



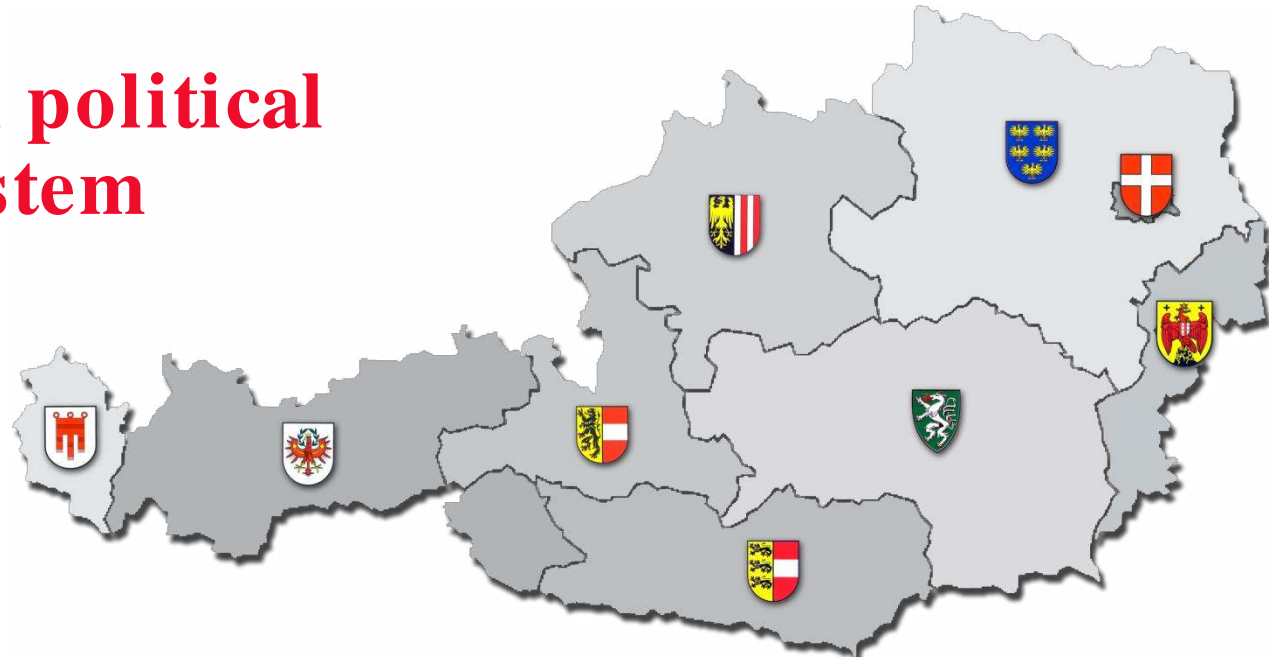
REPUBLIK ÖSTERREICH
Parlament

5th Annual Meeting of OECD Parliamentary Budget Officials and Independent Fiscal Institutions

21st February, 2013, Ottawa

The new Austrian Parliamentary Budget Office

The Austrian political and fiscal system



- **Federal state** but legislative and fiscal powers are highly centralised
- **Parliamentary democracy** dominated by majority governments and grand coalitions of two major parties since 1945
- Laender and municipalities depend to a high degree on **fiscal transfers and fiscal equalisation**
- Small, open economy depending on exports
- Little medium term fiscal discipline



Reform of the budget law

- **Vision: to improve budgetary decision-making**
- **Reform addresses weaknesses of the traditional system**
 - No binding medium-term perspective
 - Prevailing focus on inputs
 - Monopoly of cash-perspective
- **Objective:** the federal budget as a comprehensive steering instrument for resources, outputs and outcomes
- **Legal basis of the framework:** Budget law reform in two stages (2009 and 2013)
Unanimous decisions in Parliament
- Permanent involvement of Parliament and the Austrian Court of Audit in the reform process by establishing a parliamentary advisory board



