

**Philipp Lust**

# The Austrian Budget Reform 2009/2013

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 DG Budget – dep. II/1

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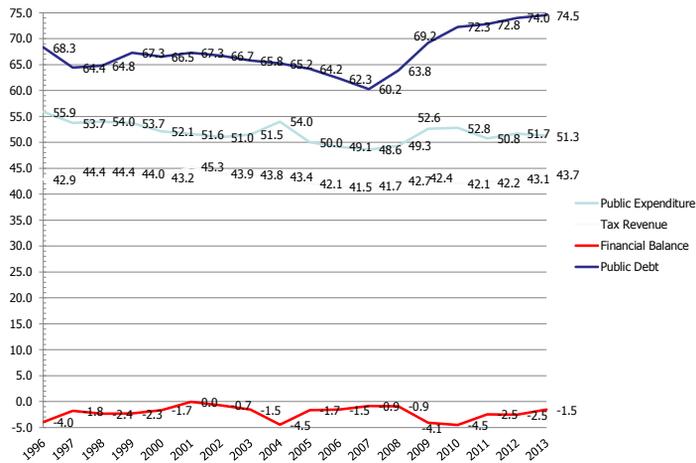
## 1.) Austrian Federal Budget 2014/2015

in Mio. Euro	cash flow 2014		cash flow 2015	
	budget transactions	financing	budget transactions	financing
expenditures	75 765,091	93 988,557	74 719,218	84 382,730
receipt	72 195,785	97 557,649	71 525,383	87 576,565
net deficit	3 565,306		3 193,835	
requ. credit		3 565,306		3 193,835

### medium term expenditure framework limits:

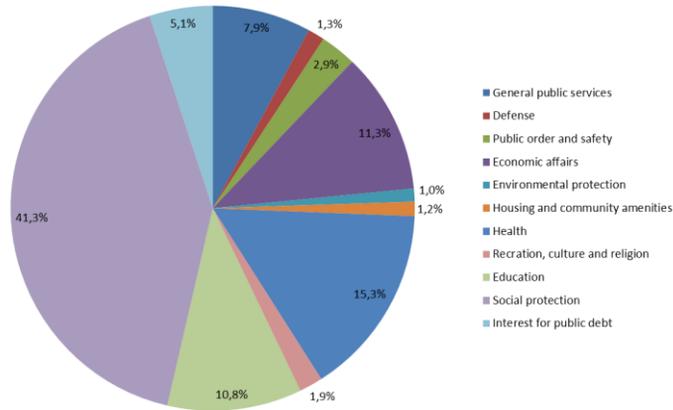
2014	2015	2016	2017	2018
75 204,29	74 385,182	77 704,161	78 988,299	80 521,278

## Main budget indicators in % of GDP



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## Structure of public expenditure by functions (COFOG)



(Statistik Austria 2012)

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## 2.) LEGAL BASIS FOR THE FEDERAL BUDGET

**constitutional level:**  
**federal constitution (B-VG)**

**level of normal law:**  
**federal budget law (BHG 2013)**  
**law on medium term expenditure framework (BFRG)**  
**federal finance act (annual BFG)**  
audit court law (RHG)  
fiscal equalisation law (FAG)

**regulations**

**guidelines**

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## persistent BHG and annual BFG

**federal budget law**  
(Bundeshaushaltsgesetz 2013, BHG 2013)

sets out the **general rules of conduct**  
for preparing and implementing the budget and  
its control after the fiscal year

**federal finance act** (Bundesfinanzgesetz, annual BFG)

plans **allocation of funds and** entitles to **expenditures**  
and expenses in a **specific year** within the scope of the  
MTEF (BFRG)

