Austria

**Fiscal Advisory Council (Fiskalrat)**

**Established:** As Government Debt Committee in 1970, succeeded by the Fiscal Advisory Council in 2013.


**Mandate:** Assess the current fiscal situation and compliance with the national fiscal rules with an outlook for the future; analyse the macroeconomic effects of debt financing operations; analyse the sustainability and quality of public budgets; make recommendations on fiscal policies in the context of economic conditions; present an annual report on the recommendations and on the result of studies to the federal minister of finance; fulfil specified EU-monitoring obligations; and promote public debate in relation to the above.

**Budget:** Not disclosed.

**Staff:** 15 council members (including three without voting rights), six secretariat staff.
1. Context

The precursor to Austria’s Fiscal Advisory Council (or FISK for “Fiskalrat”), the Government Debt Committee (GDC) was initially created to advise the government on debt management issues. This role was introduced as part of a 1969 reform of the state-owned Postal Savings Bank initiated by the government of the Austrian People’s Party. The establishment of the GDC was a small and uncontroversial element of this reform. The GDC was initially attached to the Postal Savings Bank; however in 1997, due to the privatisation of the Postal Savings Bank, the secretariat was transferred to the Austrian Central Bank.

In the early 1990s, Austria breached the 60% debt-to-GDP ratio enshrined in the Treaty of Maastricht. With the aim to qualify for monetary union, the focus of the GDC evolved to include budget policy more broadly. This organic change found formal expression in the 2002 revision of its legal framework, which substantially broadened the mandate of the GDC. These changes came ahead of a more wide-ranging set of budget reforms later in the decade (Blöndal and Bergvall, 2007; Steger, 2010; Ministry of Finance, n.d.).

In 2001, the conservative coalition government of the Austrian People’s Party and the Freedom Party of Austria initiated changes to the legal framework of the GDC. A contentious issue was a change in the composition of the committee. Under its previous legal framework, the committee had a total of 13 members. The government appointed three members and the “social partners” (organised business and labour) five each. The new provisions gave the government powers to appoint half of the members with voting rights. The report of the Finance Committee on the draft law, adopted by majority vote, insisted that these changes are not meant to limit the independence of the committee. However, the opposition parties disagreed and voted against the legislation.

The work of the GDC took place in a context of increasing commitment to numerical fiscal rules and targets. Austria is subject to the fiscal framework of the European Union (EU) for preventing and correcting excessive government deficits in the Member countries. According to the so-called six-pack (e.g. update of the Stability and Growth Pact), the Treaty on Stability, Co-ordination and Governance in the Economic and Monetary Union, and Regulation (EU) No. 473/2013 (the two-pack) compliance with prudent fiscal policy-making should be supported by country-specific numerical fiscal rules, transparency requirements, standards for budgetary frameworks, common timelines and independent bodies at the national level. Independent fiscal councils are seen as one cornerstone of the strengthened EU budgetary surveillance framework.

To aid fiscal policy co-ordination in a federal country like Austria, the fiscal rules and targets for the general government have been complemented with national “Stability Pacts” between the different levels of government. The current “Austrian Stability Pact 2012” entered into force without a time limitation. It defines multidimensional fiscal rules in line with the EU regulations at the federal and sub-national level and provides for improvements of budgetary co-ordination. A debt brake rule sets upper limits for the
headline and structural deficits of the federal government, states (Länder) and municipalities and an expenditure rule limits annual expenditure growth for all levels of government. Further provisions require a gradual reduction of the government debt ratio and set upper limits on contingent liabilities. Moreover, since 2009 the federal budget operates within rolling and legally binding four-year expenditure ceilings (Steger, 2010).

To meet the amended EU requirements, new legislation was passed in Austria on 31 July 2013 to transform the Government Debt Committee into a Fiscal Advisory Council (Fiskalrat) and to expand its mandate. The new FISK law stipulates, *inter alia*, that the FISK members are not permitted to request or take any instructions from the body by which they have been appointed or from any other organisation. Furthermore, the new Parliamentary Budget Office (see Annex) has the right to participate in the meetings of the Fiscal Council in an advisory capacity, public authorities must reply to inquiries of the FISK, and Statistics Austria must provide the FISK with budget data electronically and budgetary out-turns according to the Austrian Stability Pact 2012. The right of information and the participation of the Parliamentary Budget Office were assigned by an amendment of the Social Democrats and the People’s Party. The FISK law was adopted by majority vote and was in principle also supported by the Green Party. The new legislation came into force on 1 November 2013.