Budgetary reform: 1st and 2nd stage

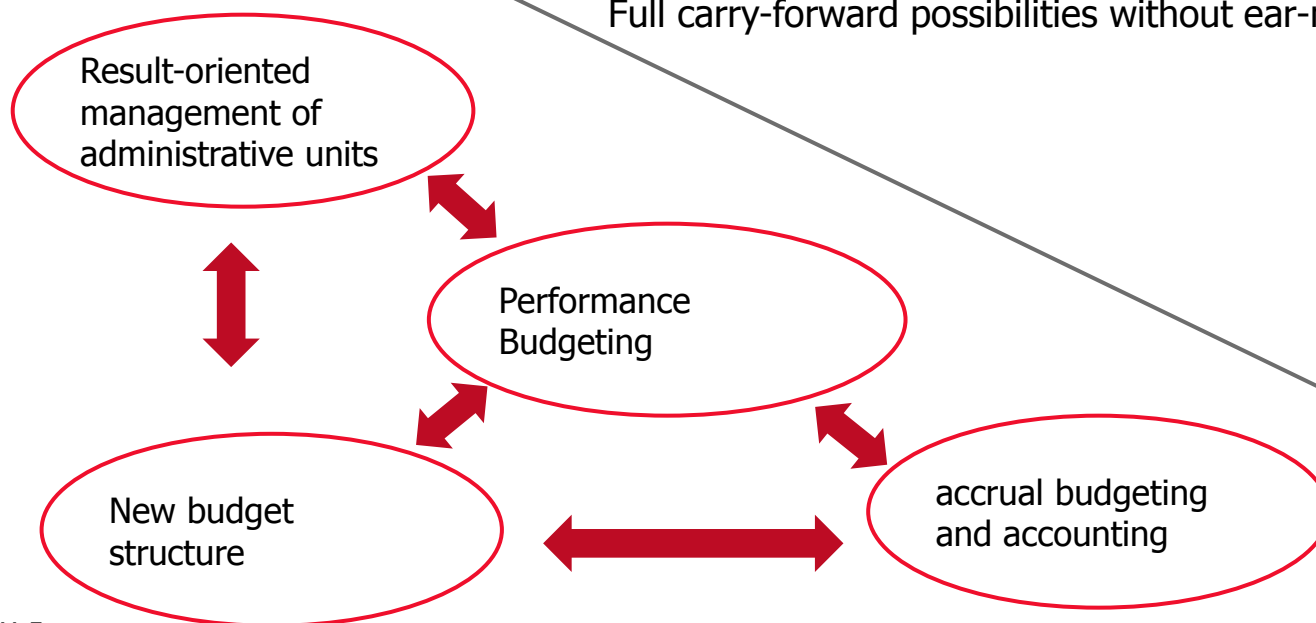
New budget principles: outcome-orientation, efficiency, transparency, true and fair view

as of 2009

Budgetary discipline and planning:
binding medium-term expenditure framework (MTEF);
explanatory strategy report

as of 2013

Flexibility for ministries:
Full carry-forward possibilities without ear-marking



Source: MoF



Major changes in Austrian fiscal framework

- **Medium-term expenditure framework (MTEF):** Legally binding for four years (first stage of budget law reform since 2009)
- **Budget execution practices:** New rules for reserves: introduction of carrying forward the unused funds at the end of the fiscal year (implemented during first stage of budget law reform since 2009)
- **Accrual accounting and budgeting** for the federal level as of 2013 (second stage of budget law reform starting in 2013)
- **Performance budgeting and result-oriented management of administrative units** (second stage of budget law reform)
- **Long-term projections:** By 2013, long-term projections covering 30 years (second stage of budget law reform)
- **Fiscal rules:** Federal and sub-national debt brake rule (May 2012)



Challenges for Parliament

- Completely **new budgetary structure** and **performance budgeting** changes parliamentary possibilities of steering and controlling the budgetary process
- New budget rules give **executive government** and **administration** additional powers and confers former Parliament's rights in budgetary matters to a higher level of aggregation (70 global budgets instead of more than 1100 individual budget lines)
- Need for more stringent parliamentary control of the budget execution
- Federal **budget reform envisages a central role for parliament**
However,
 - budget process is a **highly complex** mechanism
 - Large information asymmetries between government and parliament



Establishment of a new Parliamentary Budget Office

- Long-term aims to provide **independent expertise** directly to Parliament
- Need to realign budgetary procedures and **strengthen budget control** of government expenditure in parliament
- Increase involvement of Parliament in budgetary decision-making and objective setting
- **Objectives** of the new Parliamentary Budget Office:
 - => to provide independent and objective analysis
 - => to support Parliament, in particular the budget committee in budgetary matters