**mandate to MoF** to allow certain excess allocations <sup>6</sup>

## Budget principles

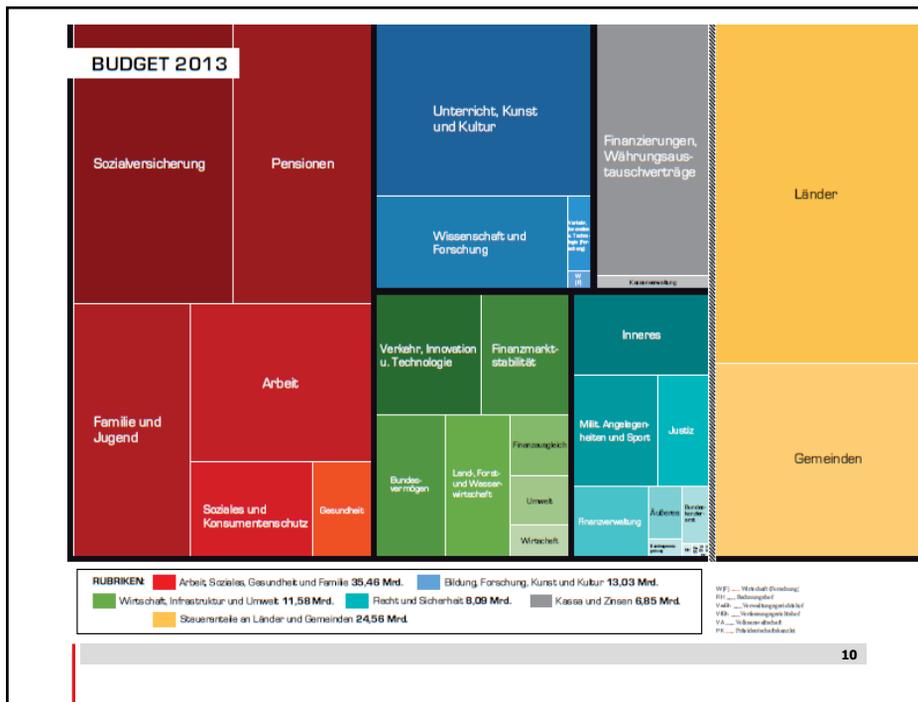
- annual
- single and complete budget
- gross accounting
- transparency and efficiency  
(before economic efficiency, thrift, expediency)
- „anticipation“
- publicity
- flexibility combined with reporting duties

## medium term expenditure framework (BFRG)

- **scope of 4 years**  
each year one year is added
- **focus on expenditures**  
not balance of expenditures and revenues  
mostly fixed categories, some variable expenditures
- **5 central headings (rubrics)**  
highly aggregated to reflect core political areas
- **rubrics are divided into chapters**  
(Untergliederungen)  
each chapter is assigned to *one* ministry

# the 5 rubrics (headings)

1	<b>General Government Affairs, Court and Security</b>				
2	<b>Employment, Social Services, Health and Family</b>				
3	<b>Education, Research, Art &amp; Culture</b>				
4	<b>Economic Affairs, Infrastructure and Environment</b>				
5	<b>Financial Management and Interest</b>				



### 3.) BUDGET REFORM

**2013: 2nd stage of the budget reform**  
which was started with the 1st stage in 2009

the reform is based on **international best practices**  
and  
**national experiences** from the **flexibility clause**

### Implementation: 2 Stages, 3 Legislative Amendments

#### Amendment of ...

- **the constitution:**  
1st and 2nd stage:  
Objectives, Tools, Principles
- **the Budget Law 1st stage as of 2009:**  
new budget management on macro-level
- **the Budget Law 2nd stage as of 2013:**  
new budget management on micro-level

Unanimously  
adopted in  
Parliament  
in Dec. 07

## core aspects

### problems to be tackled:

- overwhelming input-orientation
- no proper multi-annual focus
- merely cash-oriented accounting system

### central elements of the reform:

- accrual and multi-annual approach (2013+2009)
- more flexibility and responsibility (2009+2013)
- output-orientation (2013)

## What was new in 2009?

- new budget structure with **5 headings (rubrics)**
- binding 4-year **Medium Term Expenditure Framework** (Bundesfinanzrahmengesetz + strategy report)
- more **flexibility** with budgetary reserves (full carry-forward possibilities without earmarking)
- **constitution** sets up **national objectives** on public finances (macroeconomic equilibrium, sustainable public finances, gender equality)

