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# **The Austrian Federal Budget Reform**

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March 2009, Paris

# Implementation: 2 Stages, 3 Legislative Amendments



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## Amendment to ...

- **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

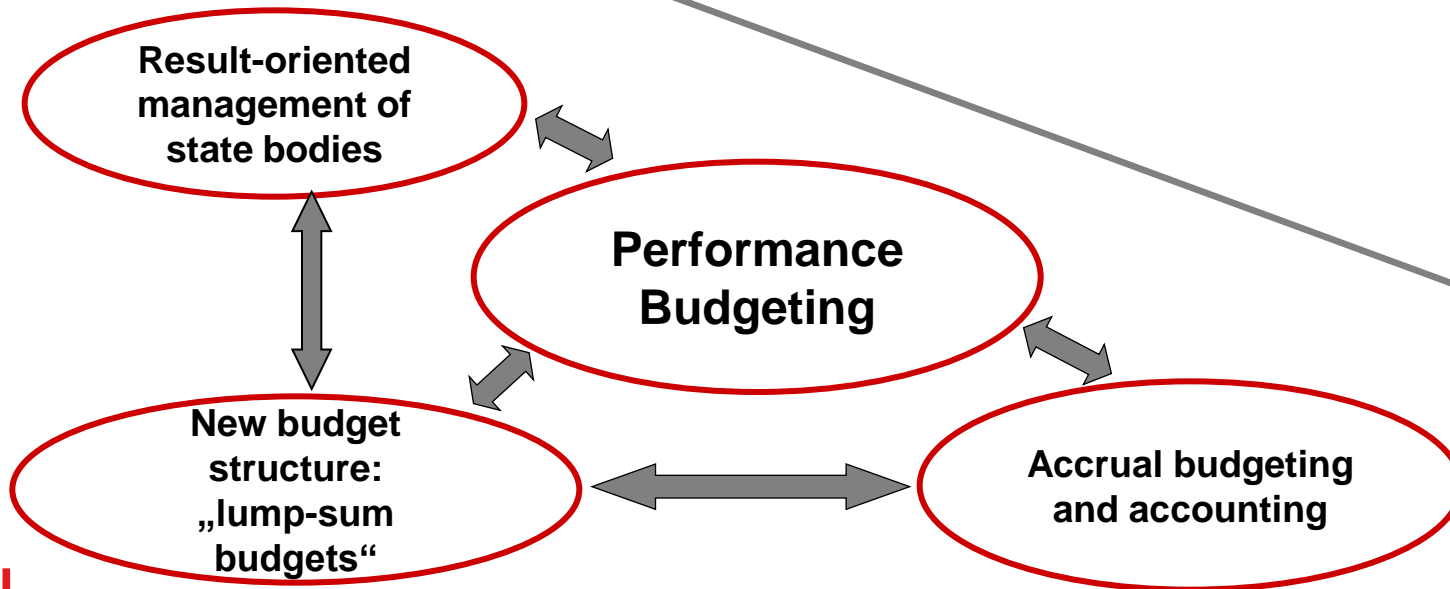
Unanimously  
adopted in  
Parliament  
in Dec. 09