Establishment proceedings

- **Political agreement** between all political parties represented in the Austrian national assembly
- **Statement of the budget committee** of the Austrian Parliament of 10th November 2011):
PBO shall be based on the following principles:
 - Establishment initially without legal basis
 - PBO shall work independently and ensure high-quality expertise
 - submit analysis to all political parties
 - ensure transparency and publish results on parliaments homepage
- PBO is a unit of the Parliamentary Administration, within the Department of Legal, Legislative and Research Services, however the PBO has a unique mandate to support and consult Parliamentarians and Committees directly
- Head was appointed in July 2012



MANDATE

To support Parliament in the budgetary process, in consulting and enacting budget laws and exercising its oversight role.

Key tasks:

- To support the budget committee in form of written expertise, analysis and short studies on budgetary matters presented by the government according to the budget law (e.g. draft budget, draft medium-term expenditure framework, controlling reports)
- To support other parliamentary committees regarding impact assessment of new legislation
- To consult the Parliament on performance and gender budgeting



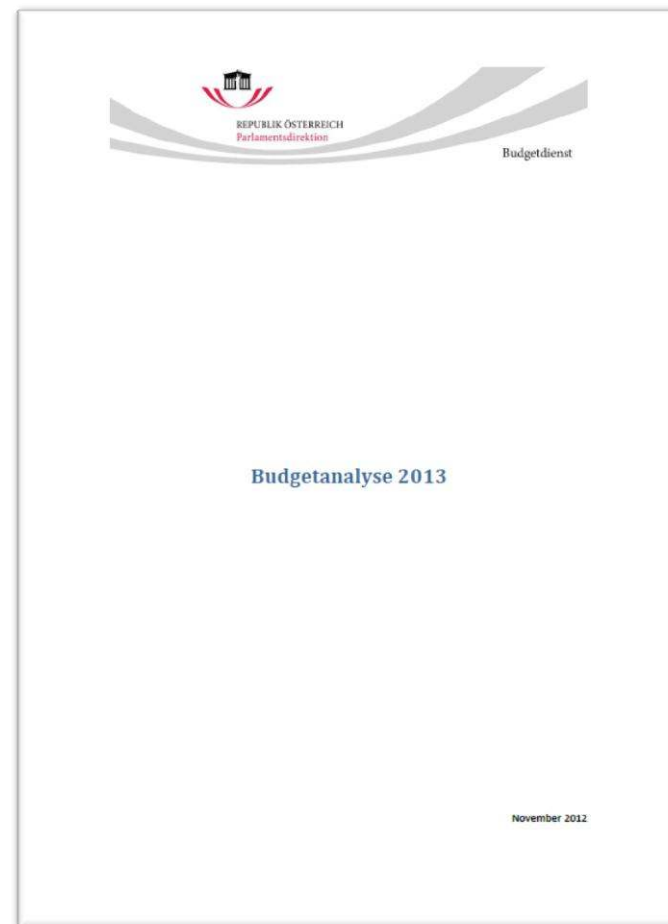
(PLANNED) PRODUCTS AND SERVICES

- Brief and in-depth **analysis** of budgetary documents
- Responses to budgetary questions of the Committee or MPs
- **Consultation** regarding impact assessment of new legislation as requested by committees
- Consultation on performance and gender budgeting
- Presentations, Hearings
- **E-mail information service** on economic and fiscal data
- Knowledge transfer on budgetary issues
- Establishment of a **specialized data base**



2013 BUDGET ANALYSIS

- Changes of the Medium Term Expenditure Framework
- Implementation of the new budget law
- Budgetary focuses
- Macroeconomic framework
- Recommendations ECO-Fin, IMF, OECD
- Trends in expenditures and revenues
- Taxes und duties
- Debt and interests
- Development of reserves
- Gender Budgeting



CHALLENGES 2013

- PBO is still in its start-up phase
- Planned **staffing**: 8 people (6 academic experts, 2 assistants)
2013: Recruiting of 3 further experts, 1 assistant
- Development of an **operational plan/product catalogue**
- Development of working relations and procedures with parliamentary committees
- Development of working relations and working procedures with governmental units
- **Knowledge transfer** in both directions
- Creating a **data base** on fiscal and economic issues



THANK YOU FOR YOUR ATTENTION

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