2. Relationship with the executive and the legislature

The council’s staff is provided by the Oesterreichische Nationalbank, and the council is organised as an independent and autonomous unit. The FISK is obliged to report to the Federal Minister of Finance and to inform the public, *inter alia*, if circumstances lead to strong deviations from the fiscal targets, like the activation of the correction mechanism within the framework of the national fiscal rules. The Federal Minister of Finance is required to forward the FISK’s annual report to the National Council and to the federal government. In the past, the parliament considered the report only at the committee level. The secretariat of the former GDC highlighted its role as a “support and co-ordination committee” for the Federal Ministry of Finance. It aimed to co-ordinate and integrate the different interests of the social partners, the authorities and the economists that were represented in the GDC and continue to be represented in the FISK. This approach also explains why the recommendations of the GDC, whenever possible, were adopted unanimously.

Both the Oesterreichische Nationalbank and the Federal Minister of Finance have the power to order a meeting of the FISK, which must convene “without delay”. However, according to legislation, Council members are not permitted to request or take instructions from the body by which they have been appointed or from and other organisation.

While the GDC had no direct relationship with the Austrian Parliament, the 2013 law provides for a representative of the Parliamentary Budget Office to participate in an advisory capacity in all FISK’s meetings. The Oesterreichische Nationalbank is similarly represented. The Federal Minister of Finance must forward the FISK’s annual report to the lower house, as well as the government. Typically, the parliament considers this report at the committee level, however, neither the government nor the parliament are required to respond to any of the reports or recommendations of the FISK. The critical new role of the FISK in the context of the EU surveillance process concerning the numerical fiscal rules will probably strengthen the direct communications with the parliament as well as with the executive.
The watchdog function of the FISK is mainly carried out through communication with the public (e.g. news conferences, studies, workshops) and by meetings with public officials of all levels of Austria (central, regional and local).

Other institutions provide technical macroeconomic analysis. By convention, the Austrian Institute of Economic Research (WIFO) provides short-term to medium-term macroeconomic forecasts for the Ministry of Finance (Blöndal and Bergvall, 2007).

The committee, now council, experienced numerous changes in government over the past four decades, and it faces no serious existential threats from a political party or major interest group.

3. Legal basis for establishment

The Federal Law on the Establishment of the Government Debt Committee (Bundesgesetz über die Errichtung des Staatsschuldenausschusses) was published on 8 January 2002. Its origin dates back to a 1969 Law on the Postal Savings Bank, which included a provision that tasked the then state-owned bank with advising the government on debt management issues and required the formation of a committee for this purpose (paragraph 12). A previous revision to the legal framework, necessary in 1996 due to the privatisation of the Postal Savings Bank, transferred the administration of the GDC to the Austrian central bank, the Oesterreichische Nationalbank (amended in 1997, 1998 and 2000). In July 2013, the Federal Law on the Establishment of the Government Debt Committee was amended to formally establish an independent Fiscal Advisory Council (Bundesgesetz über die Errichtung des Fiskalrates; Federal Law Gazette I, No. 149/2013, www.fiskalrat.at/en/tasks.html).

4. Mandate

The mandate of the FISK is clearly defined in the 2013 law (article 1[1], 1.1-1.8) as:
1. assessing the current fiscal situation with an outlook for the future against the backdrop of Austria’s fiscal policy objectives and development trends in the money and capital markets;
2. analysing the economic effects of financial operations in connection with the indebtedness of all public authorities on the basis of the research activities under No. 1;
3. analysing the sustainability and the quality of budgetary policies of all public authorities;
4. providing written recommendations on the fiscal policies of the public authorities in Austria, taking economic conditions into consideration;
5. preparing an annual report on the recommendations made to the Federal Minister of Finance, including the results of studies and analyses under Nos. 1 to 3, which the Federal Minister of Finance is to present to the National Council and federal government;
6. tasks according to Article 3 of the Treaty on Stability, Co-ordination and Governance in the Economic and Monetary Union, Federal Law Gazette III No. 17/2013, article 6 of Directive 2011/85/EU and according to article 5 of Regulation (EU) No. 473/2013 (“two-pack”); this specifically includes:
   a) providing recommendations on the medium-term budget objectives according to EU Regulation 1466/97;
   b) providing recommendations on the adjustment path to reach medium-term budget objectives;
c) monitoring rule-compliance under article 5 of EU Regulation 1466/97 as amended by EU Regulation 1175/2011 in a timely fashion;

d) observing circumstances and submitting recommendations that activate, extend or end corrective measures according to article 7, Federal Law Gazette I No. 30/2013;