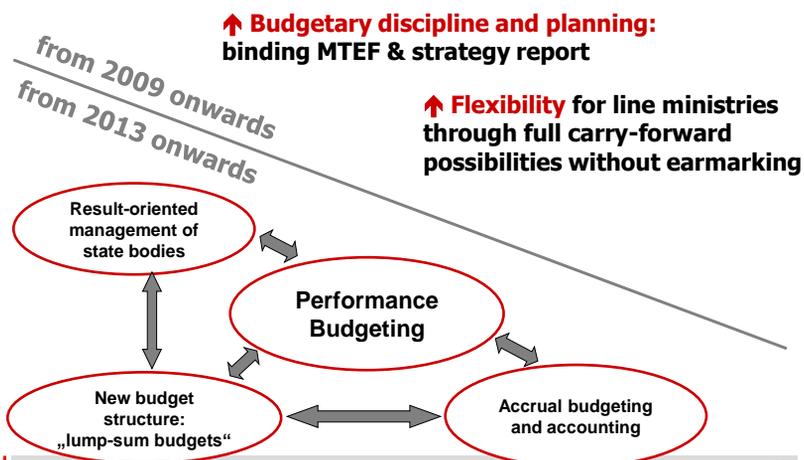
**aims at macro-level:** better planning  
more fiscal discipline  
more flexibility

## What was new in 2013?

- **new budgetary principles**
  - outcome-orientation incl. gender budgeting
  - efficiency
  - transparency
  - true and fair view
- **performance budgeting** including gender budgeting
- **new accounting system with accrual elements**
- **new budget structure including lump sum budgets**  
(global budgets, detail budgets instead of line appropriations)

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## Overview 1st and 2nd Stage of the Federal Budget Reform



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## Legally Binding Federal MTEF

- **independent research council** (Austrian Institute of Economic Research – WIFO) delivers economic forecast
- **MTEF law** sets expenditure ceilings
  - for 4 years (n+4 is added annually)
  - for 5 headings (almost each covers several ministries) and
  - for about 30 budget chapters (following the organization of ministries)
- **2 kinds of ceilings:**
  - nominally fixed: ~75% of expenditure
  - variable according to predefined indicators for expenditure areas with high sensitivity to the business cycle, directly linked to tax receipts, refunded by EU and payments from due liabilities ... unfortunately this group is growing...Strategy report as an explanatory document
- Additional ceiling for HR capacity (per ministry) for 4 years
- Strategy report as an explanatory document
- **Austrian MTEF combines budget discipline, sensitivity to the business cycle and focus on expenditure**

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## Win-Win-Situation for Budget Sustainability and Ministries

- **Clear commitment to medium-term fiscal discipline,**  
in exchange for
- **increased flexibility and improved medium-term planning for ministries, since:**
  - unused funds at the end of the year may be carried forward to future periods
  - same rules apply for certain receipts (not for tax revenue !) over budget during the current year
  - no earmarking of these reserves
- **very positive results:** containment of the „december-fever“, considerable savings, better prioritisation
  
- **BUT:** restrictive budgeting planned from 2014 onwards  
*may* lead to some compromises of the new principles...

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- Fiscal discipline supported:
  - forces stakeholders to look at medium term developments
  - helps markets to assess budget credibility
  - increases transparency for decision makers and public
  - strengthens top down – approach in budgeting
  - link to long term fiscal projection helpful
  
- MTEF- design matters:
  - counter-cyclical effects helpful to align budget and macroeconomic policy
  - flexibility within strict expenditure limits crucial to motivate spending ministries to act responsibly (allow redeployments and carry forwards)
  - focus on expenditure but don't forget incentives to increase revenue

- Apply MTEF credibly to shape budgetary culture:
  - avoid frequent (upward) amendments of MTEF in order to enhance fiscal discipline and planning reliability
  - MTEF is prior to annual budget
  
- Connect MTEF to results
  - Decisions to allocate resources should reflect political priorities
  - Link to results: Outcomes addressed when designing MTEF → specified outcomes + outputs in the annual budget

