

## ARTICLE

## Performance framework in Austria: Opportunities and challenges

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**Abstract** As of 2013 the Austrian federal government will be managed according to the principle of outcome-orientation. This reform element is integrated in a holistic financial management framework, comprising a legally binding medium expenditure framework with a relaxed budget system giving high carry-forward and shifting possibilities (as of 2009), accrual budgeting and accounting, a modified form of programme budgeting and the creation of the Federal Performance Office in the Federal Chancellery and a Budget Office in Parliament (e.g. Seiwald, Meyer, Hammerschmid, Egger-Peitler, & Höllerer, 2013; Seiwald/Geppl 2012; Steger, 2007). The relaxed budget rules, since 2009 in effect, have created an accountability gap, which will be closed by the Performance Framework.

The performance framework consists of a performance budgeting model with the obligatory definition of objectives and performance indicators for each line ministry, a performance management system with obligatory performance mandates for state bodies and organisations with budgetary responsibility as well as a performance reporting system, for both Parliament and within the government and ministries. The performance measurement systems will have been established and reorganised in order to fulfil the demands of the new performance management regime. The Performance Management Office, established in 2010, supports and advises ministries in this process, provides quality assurance to objectives and indicators and prepares the performance reports to Parliament.

Our paper will describe the key elements of the Austrian performance framework. It explains the implementation strategy and highlights opportunities, tensions as well as challenges from a practical point of view.

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## 1. Introduction

The modernisation of the Austrian budgeting system has been started by introducing a so-called

*Flexibilisierungsklausel* for selected state bodies in 2000 as well as by changing over to top-down budgeting in the mid-1990s. The first stage of the budgeting law reform provided the ministries with greater freedoms regarding resource re-allocation and carry-forward possibilities. The strictly input-oriented budgeting regime was abandoned with a view to increasing the scope of the ministries for discretionary spending. However, accountability structures

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were not tightened during the first reform stage. A similar situation was observed in Sweden when the budgeting rules were amended. Rubin and Kelly (2007: 575) describe this situation: "[...] it was a golden age for public administration in Sweden because the input controls had been relaxed but the output and outcome controls were not effective".

This situation changed in the second stage of the budgeting law reform. With effect from 1 January 2013, the Federal Constitution will make outcome-orientation a key principle of budgeting and will provide a comprehensive framework for the governance and management structures of the Austrian federal administration.

The Federal Budgeting Act 2013 therefore contains rules governing the performance information in the Federal Annual Budget Bill (*Bundesvoranschlag*), performance controlling and reporting to the National Council (first chamber of the Austrian Parliament) as well as the internal implementation in the ministries, in particular the duty of preparing and updating "performance mandates". The legal budgetary framework is a fundamental basis, though not a sufficient condition for a comprehensive cultural change. The head of the Budget Department of the Ministry of Finance, Gerhard Steger, described this challenge already in 2007: "To create legal options is one thing but to use them is another thing. Therefore it will be decisive whether the sweeping reforms of the federal budgeting law will really be taken advantage of in practice. The question arises whether the cultural change, which is a prerequisite for implementing the reform, will take place in the administration as well as in politics. In my opinion, this will depend to a very large extent on the fact whether politicians and administration will be prepared to perform the functions they should really fulfil, i.e. that policymakers define the objectives and hold the administration accountable for achieving them (Steger, 2007)".

Strong emphasis is therefore placed in this article on highlighting concrete implementation pathways which will promote cultural change.

The Austrian federal administration has already gained some experience in dealing with performance information. The application of approaches based on outcomes, outputs, objectives and indicators has been practised (to some extent but not comprehensively) in the past, particularly in the framework of the pilot project *Flexibilisierungsklausel* (e.g. Promberger, Greil, and Simon, 2005; Seiwald, Meyer, Hammerschmid, Egger-Peitler, & Höllerer, 2013), the introduction of cost accounting in the ministries as well as numerous projects on performance indicators of the federal ministries and subordinate bodies (e.g. in the police and security forces, the tax and customs administration or the penitentiary services) (Zendron, 2008).

