

SYSTEM OF GOVERNMENT: Parliamentary

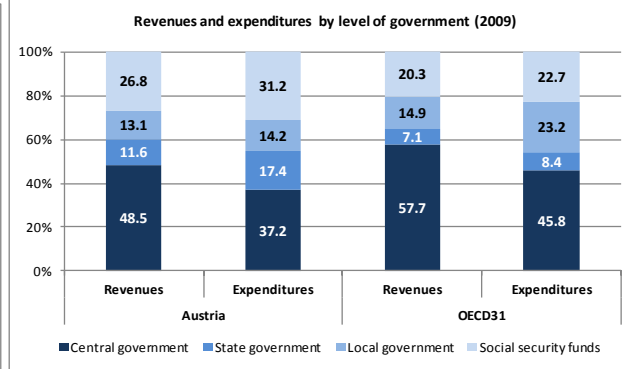
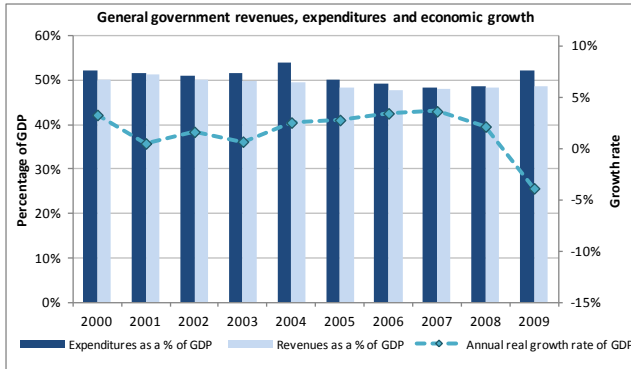
- No. of ministries: 13 (2010)
- No. of governments over last 20 years: 9
- No. of coalitions over last 20 years: 9

STATE STRUCTURE: Federal (9 Länder)

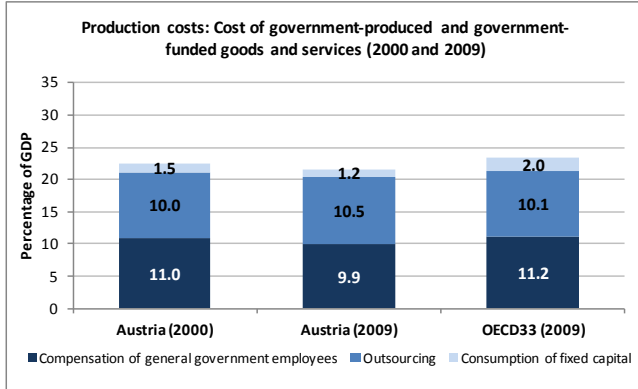
LEGISLATURE: Bicameral

- Federal Council: Delegated by the Provincial Councils
- National Council: elected using Proportional Representation

After strong, positive growth from 2004-08, the economy fell into a recession in 2009 in response to global events. The government's fiscal position deteriorated in 2009 due to weak economic growth, the implementation of stimulus measures, and automatic stabilisers stemming from its comprehensive social transfer programme. The federal government collects a large share of revenues in Austria, which it then transfers to the *Länder*, municipalities and social security funds to finance goods and services provided at these levels.



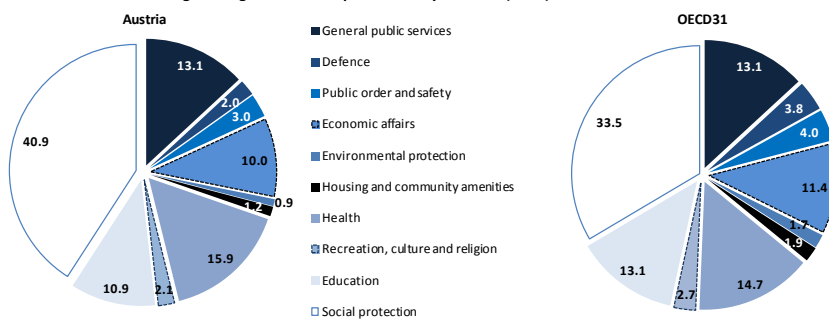
Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] [Revenues by level of government] [Expenditures by level of government]