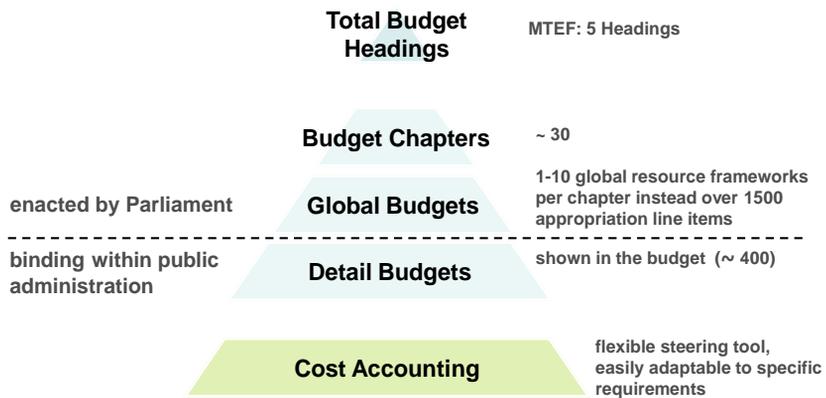
## MTEF: 3rd lesson learned

- **even legally binding limits may be changed**  
experience since 2009 (values of original BFRGs):

MTEF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
09-12	77.519,873	70.817,407	71.271,300	73.368,900						
10-13		70.817,407	71.271,300	73.368,900	74.733,800					
11-14			69.099,300	70.144,300	70.930,600	72.253,100				
12-15				73.605,635	73.212,928	74.571,101	75.487,654			
13-16					75.055,806	74.339,354	73.930,275	76.512,154		
14-18						75.204,290	74.385,182	77.704,161	78.988,299	
15-19							74.385,182	77.704,161	78.988,299	80.521,278

- **harmonisation** with new **European framework** necessary

## New Budget Structure 2013



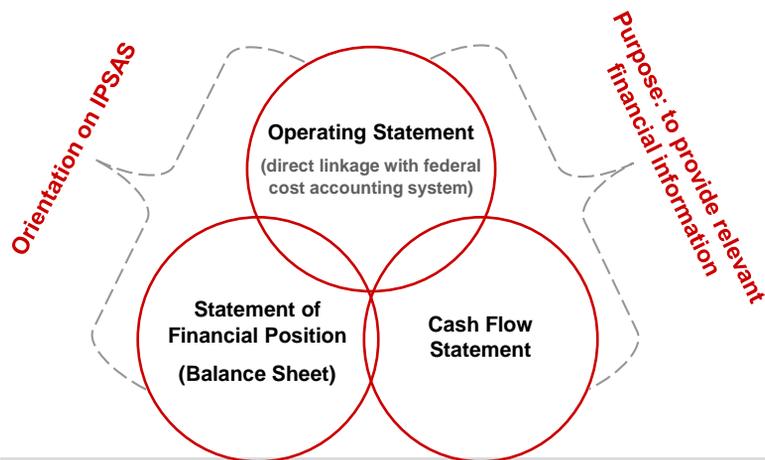
Transparent budget structure as a prerequisite for other reform elements

## New Budget Structure – Lessons Learned

- Switch from detailed legally binding line item appropriation to higher aggregated budget clusters makes sense
  - Strengthens budget flexibility within strict expenditure ceilings → increases acceptance of budget discipline
  - enhances readability of budgets → makes it easier to deal with the budget
- Still providing detailed budget information is crucial for Parliament to accept binding character of a higher aggregated budget level

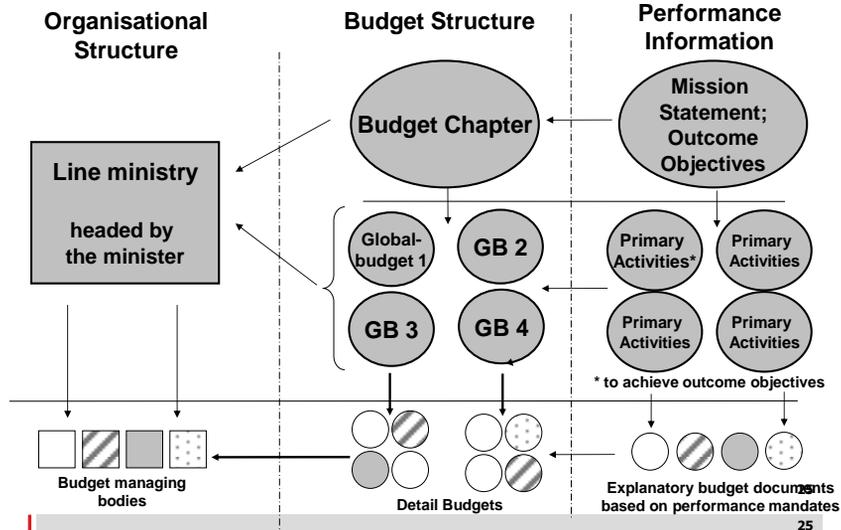
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## Accrual accounting and budgeting 2013