7. other tasks requested by the fiscal equalisation partners;

8. contributing to shaping public opinion in connection with the tasks of the Fiscal Advisory Council as well as organising information events.

Previously, the equivalent provisions in the 1996 law limited the GDC’s tasks to studying money and capital markets, and to making recommendations related to the macroeconomic impact of the government’s financing operations. The 2002 reform represented a significant expansion of the committee’s mandate from debt management advice to a much broader watchdog function that included fiscal policy analysis and monitoring. This also entailed an extension of the institutional coverage from the central to all levels of government. The FISK law of 2013 further extends the mandate. It aims to comply with new EU requirements while supporting compliance with the multidimensional national fiscal rules through monitoring ongoing fiscal developments, adherence to country-specific numerical fiscal rules (Österreichischer Stabilitäts pact 2012) and providing its own fiscal forecasts, assessments and recommendations.

The FISK has no direct role in the budget process. The legal framework does not specify any particular limitations, and leaves substantial discretion to the council in deciding which aspects to emphasise in any particular report. The FISK has to submit an annual report to the Federal Minister of Finance. The 2002 law did not stipulate a particular deadline for the submission of this report, nor does the 2013 law.

Box 1. Role of the legislature in the budget process

Austria is a federal country with a parliamentary system of government. The parliament consists of two chambers. According to the constitution, the lower house, the National Council, has exclusive competence in budget matters. The upper house, or Federal Council, is a regional chamber representing the interests of the nine Länder in the legislative process. It has no role in decisions on the federal finances. There are no restrictions on the National Council’s power to amend the budget. However, legislative activism has tended to be limited in practice.

Since 2009, the federal government must submit a draft medium-term expenditure framework (MTEF) law in April for discussion and approval by the National Council. It proposes binding four-year expenditure ceilings for five broad headings (clusters of ministries), as well as more detailed ceilings for about 30 chapters (based on ministries) that are binding for the upcoming budget and indicative for the following years. The MTEF is discussed and approved by the National Council. The budget is submitted in late October, about two months prior to the start of the fiscal year, and has to comply with the previously approved ceilings.

The Budget Committee has sole responsibility for examining the federal budget, but its proceedings include input from relevant sectoral committees on individual chapters. Only the first committee session, which considers overall budget policy, is open to the public.

Since 2007, Austria has undertaken a comprehensive federal budget reform (Steger 2010). This includes the establishment and strengthening of a number of administrative
5. Functions

The annual report of the former GDC and now the FISK provides an overall assessment of fiscal policy in the context of economic conditions and the EU requirements. The annual report is about 100 pages long, excluding appendices, and gives a detailed picture of fiscal developments in the federal, regional and local levels in Austria. It contains a review of economic developments, an assessment of the country’s fiscal position in relation to the requirements of the Stability and Growth Pact, a review of domestic and international debt trends, the debt management strategy of the Österreichische Bundesfinanzierungsagentur (Austrian Treasury) and an outlook based on the most recent stability programme submitted to the European Commission. The biannual recommendations are much shorter, about five pages on average. They contain qualitative comments, including policy recommendations that are meant to support the drafting of the budget (July) or its implementation (December). While the annual reports and recommendations may be critical of aspects of fiscal policy, they rarely contain dissenting opinions.