Source: OECD National Accounts. [Production costs]

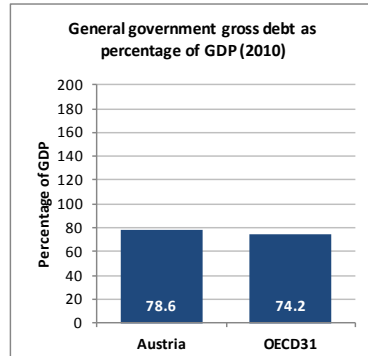
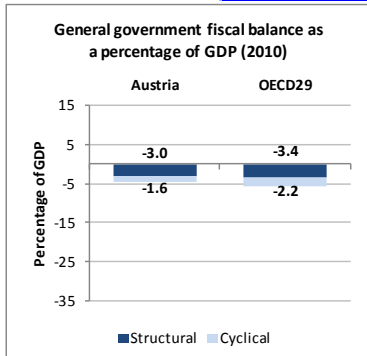
About 22.5% of the economy was devoted to producing public goods and services in 2009, slightly lower than the OECD33 average of 23.3%. Between 2000 and 2009, the use of private and non-profit actors to provide public goods and services (*i.e.* outsourcing) increased, as the government relied slightly less on capital and its own employees in the production process.

Structure of general government expenditures by function (2008)



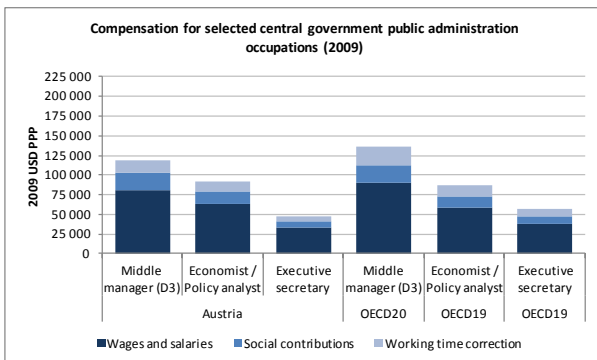
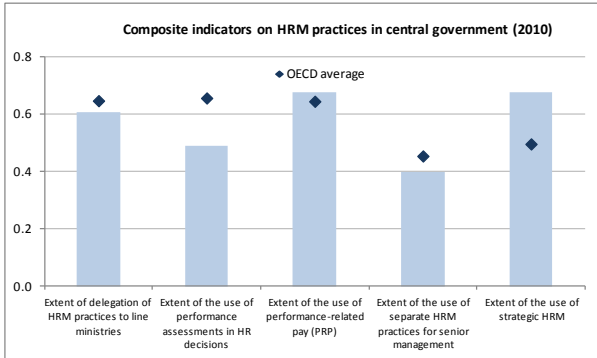
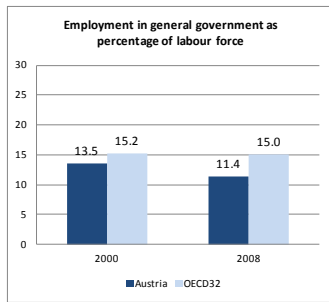
Source: OECD National Accounts. [Expenditures by function]

As in most other OECD countries, social protection programmes consume the largest share of government spending, followed by health. However, Austria devotes a larger proportion of resources to these programmes than other OECD countries. In comparison, Austria devotes a relatively smaller proportion of resources to education than other OECD countries, reflecting that only 15% of the population is school-aged (less than the OECD average of 17.5%).



Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [Fiscal balance] [Debt]

The government ran a deficit of about 4.6% of GDP in 2010 and gross debt has risen over the past few years, reaching 78.6% of GDP in 2010, slightly more than the OECD average of 74.2% (OECD definitions differ from Maastricht criteria). The Austrian federal government is taking steps to consolidate finances, including pursuing a balanced budget over the fiscal cycle; introducing structural reforms in the field of public administration; and investing in R&D, infrastructure, education and tertiary education to foster more growth and employment.