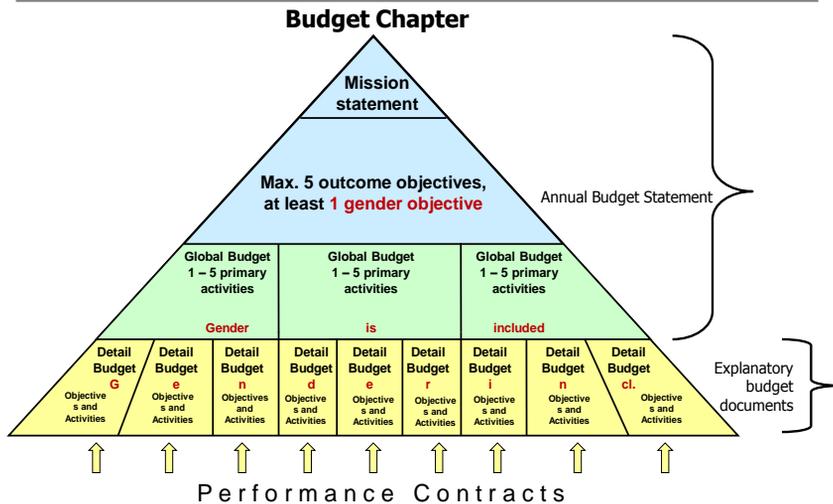


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# Integration of organisational, budget, and performance management structures 2013



# Performance Budgeting (GB integrated) - Pyramid



# The Traditional Line Item Budget...

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Anlage I BUNDESVORANSCHLAG 2008



(Beträge in Millionen EURO)

VA-Ansatz	AB	A U S G A B E N Bezeichnung	Ann.	Erfolgsw. Ausgaben		Bestands- wirksame Ausgaben	Bundesvor- anschlag 2008	Bundesvor- anschlag 2007	Erfolg 2006
				pers.	sachl.				
1/50		Finanzverwaltung:	*						
1/500		Bundesministerium für Finanzen:							
1/5000		Zentralleitung:							
1/50000	43	Personalausgaben		55,360		2,834	55,360	51,639	43,597
1/50003	43	Anlagen					2,834	4,433	0,151
1/50007		Aufwendungen (Gesetzl. Verpflichtungen)					0,641	0,636	0,604
	21						0,011	0,011	0,002
	22						0,451	0,449	0,425
	43						0,179	0,176	0,177
1/50008	43	Aufwendungen	*				77,315	76,359	71,901
		Summe 5000...		55,360	77,956	2,834	136,150	133,067	116,254
1/5001		Einhebungsvergütung gem. Art. II Abs. 3 Eigenmittelbeschluss:							
1/50018	43	Einhebungsvergütungen gem. § 2a Abs. 4 ZollR-06			1,239		1,239	1,302	1,321
1/5002		IT-Bereich:							
1/50028	43	Aufwendungen			113,148		113,148	113,166	113,006
1/5003		Entschädigungszahlungen:							
1/50037	43	Aufwendungen (Gesetzl. Verpflichtungen)			1,499		1,499	1,499	0,729

was replaced by ...

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# How does the budget look like since 2013?



Bundesvoranschlag 2013

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L.A. Aufteilung auf Globalbudgets  
Untergliederung 30 Unterricht, Kunst und Kultur  
(Beträge in Millionen Euro)