An important focus is on assessing Austria’s compliance with the fiscal rules of the Stability and Growth Pact, including in the medium term. This can be linked to normative policy recommendations. For example, in its December 2011 recommendations, the GDC urged the rapid adoption of a constitutional “debt brake” that had been proposed by the government. Formally, recommendations and reports only required majority support; but in practice unanimous approval has been the norm with “very few exceptions” (Chaloupek, 2011). The FISK is entrusted with monitoring and supporting compliance with country-specific numerical fiscal rules and has to evaluate and to endorse fiscal forecasts of the government (e.g. Austria’s stability programme) and compliance with the multidimensional national fiscal rules. These assessments, along with its own fiscal forecasts will be published in separate reports (the fiscal rules report in May and the assessment report on budget developments in t and t+1 in November). The FISK’s own budget forecasts, prepared twice a year, serve to check Austria’s official budget plans for plausibility. The FISK has no formal macro-forecasting function.

The FISK does not produce detailed costings of individual laws or policies and has no role in evaluating the fiscal impact of election platforms produced by the different political parties.

6. Work programme

The FISK mandate is broad and comprehensive: The council is formally entitled to comment and make recommendations on all matters of fiscal policy and on other matters of the general orientation of economic policy insofar as it is related to fiscal policy. Hence,
the FISK decides its own work programme within the bounds of its mandate. It is required to present an annual report on its recommendations to the Federal Minister of Finance, who has to pass it on to the National Council and the federal government. In practice, the council publishes recommendations twice a year, in July and December, and submits its annual report in July. The July recommendations highlight issues relevant to the preparation of next year’s budget, while the December recommendations focus on the execution of the budget approved by parliament. As of 2014, the FISK will also produce a medium-term fiscal outlook based on Austria’s stability programme and the draft budgetary plan with its own calculations regarding compliance with fiscal rules and assessments based on its own fiscal forecasts (likely in May and October each year).

The FISK meets on the invitation of its Chair as often as required, but at least once every quarter. In practice, the council or its subcommittees meet about eight times a year in total. Upon the written request of at least three members, a meeting of the committee must be called within one week. The FISK also has to convene when requested to do so by the Federal Minister of Finance or the Oesterreichische Nationalbank.

The council undertakes analyses at its own initiative. For example, in recent years it has held workshops on topics such as fiscal policy councils (January 2011), expenditure rules (September 2005) and budget policy and growth (April 2003). It also publishes papers on various topics. In 2011, these included analyses of changes to the EU fiscal governance framework (December) and of budget trends in Austria’s nine provinces (March). For example, in 2013 the FISK published a study on “Government Guarantees for Nonpublic Entities in Austria – How Effective Are the New Guarantee Ceilings in Limiting Guarantee Risk?” (Hauth and Grossmann, 2013). These contributions aim to make public and political debates more objective, by injecting relevant factual information.

7. Budget

The budget of the FISK is set by the Oesterreichische Nationalbank, which is legally obliged to provide the necessary resources, in consultation with the chair of the council. The budget is not disclosed to the public. Its expenditures mainly cover the personnel costs of the secretariat, as members of the council are only reimbursed for expenses. The budget of the Oesterreichische Nationalbank is set annually. Apart from the addition of new secretariat staff, the budget has been contained in recent years, in line with resource trends for other parts of the Oesterreichische Nationalbank. The secretariat regards the current funding level as sufficient for carrying out the activities of the FISK.

8. Staffing

8.1. Leadership

The 2013 law regulates the composition of the FISK and the appointment process for its Chair, two Vice-Chairs and all other members as follows (the provisions of the 2013 law on the appointment process remain largely unchanged from the 2002 law). Council members must be “recognized experts in the fields of fiscal and budgetary matters” (Article 1[2]). The federal government nominates six members; the Austrian Chamber of Commerce, in agreement with the Presidium of the Chambers of Agriculture, three members; and the Federal Chamber of Labour three members. In addition, the following organisations nominate one member each, but without any voting rights: the Austrian Association of Municipalities, the Association of Austrian Cities and the Conference of Provincial Governors.
The government appoints the Chair of the FISK, while Vice-Chairs are nominated by the Chamber of Commerce (Vice-Chair for the first half of the year) and the Federal Chamber of Labour (Vice-Chair for the second half of the year). Seven members constitute a quorum. In case of a tie, the Chair has a deciding vote. A representative of the Oesterreichische Nationalbank and the Austrian Parliamentary Budget Office (since 2013) are entitled to take part in each meeting of the Fiscal Advisory Council (with no voting rights). Since 1970, the FISK and its predecessor have had four presidents, all of them university professors of economics.