Working time correction brings countries to the same basis of comparison in terms of annual working hours (accounting for weekly working hours and holidays).

Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	No	Yes	Yes	No	97%
Selection & evaluation criteria	No	Yes	Yes	No	97%
Tender documents	No	Yes	Yes	No	82%
Contract award	No	Yes	No	No	100%
Justification for award	No	No	No	No	59%
Tracking procurement spending	No	No	No	No	32%







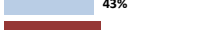



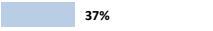

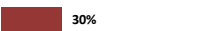
Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

Between 2000 and 2008, Austria reduced government employment as a share of the labour force by 2.1 percentage points, to 11.4%, well below the OECD average of 15%. This decrease was the largest in the OECD and places Austria among countries with the lowest share of government employment, which ranges from 6.7% to 29.3% across the OECD area. This decrease is the consequence of spin-offs in the healthcare sector in 2001 and staff reductions in the whole government. At the federal level, the highest number of staff have been reduced in the "administration" occupational group, whereas the number of staff have more or less remained the same in the areas of education and security. *Source: International Labour Organisation. [General government employment]*

The HRM system used by the Austrian federal government is moving to a more delegated model with recruitment, allocation of the budget envelope and management of performance-related pay delegated to line ministries. While Austria uses performance assessments in HRM decisions to a lesser degree than other OECD countries, it has greatly increased the use of performance-related pay from 2005 to 2010. For most public servants, their salaries depend partly on a system of systematic workplace evaluation, which is also determined by law. Austria has operated a separately defined senior civil service since 2005. Current strategic areas in HRM are mobility within the public sector and personnel development. *Source: OECD 2010 Strategic HRM Survey. [Delegation] [Performance assessment] [PRP] [Senior management] [Strategic HRM]*

Middle managers and executive secretaries in the Austrian public service receive total compensation packages that are slightly below the OECD average, while economists/policy analysts receive packages closer to the average. However, the classification of middle managers may differ across OECD countries; in Austria, heads of sections as well as heads of units are considered middle managers. In addition, compensation data for executive secretaries may be slightly underestimated as it includes both secretaries and executive secretaries. In all cases, the share of compensation represented by wages and salaries (68%) and social contributions such as pension contributions (17.6%) are similar to those seen across OECD countries. Middle managers earn 1.3 times as much as economists/policy analysts, and 2.5 times as much as executive secretaries. With a 40-hour contractual work week and 25 paid vacation days, most public employees in Austria work slightly more hours per year than the OECD average. *Source: OECD 2010 Compensation Survey. [Middle managers] [Economist/Policy Analyst] [Executive Secretary]*

Achieving greater transparency in public procurement is important; especially given that Austria spent an estimated 11% of GDP on procurement in 2008. Like 12% of OECD member countries, Austria does not have a central procurement website. Instead, most public procurement information is published on the contracting entity website as it is done by nearly half of OECD countries. Specific guidance on application procedures such as templates and forms, procurement plans and contract modifications are also published in the domestic printed/electronic journal (e.g. special bulletin). Some information such as procurement plans, tender documents, selection and evaluation criteria, and contract award and contract modifications are also published on the EU DG market website. Currently, Austria does not publish information on the justification for awarding a contract to a selected contractor nor does it allow tracking of public procurement spending as is done by 59% and 32% of OECD member countries, respectively. Due to recent changes in the Federal Procurement Law, Austria is planning to introduce 10 central procurement websites (1 for the Federation and 9 for the federal *Länder*) to have a single access-point for each region. Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public. *Source: OECD 2010 Survey on Public Procurement. [Transparency in public procurement]*