Ergebnisvoranschlag	UG 30 Unterr.,Ku nst,Kultur	GB 30.01 Steuerung u.Services	GB 30.02 Schule/ Lehrpersona l	GB 30.03 Kunst und Kultur	GB 30.04 Kulturein richtungen
Erträge aus der operativen Verwaltungstätigkeit und Transfers	77.946	26.386	41.388	10.171	0.001
<b>Erträge</b>	<b>77.946</b>	<b>26.386</b>	<b>41.388</b>	<b>10.171</b>	<b>0.001</b>
Personalaufwand	3.502.283	239.777	3.249.805	12.701	
Transferaufwand	3.909.537	187.249	3.325.882	117.719	278.687
Betrieblicher Sachaufwand	1.082.082	721.778	327.364	32.632	0.308
Finanzaufwand	0.009		0.009		
<b>Aufwendungen</b>	<b>8.493.911</b>	<b>1.148.804</b>	<b>6.903.069</b>	<b>163.052</b>	<b>278.995</b>
Nettoergebnis	-8.415.965	-1.122.418	-6.861.672	-152.881	-278.994
<b>Finanzierungsvoranschlag- Allgemeine Gebarung</b>	<b>UG 30 Unterr.,Ku nst,Kultur</b>	<b>GB 30.01 Steuerung u.Services</b>	<b>GB 30.02 Schule/ Lehrpersona l</b>	<b>GB 30.03 Kunst und Kultur</b>	<b>GB 30.04 Kulturein richtungen</b>
Einzahlungen aus der operativen Verwaltungstätigkeit und Transfers	77.946	26.386	41.388	10.171	0.001
Einzahlungen aus der Investitionstätigkeit	0.053	0.018	0.030	0.005	
Einzahlungen aus der Rückzahlung von Darlehen sowie gewährten Vorschüssen	2.082	2.080		0.002	
<b>Einzahlungen (allgemeine Gebarung)</b>	<b>80.081</b>	<b>28.484</b>	<b>41.418</b>	<b>10.178</b>	<b>0.001</b>
Auszahlungen aus der operativen Verwaltungstätigkeit	4.552.992	1.024.707	3.483.192	44.785	0.308
Auszahlungen aus Transfers	3.910.817	187.249	3.327.162	117.719	278.687
Auszahlungen aus der Investitionstätigkeit	36.791	4.496	31.260	1.035	
Auszahlungen aus der Gewährung von Darlehen sowie gewährten Vorschüssen	2.264	2.239		0.025	
<b>Auszahlungen (allgemeine Gebarung)</b>	<b>8.502.864</b>	<b>1.218.691</b>	<b>6.841.614</b>	<b>163.564</b>	<b>278.995</b>
Nettoregelfluss	-8.422.783	-1.190.207	-6.800.196	-153.386	-278.994

operating statement  
(accrual accounting)

+

cash-flow budget

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I.C. Detailbudgets  
30.01.02 Regionale Schulverwaltung  
Erläuterungen

Globalbudget 30.01 Steuerung und Services

Detailbudget 30.01.02 Regionale Schulverwaltung  
Haushaltführende Stelle: Haushaltführende Stelle UG 30 (Zentralleitung)

Ziele

Ziel 1

Beitrag zur Sicherstellung von bestmöglichen Lernbedingungen an allgemeinbildenden Schulen durch pädagogische Qualitätsentwicklung und Qualitätssicherung

Maßnahmen inklusive Gleichstellungsmaßnahmen

- **Max. 5 outcome objectives per chapter**
- If possible, min. 1 outcome objective directly addressing **gender equality**
- Overall objective: **Integrated view** on budget and performance information

Beitrag zum Ziel zu den Zielen	Wesentliche Maßnahmen	Wie sieht Erfolg aus? Meilensteine/Kennzahlen für 2013	Istzustand zum 31.12.2011
1	Aufbau und Erprobung des Qualitätsentwicklungs- und Qualitätssicherungskonzepts SQA im Sinne einer Pilotierung	- Zwischenbilanz über das Pilotjahr im Sommer 2013 und ggf. Überarbeitung des regionalen Konzepts - Herbst 2013: Offizieller Start von SQA für die Schulen und flächendeckende Umsetzung des Konzepts; erstmalige Erstellung von Entwicklungsplänen und Durchführung von Zielvereinbarungsgesprächen zwischen den Schulen und der Schulaufsicht	Abschluss von Vereinbarungen zwischen der Zentralstelle und der Schulaufsicht über Gestaltung und Nutzung des Pilotjahres
1	Durchführung von Personalentwicklungsmaßnahmen für die Schulaufsicht	Durchführung von Workshops für Führungskräfte (Fokus Dialogische Führung, Zielvereinbarungen, pädagogisches Controlling): 2 Durchgänge	Durchführung von Workshops für Führungskräfte (Fokus Dialogische Führung, Zielvereinbarungen, pädagogisches Controlling): 1 Durchgang