Members of the FISK must be eligible for election to the National Council, the lower house of the Austrian Parliament, which requires that they have Austrian citizenship and are at least 18 years of age. The most important practical implication of this requirement is that non-nationals cannot be appointed. Moreover, members of the FISK may not be serving members of the legislature or the government at the federal or regional levels. In practice, the appointment of the government's six members is based on proposals of the parties that make up the governing coalition.

Members are appointed for six-year renewable terms. In comparison, the maximum electoral term for the parliament was increased from four to five years in 2008. If a member of the FISK resigns before the end of their term, the relevant nominating organisation appoints a new member for the remainder of the term. In addition, each organisation has to appoint a deputy for each member, who can substitute for the member in case he or she cannot attend a meeting. The law does not explicitly regulate the removal of the Chair or of any member following their appointment.

Service on the council is strictly honorary; members do not receive a salary, although they are entitled to be reimbursed for expenses incurred as part of their duties. Most members have full time jobs in academia, chambers, government or the private sector.

8.2. Staff

The number of secretariat staff has increased in line with the broadening of the FISK's role. As of 2013, the secretariat was comprised of six staff members: the head of the Secretariat, four economists, and a research assistant who fall under the formal authority of the Oesterreichische Nationalbank and its regulations. Like the 2002 law, the 2013 law requires the Oesterreichische Nationalbank to bear the costs of the FISK, including the provision of sufficient personnel and administrative expenses (article 1[17]). The council's staff (secretariat) is provided by the Oesterreichische Nationalbank and located in the building of the Oesterreichische Nationalbank. However, the committee itself is “strictly independent from the National Bank’s governing bodies” (Chaloupek, 2011). Staff typically have Masters degrees and are specialists in fiscal policy and budgeting.

The law allows the committee to draw on the services of outside experts. For instance, the annual report on public finances in 2012 lists a dozen external experts from the Federal Ministry of Finance, the Oesterreichische Nationalbank, the Austrian Treasury, the Court of Audit, academic and research institutions and organised labour, as well as two large banks. The law does not regulate potential conflicts of interest. Rather, the committee is seen as bringing together the different interests and views of the government, the “social partners” and economists.

Until recently, the FISK and its predecessor the GDC, did not have regular interaction with similar institutions abroad, although its workshops sometimes involved international
participants. For instance, it has hosted a workshop on independent fiscal councils that included representatives from other such bodies. Secretariat employees are regular contributors to domestic discussions, for instance in federal working groups on administrative reform, the Public Finance/Maastricht Working Group at Statistics Austria, or the annual budget workshop of the Austrian Institute of Economic Research. Since 2013 contacts with international organisations and the bilateral meetings have increased.

9. Access to information

Access to relevant information is facilitated by the fact that the government appoints half of the members with voting rights on the FISK, including the chair. Moreover, the secretariat of the committee is run by the Oesterreichische Nationalbank, which has extensive access to fiscal and economic information from domestic and international sources. The 2002 law did not specifically deal with access to information, nor did it impose any restrictions in this regard. The 2013 law (Article 1 [15a]) states that: "Regional administrative authorities must reply to inquiries of the Fiscal Advisory Council for information necessary to fulfil the tasks under Article 1 within a reasonable time frame. Statistics Austria must provide budget data in electronic form of regional administrative authorities and the reports on budget results according to the Austrian Stability Pact of 2012."

The secretariat of the FISK does not recall instances where the government has threatened or attempted to limit its access to relevant information.

10. Transparency

All of the committee’s recommendations and annual reports, as well as any other publications and workshop materials, are made publically available on the FISK website. The committee organises news conferences at least three times a year, in conjunction with the publication of the fiscal rules report in May, its annual report around the beginning of July, and its budget assessment report for year t and t+1 including recommendations in December. These news conferences take place in the building of the Oesterreichische Nationalbank and include a presentation by the Chair of the FISK. The reports and recommendations typically gain attention in the media, and members are also sometimes quoted in their personal capacities. In the past, apart from these two news conferences, media coverage of the former council’s opinions throughout the year tended to be relatively low. The exception has been statements of the chairman on current political issues which are often reported in the media. Due to the amended mandate, the FISK increased communications with the media and the public by providing information to the press between news conferences and by co-operating with other IFIs.