REGULATORY GOVERNANCE	Regulatory governance mechanisms, 2008				
	Functions of the oversight body	Percentage of OECD countries responding "yes"	AUSTRIA		
	Consulted as part of process of developing new regulation	2005	 73%	Yes	
		2008	 82%	Yes	
	Reports on progress made on reform by individual ministries	2005	 43%	Yes	
		2008	 56%	Yes	
	Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	 43%	No	
		2008	 50%	No	
	Conducts its own regulatory impact analysis	2005	 43%	No	
		2008	 47%	No	
	Anticipating compliance and enforcement				
	Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	 57%	Yes	
2008		 70%	Yes		
Guidance for regulators on compliance and enforcement	2005	 37%	Yes		
	2008	 47%	Yes		
Existence of policy on risk-based enforcement	2005	N.A.	N.A.		
	2008	 30%	No		
<i>This table presents two elements drawn from the wide range of activities for managing regulatory quality.</i>					
OPEN GOVERNMENT	Disclosure of public sector information, 2010				
		Proactive disclosure			
	Types of information disclosed	Austria	OECD32	Publication channels	
	Budget documents	☉	94%	MA	
	Audit reports	☉	72%	MA	
	List of public servants and their salaries	○	28%	Not published	
	Sharing of administrative data				
	Administrative data sets	☉	66%	MA	
	Requirements on publishing in open data formats	No	53%	-	
	<ul style="list-style-type: none"> ● Required to be proactively published by FOI laws ☉ Not required by FOI laws, but routinely proactively published ○ Neither required nor routinely published <p>CP= central portal; MA= ministry or agency website; OW=other website OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.</p>				
E-GOVERNMENT	E-Government building blocks and e-procurement, 2010				
	e-enabling laws and policies		Austria	OECD25	
	Recognition & use of digital signature		●	100%	
	Electronic filing within the public sector		●	88%	
	Administering PPPs for e-government projects		○	64%	
	Services offered on single-entry procurement website		Austria	OECD34	
	Tender searches		No single-entry site	62%	
	Tracking of outcomes of contracts		No single-entry site	32%	
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable					

The Austrian federal government has not created a dedicated administrative body for regulatory management. In practice, authority for regulatory policy at the federal level is shared among the Federal Chancellery, the Ministry of Finance and the Court of Audit.

The Legal Service of the Federal Chancellery has a central function in securing regulatory quality at the federal level. It is consulted on draft legislation and prepares legislative guidelines. The Federal Chancellery gives guidance on legal quality to other parts of the administration, but has no authority to set binding policy guidelines as the role of the Chancellor is *primus inter pares*. For example, there is a procedural requirement for making impact assessment when preparing draft federal legislation, but no oversight mechanism to ensure compliance with this requirement. The Ministry of Finance also plays a key role in regulatory management as it coordinates the programme for the reduction of administrative burdens on business. This includes overseeing each federal ministry's compliance with common standards of the programme. This is supported by the Court of Audit, which oversees that the guidelines for the calculation of administrative costs have been followed.

Enforcement of regulations is a principal responsibility of *Länder*, which allows for differences in practice. While some agencies have a comprehensive risk-based strategy, there is no broad risk-based policy on enforcement. The 2008 survey however indicates that Austrian government is among the 47% of OECD member countries, which have developed guidance for regulators on compliance and enforcement.

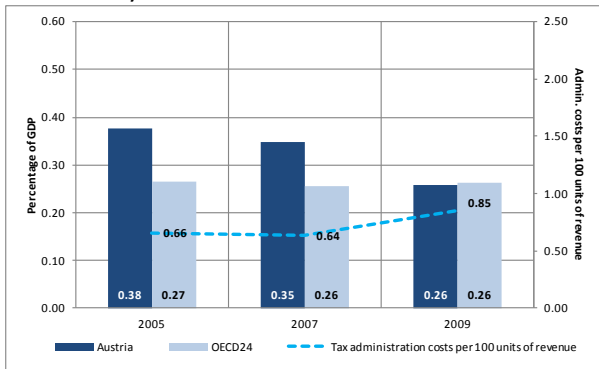
Source: OECD 2008 Survey on Regulatory Management; OECD (2010), *Better Regulation in Europe – Austria*, OECD Publishing, Paris. [\[Oversight bodies\]](#) [\[Compliance and enforcement\]](#)

