

Austrian Catering Company Accused of Discriminating Against Hungarian Employees

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ÖBB train in Vienna. Photo: ÖBB/Bönsch.

Do & Co. AG, an Austrian catering company, has been accused of paying its Hungarian staff one third of what it pays Austrian citizens for the same jobs. The employees work on trains operated by the Austrian state railway company making trips between countries in central Europe.

The catering staff are employed by two different subsidiaries of Do & Co., which is headquartered in Vienna. Both are named Henry am Zug (HAZ), but one is based in Austria and the other is based in Hungary. The parent company generated [revenues of €636 million \(\\$720 million\) last year from its operations](#) which include running bars, restaurants and hotels in multiple countries, as well as providing catering services for airlines, trains and international sporting events.

In April 2012 Do & Co. was awarded a catering contract for Österreichische Bundesbahnen (ÖBB) to supply drinks and food on about 160 long distance trains in central Europe. The company employs about 600 staff of whom 100 are employed by HAZ in Hungary. The Hungarian staff receive a monthly salary of €500 (\$570) after tax while Austrian staff receive between €1200 and €1500 a month (\$1368 to \$1710).

[“Eighty percent of the time we work outside Hungary for a 100 percent Hungarian salary,”](#) Kati Fossi, a HAZ Hungary employee and works council representative, told Profil, an Austrian weekly magazine. (Many European companies have works councils who negotiate working conditions with the management. They often exist in parallel with unions but do not replace them.)

[“Hungarian workers have been tricked out of their money for years,”](#) Gerhard Tauchner, a union activist with Vida, the Austrian transport and service union, told Profil.

Do & Co. claims that Hungarian employees only work on trains that depart or end in Budapest. But an [investigative report published last month by Netzwerk Soziale Verantwortung \(NeSoVe\)](#), an Austrian activist coalition on corporate justice, alleged that workers employed by the Hungarian subsidiary were found working on a train that was travelling from Zurich in Switzerland to Vienna.

Allegations of malpractice on ÖBB trains have been made in the past. Union activists have also accused E-Express, the previous catering contractor, of underpaying Hungarian workers and forcing them to work 30 hours a shift.

In 2011, former E-Express employees told der Kurier newspaper that their employer had [engaged in tax fraud; used malfunctioning refrigeration units and water tanks; and forced employees to serve expired food to customers.](#)

When the train catering contract was put out to bid in 2012, Do & Co. beat E-Express by submitting a lower bid. E-Express then sold their catering subsidiary – which was called Foom – to Do & Co. Foom was renamed Henry am Zug but it continued to employ most of the same staff.

But by late 2012, Henry am Zug [employees began to complain to the media about working conditions.](#) The employees said that they were forced to work up to 10 hours without a break and were not provided with recreation rooms. Der Standard reported that workers were told that [the company would fire them if they did not make enough sales,](#) a complaint that the company denied.

“I don’t need this discussion,” Attila Dogudan, the CEO of Do & Co., told der Standard in January 2013. [“We do not want to save money by using cheap labor from Hungary.”](#) Instead of paying Hungarian workers more money, he announced, he would replace them with Austrian employees.

When Fossi relayed employees’ complaints to the HAZ management, she was laid off for a month in April 2013, despite the fact that one of her tasks was to act as a liaison between management and staff. [“They made me understand that I should keep quiet”](#), Fossi told Profil.

Last year, the [Austrian Trade Union Federation came to the support of the train workers and set up a complaints hotline](#) for them to report problems. “The wage fraud has to stop,” Helmut Gruber of Vida told Format magazine.

The laws governing European workers who are employed in other countries can be complicated. In 1996, a [European Union directive](#) stipulated that labor contracts for workers posted abroad should be governed by the laws of the country where they were physically employed, including wage rates, shift lengths and occupational safety.

In 2008, the European Court of Justice (ECJ) clarified that host countries had the right to demand that foreign companies pay the local legal minimum wage, but could not require them to pay any more since such a requirement would cause those [“undertakings to lose the competitive advantage which they enjoy by reason of their lower wage costs.”](#)

That debate continues to this day. Last week, the [ECJ allowed a Finish union to intervene on behalf of Polish workers in Finland](#) to demand that their Polish employer pays them the minimum hourly Finnish wage and enjoy equal rights as local workers, after the Polish employer refused to recognize the union’s right to organize the foreign workers.

Part of the problem in Austria, however, is that there is no legal minimum wage. [Instead 98 percent of jobs are subject to collective bargaining agreements.](#) In recent press statements, Dogudan has claimed that the rules make little sense for workers who work in multiple countries, since [“pilots that cross multiple countries would need to be subject to multiple collective bargaining agreements.”](#)

But Dr. Josef Unterweger, an Austrian labor lawyer, told NeSoVe that pilots do “have contracts with airlines... Based on this comparison Mr Dogudan must be supportive of the

idea that the servers on the train – just like the ticket inspectors and the railroad engineers – [should have a contract with the railway company and be paid by it.](#)”

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