11. Governance, advisory support, monitoring and evaluation

The FISK does not have a formal oversight board or advisory panel. However, its work is subject to peer review in so far as all draft documents (produced by the secretariat) are heavily discussed during its meetings not only with the nominated members but also with the outside experts and accordingly redrafted in the meeting or afterwards.

12. Concluding remarks

The precursor to the FISK, Austria’s GDC, has a history spanning more than four decades, which has seen a significant evolution of its work from a focus on debt management to a broader function as budget policy watchdog. This role is well established,
but also limited to advice and commentary. Its impact on actual budget figures is uncertain, but it is regarded as having some influence on the direction and focus of public debate on the budget and fiscal policy (Kronberger, 2011). It remains to be seen whether its transformation to the FISK and its new functions will further enhance its relevance and influence.

Notes
1. Staatsschuldenausschus.
2. Previously under the 2002 legislation, the term length was four years.

Bibliography
Austrian Fiscal Advisory Council or Fiskalrat (formerly the Government Debt Committee or Staatsschuldenausschuss) (2015), www.fiskalrat.at.
Federal Ministry of Finance (n.d.), "Haushaltsrechtsreform" (links to further information on the reform of the legal framework for budgeting), www.bmf.gv.at/Budget/Haushaltsrechtsreform.

Legislation
Federal Law on the Establishment of the Fiscal Council (Bundesgesetz über die Errichtung des Fiskalrates), 31 July 2013.
Austrian Parliamentary Budget Office (PBO)

Parliamentary Budget Office (Budgetdienst)

**Established:** 2012.

**Enabling legislation:** Established by the President of the National Council according to the statutory basis governing the parliamentary organisation (Federal Constitutional Law, Federal Law on the Rules of Procedure of the Austrian National Council).

**Mandate:** The mandate of the PBO is to support the parliament (National Council) in the budgetary process, in debating and approving the budget and exercising its oversight role.

**Budget:** Not disclosed.

**Staff:** Plan for a full staff component of six academic experts and two assistants.
1. Context

Despite long-term efforts to provide independent budgetary expertise directly to parliament, the National Council did not have a specialised budget research unit until 2012. The establishment of the Parliamentary Budget Office (PBO) was closely connected to a comprehensive federal budget reform begun in 2007. The reform introduced a number of completely new elements to the budgetary process such as performance budgeting (including the requirement that each ministry set at least five key goals that are approved by parliament), a new budget structure with lump-sum budgets, accrual budgeting and accrual accounting.

Since 2013, the role of the National Council in the budget process has also changed significantly, shifting from scrutinising over 1000 detailed appropriations to a focus on the medium-term expenditure framework, global budgets and the new performance information. As the new budget rules assign additional powers to the government in respect of budget allocation, more stringent parliamentary control of the budget execution is indispensable. To support this new role, all political parties represented in the National Council unanimously agreed on the establishment of an independent PBO. In July 2012 the PBO was established by the President of the National Council according to the statutory basis governing the parliamentary organisation.

2. Relationship with the Executive and the Legislature

The PBO is a unit of the parliamentary administration within the Department of Legal, Legislative and Research Services. However the PBO has a specific mandate to support and consult the Budget Committee directly. For the first time in the history of the Austrian Parliament, a parliamentary committee has direct access to expert staff.

The PBO co-operates with government, especially with the Ministry of Finance and the Performance Management Office of the Federal Chancellery, to obtain current and accurate information on budgetary issues. Furthermore the head of the BPO participates in meetings of senior budget officials of the line ministries.

The PBO has already established good relationships with independent institutions and the scientific community such as the Austrian Institute of Economic Research, the Institute of Advanced Studies, the National Statistical Institute and the Fiscal Advisory Council (formerly the Government Debt Committee). According to the new legislation on the Fiscal Advisory Council, the PBO is entitled on a statutory basis to participate in the meetings of the council in an advisory capacity.

The PBO also maintains close working relations with the Court of Audit. The PBO frequently uses reports of the Court of Audit (especially on the federal financial statements) as a basis for analytical work and refers to important recommendations from the court.
3. Legal basis for establishment

The PBO was established by the President of the National Council in July 2012 as part of the parliamentary administration according to the statutory basis governing the parliamentary organisation. As agreed among all political parties represented in the National Council and according to a statement of the Budget Committee of the Austrian Parliament of 10 November 2011 (1510 d.B. XXIV. GP) the PBO shall work independently and objectively and directly support the Budget Committee.

