help groups, Austrian peace-service organisations) (Schneider et al. 2007, chap. 4.1.3, Heitzmann 2001, 29f).

## 6. Current Issues in Austria's Non-profit Sector Discourse

A very intensely-discussed issue between NPOs and legislators politics is the extension of the **tax deductibility of donations for private and corporate donors**, since the tax benefits offered by the Austrian tax law for this reason are very limited (see section 4.2), particularly when compared with other European countries (IHS 2002). A large majority of NPOs would appreciate such an extension because they hope – or know from surveys – that their organisation would benefit from it, as they are active in fields very popular for donors. The opposing NPOs hold the view that those fields of activities, which are not that popular among citizens and donors (e.g. asylum seekers, battered women), would be disadvantaged by such a law as it is much more difficult for them to attract donors. This opinion is connected with the fear that the Austrian government – following such a legal change – would reduce public funding for NPOs. In doing so, NPOs would become more dependent on corporate philanthropy. Thus, the market for donations would get highly competitive and NPOs would have to invest in marketing activities for donations (Gubitzer 2005, 20). However, the issue of tax deductibility for donations has been on the political agenda for about three years now; the position of the new government on it is not yet clear.

Political and ideological ideas of liberalism and the trend towards **deregulation and decentralisation** are the backdrop for the discussions on tax-exempts for private giving. Thus, the NPS already experienced financial challenges in the early 2000s. At that time the Austrian government cut expenditure to balance the budget and reduced funding for NPOs. Simultaneously the public sector became more demanding with regard to the services delivered by NPOs (Heitzmann/Simsa 2004, 728). Due to the replacement of lump sum subsidies by performance based contracts NPOs appear to be more occupied with restructuring their finances and searching for new funds.

Another challenge for NPOs is caused by **for-profit companies**, as they increasingly appear **as competitors** in fields which have only been served by NPOs so far. Thus, NPOs have to underline how and why their service is “different” from those of profit-making organisations. On the other hand, however, due to growing demands from public contractors and private donators, NPOs are forced to improve and document their performance. To this end they **implement management tools** and seek to “professionalize”, which makes them quite similar to commercial companies, again (ibid.).

As already mentioned, legal changes effected by a new law on registered associations in 2002 are still an issue within the NPS. Primarily, the **enlarged requirements for financial accounting** and the changed regulations on liability caused NPOs, notably small ones which have not dealt with legal issues until then, to seek legal advice. Also in this context, the question of **advantageous legal forms for NPOs** is raised, whereupon particular non-profit corporations (see section 4.1) versus registered associations are discussed. Other legal topics currently relevant concern the **European Competition Law** and the **Public Procurement Law** according to the European procurement directive (see, for example Herzig 2006, 98ff). Furthermore, the question of how to recruit volunteers is of topical interest in the NPS as it has become more and more difficult to attract and keep volunteers.

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