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

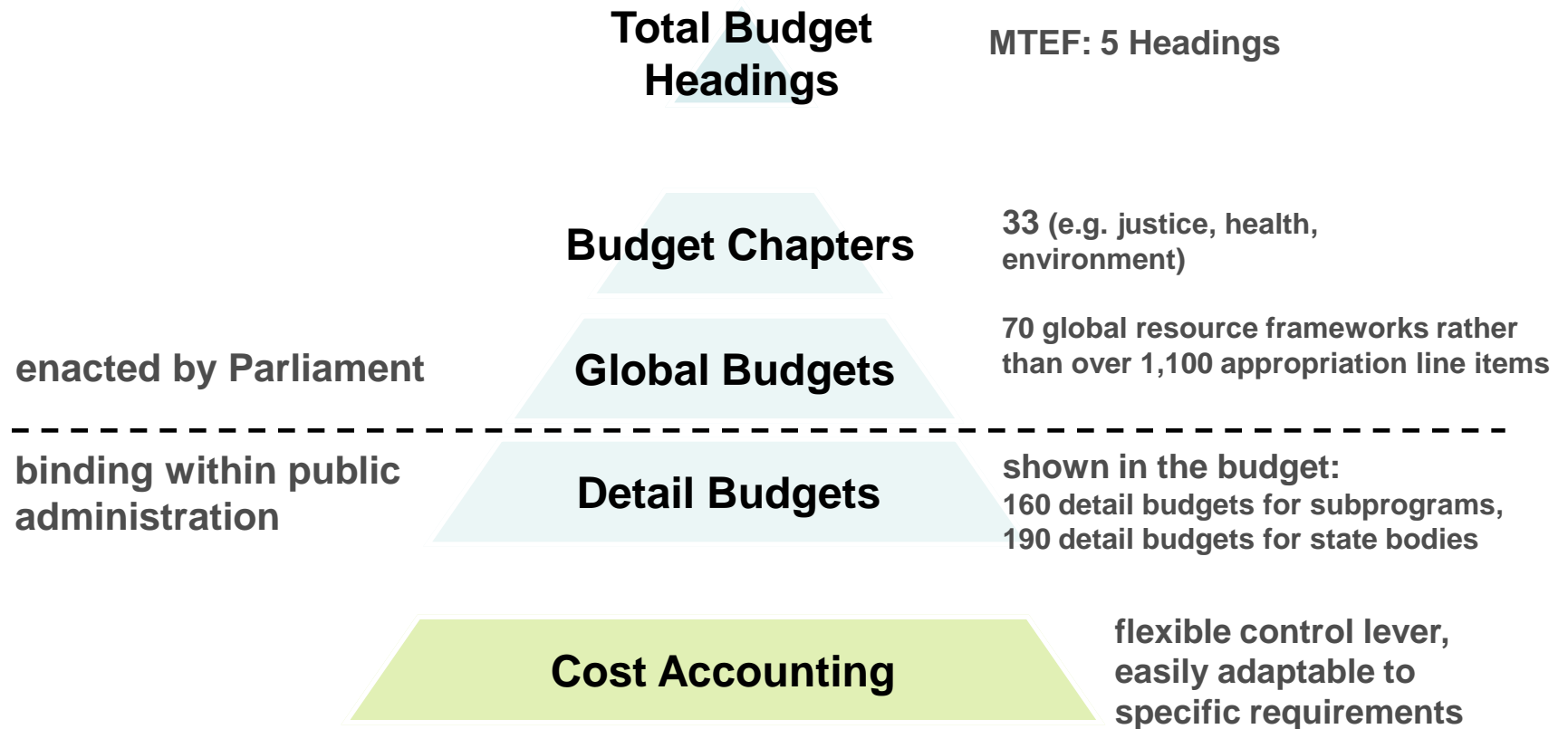
↑ **Budgetary discipline and planning:**  
binding MTEF & strategy report

↑ **Flexibility** for line ministries  
through full carry-forward  
possibilities without earmarking