4. Mandate

The mandate of the PBO is to support the National Council in the budgetary process, in debating and approving the budget and exercising its oversight role. Its key tasks are:

- to support the Budget Committee in the form of written expertise, analysis and short studies on budgetary matters presented by the government according to budget law;
- to support other parliamentary committees regarding impact assessment of new legislation;
- to consult especially on performance and gender budgeting;
- to provide short analyses at the request of members of the Budget Committee.

As of the new legislative period on 29 September 2013, the Budget Committee decided to invite the head of the PBO to participate in all meetings as an expert.

5. Functions

The PBO provides independent and objective analysis to the parliament generally and to the Budget Committee specifically, thereby strengthening the parliament’s position relative to the government.

The PBO prepares responses to budget related questions from the Budget Committee and its members and impact assessments of new legislation when specifically requested by other parliamentary committees.

The independent analyses of the PBO cover all budget-related documents presented by the government in accordance with the new federal organic budget law 2013. They are focussed on fiscal policy, development of income and expenditure, tax revenue and the adequacy of the budget allocations in light of economic forecasts, performance information and gender budgeting.

In its first year, the PBO produced a number of brief and in-depth analyses of budget-related documents such as the draft medium-term expenditure framework, the updates of the medium-term projections of the stability programme, the budget proposal for 2013, impact assessment of new legislation (e.g. tax legislation), and several reports of the Minister of Finance (e.g. on budget implementation, public debt, contingent liabilities and guarantees, subsidies, and financial and economic results of off-budget public entities). Regarding the MTEF, the PBO analysis focussed, for example, on expenditure and income development and its structural changes, macroeconomic developments and fiscal sustainability, challenges and risks for implementation and recommendations for improvements in the format of budget documents (e.g. more transparent budget and reporting formats) under the new budget law.

The PBO also provides concise information on budget-related issues (e.g. on new EU legislation or reports on budgetary developments in EU member states or on the recommendations of international bodies like the OECD or IMF) and macroeconomic developments (e.g. on new economic forecasts). For that purpose the PBO maintains an
e-mail information service for the Budget Committee on economic and fiscal data. The PBO will likely play a role in the forthcoming evaluation of the Austrian budget reform.

PBO staff attend Budget Committee meetings and the head of the PBO appears before the committee.

6. Work programme

According to the aforementioned statement of the Budget Committee of the Austrian Parliament, the political parties have agreed on a list of duties and products for the PBO, further specifying the key tasks of the PBO. The envisaged services include ongoing analyses on important budget related drafts (e.g. mid-term expenditure framework, budget law and accompanying legislation) and government reports (e.g. on current budget execution, performance information, public debt, contingent liabilities and guarantees, and subsidies). Analyses shall focus on:

- the financial and macroeconomic impact (e.g. on economic growth, employment)
- economic, environmental and social sustainability
- distributive effects
- evaluating the costings provided by the government on new legislation and programmes
- effects on gender equality and
- scrutiny and monitoring of the implementation of performance budgeting.

According to the provisions in the statement, the head of the PBO shall agree a detailed catalogue of deliverables and products with the leading party representatives on the Budget Committee. Based on this agreement, the PBO will define its annual work programme.

Current analyses have been provided on the PBO’s own initiative (in practice for the majority of tasks) and cover especially the draft fiscal framework and the draft budget as well as the reports of the Ministry of Finance according to the new budget rules.

The PBO prepares brief notes (two pages) and short studies (five pages) upon request. Requests may be made by the Budget Committee as a whole, parliamentary groups represented on the committee, or individual committee members. Requests are handled on a first-come-first-served basis. To prevent individual requests overloading the PBO, individual requests are limited to three questions per month for each parliamentary group.

The PBO will compile a description of the products and services provided in a yearly activity report, along with a summary of its main findings and conclusions.

7. Budget

The PBO does not have a separate budget. The expenses are funded from the budget of the parliamentary administration. The main costs incurred are for staff salaries and general office expenses. A parliamentary amendment to the 2012 budget provided additional funding for the establishment and subsequently the ongoing operation of the PBO. This amendment was adopted with unanimous support from all political parties in the National Council.