Although most types of information are not required to be proactively published by Austria's Freedom of Information legislation (e.g. the Austrian Federal Constitutional Law or Duty to Grant Information Act), the government routinely publishes budget documents, audit reports and administrative data sets, similarly to most OECD countries. However, unlike 53% of OECD countries, the Austrian government does not have any requirements in place on publishing in open data formats. The main publication channels used by Austria are ministry or agency websites. Additionally, budget documents and laws are available on a central website: www.ris.bka.gv.at. Lists of public servants and their salaries are also not disclosed, although the numbers of persons employed at the Federal Level as well as their median salaries are published annually. Only 28% of OECD countries routinely publish this information.

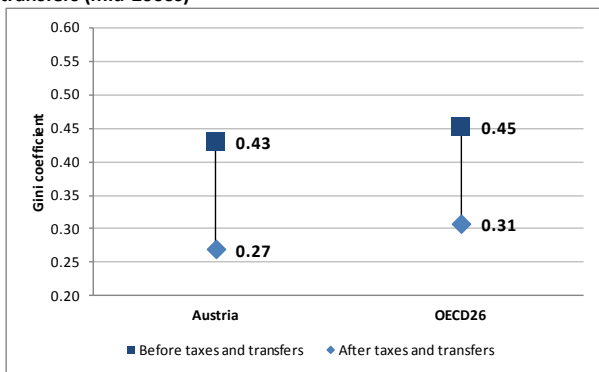
Source: OECD 2010 Survey on Access to Information. [\[Disclosure of information\]](#) [\[Publication channels\]](#)

Similar to most OECD countries, the Austrian Government has put laws and/or policies in place to promote the use of digital signatures and electronic filing. The legal framework and the technical building blocks such as e-Signature and e-Identification for instance are highly developed; an innovative solution introduced in Austria in 2010 (co-financed by the EU) is the mobile phone signature which allows for easy-to-use qualified electronic signature. However, unlike 64% of responding OECD countries, Austria does not have a specific law or policy to administer public-private partnerships in the implementation of e-government projects. Austria does not have a singly-entry procurement website, but rather publishes most procurement information (such as procurement laws and policies, procurement plans, tender documents, etc.) on contracting entity websites and domestic journals. There are plans in place to introduce 10 central procurement websites (1 for the federation and 9 for the federal *Länder*) so that there is a single point of access for each region. Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [\[E-enabling laws\]](#) [\[E-procurement\]](#)

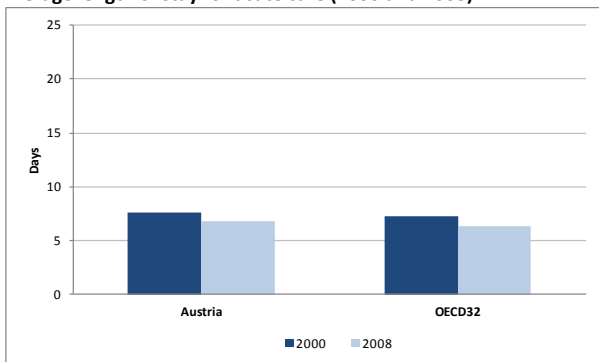
Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)



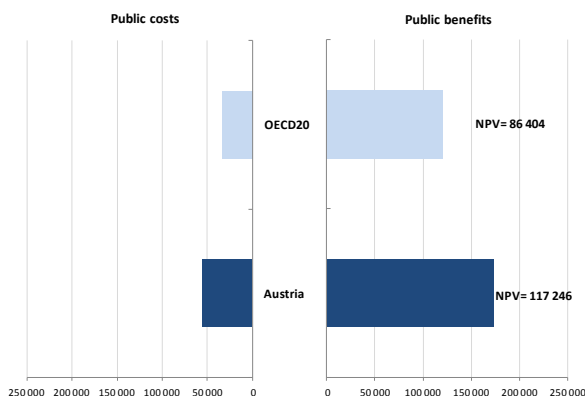
Differences in income inequality pre- and post-tax and government transfers (mid-2000s)



Average length of stay for acute care (2000 and 2008)



Public net present value for male obtaining tertiary education as part of initial education (2006), USD PPP



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The “cost of collection ratio,” for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In Austria, the administration costs of collecting 100 units of revenue have increased considerably between 2007 and 2009. However, total revenue body expenditure has decreased, suggesting the change in the ratio could be due partly to macroeconomic conditions such as declining tax revenue following the crisis.

Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [\[Total revenue body expenditures\]](#) [\[Tax administration costs per 100 units of revenue\]](#)

One method of assessing the effect of government tax and transfer policies on income inequality is by assessing a country’s Gini coefficient before and after taxes and transfers. Austria achieves a 0.16 point reduction in the Gini coefficient following its tax and transfer policies, compared to an average 0.14 point reduction in OECD countries. On average, cash benefits in Austria exceed 30% of household disposable income, which is among the highest rates in OECD countries. Austria is amongst the 14 OECD countries with inequality levels which have been decreasing in recent years and are slightly below the average.

Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, OECD Publishing, Paris. [\[Differences in inequality\]](#)

The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in hospital for curative care. Similar to other OECD countries, the reduction in ALOS between 2000 and 2008 in Austria was close to one day (from 7.6 to 6.8 days). Over time, reductions in the ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilizing less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Too short a length of stay however could cause an adverse effect on health outcomes.

Source: OECD Health Data 2010. [\[ALOS for acute care\]](#)

Both government and society gain economic benefits from increased schooling. Obtaining a tertiary education helps people enter the labour market and earn more, thereby increasing government tax revenues. A more educated and employed population can also reduce the government obligations for benefits and social assistance. At around USD 117 200, Austria’s public net present value (NPV) for a man obtaining tertiary education is considerably higher than the OECD average. This measure represents the public economic returns to education after having accounted for the costs of this education. In the case of Austria, the NPV is over double the net public investment in tertiary education.

Source: OECD (2010), Education at a Glance 2010: OECD Indicators, OECD Publishing, Paris. [\[Public NPV of education\]](#)

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

“Gross general government debt” refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: www.oecd.org/gov/indicators/govataglance.

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

Compensation data: Total compensation includes wages and salaries and employers’ social contributions (those to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems)). In most cases data are for six central government ministries/departments only (interior, finance, justice, education, health and environment or their equivalents). Working time adjustment compensates for differences in time worked (both weekly working time and holidays). Compensation was converted to US dollars using purchasing power parities (PPPs) for GDP from the OECD National Accounts database. Differences in compensation policies can be the result of different bargaining powers; the state of the labour market (such as compensation in the private sector for similar positions); specific labour shortages; and the attractiveness of the government as an employer. While the survey uses the International Standard Classification of Occupations (ISCO) to standardise job categories, full comparability of responsibilities behind the occupational titles across countries presents difficulties in some cases. Annex D in *Government at a Glance 2011* fully details all limitations to data comparability, including those related to the measurement of employer’s social contributions (which were based on sources outside the survey for a number of countries, leading to potential inconsistencies).

Regulatory governance: The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

Tax efficiency: Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

Differences in income inequality pre- and post-tax and government transfers: The values of the Gini coefficient range between 0 in the case of “perfect equality” (*i.e.* each share of the population gets the same share of income) and 1 in the case of “perfect inequality” (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

Public net present value for male obtaining tertiary education: Tertiary education refers to levels 5 and 6 in the International Standard Classification of Education (ISCED 97). Public costs include lost income tax receipts during the schooling years and public expenditures related to tertiary education. Public benefits include additional tax and social contribution receipts associated with higher earnings, and savings from transfers (housing benefits and social assistance) that the public sector does not have to pay above a certain level of earnings. The discount rate is set at 3%, which largely reflects the typical interest on an investment in long-term government bonds in an OECD country.