as of 2009  
as of 2013



# New Budget Structure



**Transparent budget structure as a prerequisite for other reform elements**

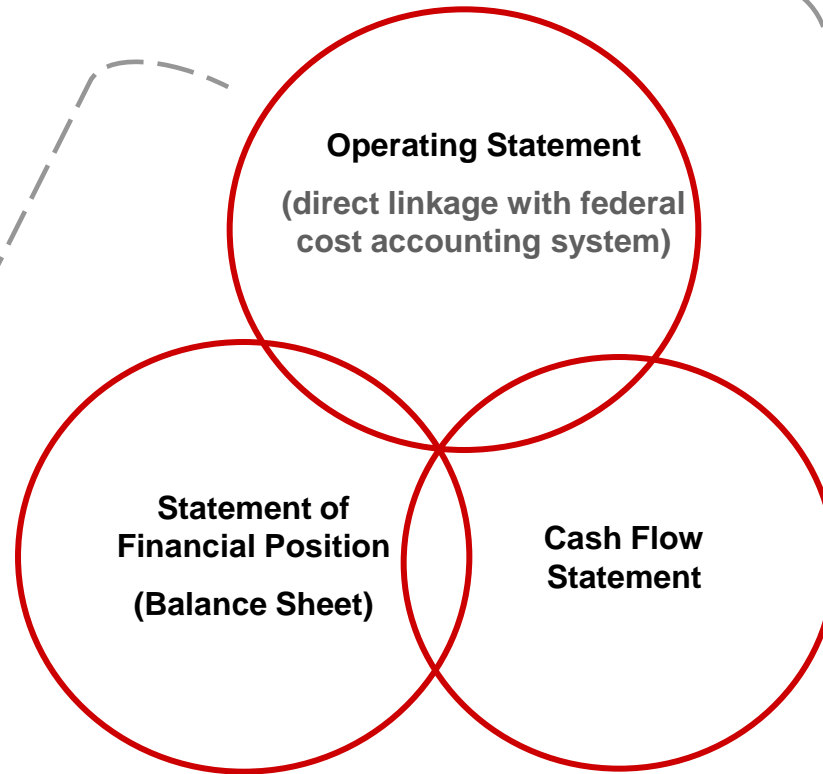
# Accrual accounting



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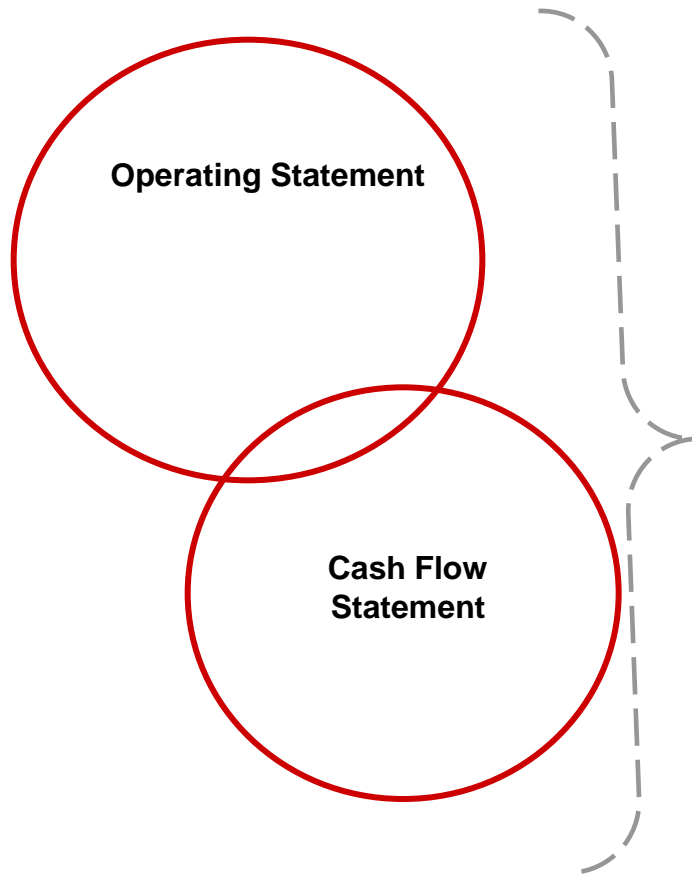
*regulatory accounting framework  
oriented towards IPSAS*



- no full consolidation (IPSAS 6)
- no options for line ministries
- NEW: provisions for guarantees
- obligatory cost accounting system with three different models
- reconciliation between financial and cost accounting



# Accrual budgeting

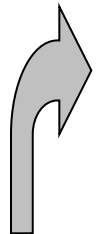


- dual system
- limits on cash based and accrual numbers
- integration of non-cash items in operating budget → no appropriations for depreciation and provisions
- ongoing monitoring process
- monthly liquidity management process

# Annual Budget Statement as of 2013 per Chapter 1/2

**Mission Statement:**

Cash Flow Statement	Ceiling MTEF	Budget n+1	Budget n	Actual n-1
Receipts				
<b>Expenditures – fix ceiling</b>				
<b>Expenditures – variable ceiling</b>				
<b>Total expenditures</b>				
Net cash balance				



**Legally binding**

Operating Statement	Budget n+1	Budget n	Actual n-1
Revenues			
Expenses			
Net balance			

# Annual Budget Statement as of 2013 per Chapter 2/2

Outcome objective 1:

Why this objective:

What is done to achieve this objective:

What would success look like:

- **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



# Annual Budget Statement as of 2013 per Global Budget 1/2

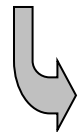


Global Budget xx.01 Operating Statement	Budget n+1	Budget n	Actual n-1
Revenues from operating activities and transfers			
Revenues from financing activities			
<b>Revenues</b>			I
Personnel expenses			
Operating expenses			
Transfer expenses			
Expenses on financial activities			
<b>Expenses</b>			
<i>...thereof variable expenses</i>			
<b>Net balance</b>			

Global Budget xx.01 Cash Flow Statement	Budget n+1	Budget n	Actual n-1
Receipts from operating activities and transfers			
Receipts from investment activities			
Receipts from repayments of loans			
<b>Receipts</b>			
Personnel and operating expenditures			
Expenditures from transfers			
Expenditures from investment activities			
Expenditures from loans			
<b>Expenditures</b>			
<i>...thereof variable expenditures</i>			
<b>Net cash balance</b>			



Legally binding



Comment: On global budget level, total expenses (operating statement) and total expenditures (cash flow statement) are legally binding.

# Annual Budget Statement as of 2013 per Global Budget 2/2



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Activities/Outputs (*max. five incl. gender-activity/ies*)

Contribution to outcome objective/s no.	What is done to achieve the outcome objectives? Activities/Outputs:	What does success look like? Milestones/Indicators for n+1	What does success look like? Milestones/Indicators for n

Comments on activities/outputs of the preceding budget statement, which are no longer listed in the present budget statement

Recent recommendation of the Court of Audit

Response of the ministry

# Sequencing and pacing of the reform

- **Conceptual** dimension:  
principle “true and fair view” set forth in the Austrian  
constitution → no way back!
- **Time** dimension:  
“big bang” 2009 & 2013  
with sufficient phasing-in
- **Strategic** dimension:  
getting key players on board,  
particularly political level



- 
- is a comprehensive reform addressing the whole system and not only specific elements
  - is more than an accounting reform and a change of managerial, budgetary and accounting rules
  - involves **cultural change** within the administration as well as on the political level (setting priorities, defining measurable objectives, transparent decision-making, etc.)

# Thank you for your attention!

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