8. Staffing

8.1. Leadership

The head of the PBO is a civil servant in the parliamentary administration appointed by the President of the National Council following a hearing before the leaders of the
different party groups represented on the Budget Committee. The first head of the PBO was formerly a senior civil servant in the Court of Audit.

8.2. Staff

Staff members are employed by the parliamentary administration and appointed by the President of the National Council. As such, while the Head of the PBO is consulted in the hiring process, he/she does not have the power to hire or dismiss staff. In total, the PBO is expected to have a staff of six academic experts and two assistants at full capacity. Currently, seven staff members have been appointed. The academic experts have backgrounds as budget experts, economists and lawyers. Their professional experience includes assignments in the Ministry of Finance, the Federal Chancellery, universities or as private consultants. Staff are subject to the rules of conduct for civil servants.

9. Access to information

There are no special provisions regarding access to budgetary information, however, the Budget Committee has agreed to evaluate this in due course. In practice, necessary information has been provided to the PBO by government authorities. However, it will be important to agree upon more detailed procedures for information exchange with government in future.

10. Transparency

According to the aforementioned statement of the Budget Committee, the PBO shall be based on the following principles:

- PBO shall work independently and ensure high-quality expertise.
- PBO shall submit analysis to all political parties.
- PBO shall ensure transparency and publish all requests and all studies, reports and brief notes prepared by the PBO on the parliament's website.

As the PBO is a unit within the parliamentary administration, it does not have its own website but its work is released on the “Budget-Analysen” page of the parliament’s website. Similarly, the PBO’s relationship with the media is largely handled by the parliament’s Press Information Service.

11. Governance, advisory support, monitoring and evaluation

According to the statement of the Budget Committee, the PBO must produce a yearly activity report. The PBO receives feedback on an ongoing basis from the Budget Committee on PBO services and products. PBO products are also open to public scrutiny when they are published online. The PBO is a new institution in its start-up phase. As such, it is currently too early to consider a performance or impact evaluation. The parliamentary administration, including the PBO, is subject to audit by the Austrian Court of Audits. The PBO does not have a panel of outside advisors.

12. Concluding remarks

The Austrian PBO is already an established element of the new Austrian Fiscal Governance Framework. The creation of the PBO has been an important step in providing additional independent know-how and expertise to the parliament – thus reducing information asymmetries and strengthening the position of the parliament vis-à-vis the
government in budgetary matters. The analytical work of the PBO has been well received by parliamentarians and PBO analyses are seen as supporting a fact-based and problem-focused debate in the Budget Committee.

The PBO’s continued success will depend in large part on its ability to develop good working relations and procedures with the Budget Committee and other committees (regarding impact assessments of new legislation), as well as with government. So far the Budget Committee has indicated that the products provided by the PBO have been very valuable for the members in the budget debate and that the establishment of the PBO was a major step to strengthen parliamentary budget control. As noted earlier, at the beginning of the new legislative period on 29 September 2013, the Budget Committee decided to invite the head of the PBO to participate as an expert in all of its meetings.

It is expected that PBO scrutiny, in co-ordination with the Budget Committee, will lead to improved quality and the relevance of Ministry of Finance reports. As a consequence of the new budget law, and with analytical support from the PBO, the debate in the parliament is shifting from parochial interests in minor individual budget allocations to a higher-level policy discourse (e.g. development of public deficit and public debt, enhancement of economic growth, proactive measures against unemployment, education and research policies, and development assistance).

The PBO also provides the parliament with a vital link to the Fiscal Advisory Council where previously only a very weak relationship existed. This further strengthens the parliament’s access to independent budget assessment and fact-based recommendations.

The PBO is still in its start-up phase; its main objectives for the near future are the finalisation of a catalogue of deliverables and products and the integration of new staff members. In the longer term, the PBO plans to create a specialised database on fiscal and economic issues to communicate with the members of parliament and the public.

Notes
1. This may include budgetary, economic, social and environmental impacts. The PBO may also perform evaluations of government costings as part of the impact assessment process.
2. See: www.parlament.gv.at/PAKT/BUDG/.

Bibliography

Legislation
Federal Law on the Establishment of the Fiscal Council (Bundesgesetz über die Errichtung des Fiskalrates), adopted by the National Council on 5 July 2013.