The new budgetary regime therefore offers an opportunity to establish an integrated management system in administration (strategy, human resource management, gender mainstreaming, process optimisation). The following chapters present the key tools of the new approach, the main challenges of implementation and future developments as well as the opportunities arising. The approach is described on the basis of the performance management cycle presented in Chapter 1 (performance budgeting in Chapter 2, performance management in Chapter 3, performance measurement in Chapter 4, performance reporting in

Chapter 5). The paper ends by giving a brief outlook on the implementation strategy and future developments.

## 1.1. The performance management cycle

In the planning stage as the starting point of the performance management cycle, programmatic priorities are defined as objectives and performance indicators are integrated into the budget process (*performance budgeting*). In a next step, the implementation of objectives is managed at the operational level (*performance management*). Monitoring mechanisms guarantee in regular intervals to measure to what extent the objectives have been achieved (*performance measurement*). Based on the data obtained, optimisation potentials as well as recommendations for implementing and adjusting objectives will be developed. *Performance reporting* to the decision-makers (e.g. Parliament, government, top management level) is a fundamental prerequisite for ensuring that the findings made will be taken into account in future planning.

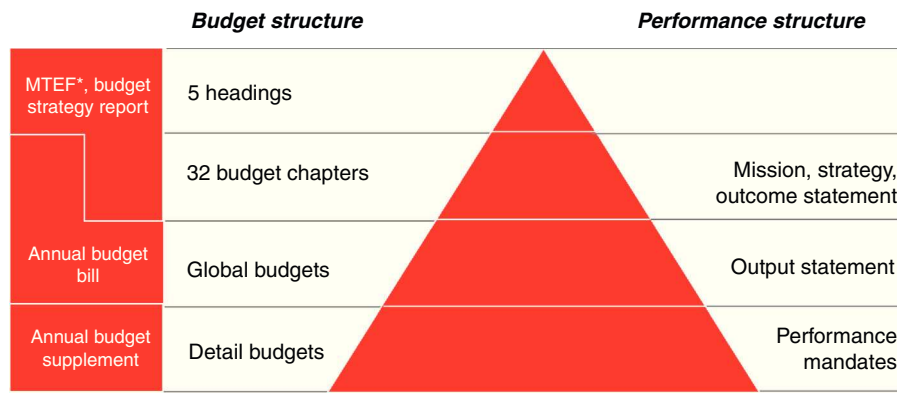
An analysis of current management processes in the federal administration shows that numerous tools are already existing and being used in the ministries for each of the four aforementioned cycle stages but that they have been coordinated only inadequately. As a tool of accountability, reporting is, for example, comparatively well developed.<sup>1</sup> As far as performance measurement is concerned, a wealth (or even excess) of indicators, statistics and studies is available in many policy areas.<sup>2</sup> Moreover, there is room for improvement, especially with regard to the use of outcome-related information in decision-making processes and performance management – a decisive factor in determining the success of outcome-oriented administration. The challenge of the future is to transform existing management systems and to establish a performance management cycle in practice.

The 2013 Federal Budgeting Act and the implementing ordinances on outcome-orientation (Ordinance on Outcome-Oriented Budget Information, Ordinance on Performance Controlling, Ordinance on the Principles of Impact Assessment of Regulations and Projects) as well as the Guidelines on the Coordinated Preparation of Outcome-Oriented Budget Information establish for the first time a uniform and compulsory framework, on whose basis the ministries and supreme state organs<sup>3</sup> present their planned outcomes and outputs in the budget documents, internally manage the operational implementation of objectives, evaluate results and report on the achievement of objectives to Parliament.

<sup>1</sup> Reports on different issues are prepared by numerous ministries, e.g. the Security Report (jointly prepared by the Ministry of the Interior and the Ministry of Justice), the Green Report of the Ministry of Agriculture, Forestry, Environment and Water Management or the Health Report of the Ministry of Health.

<sup>2</sup> Indicators are presented in OECD studies (e.g. Governance at a Glance), by the Austrian Statistical Office (statistics on the labour market, education, population, social affairs, etc.) or ministry-specific statistics (e.g. crime statistics, transport and traffic data).

<sup>3</sup> Based on the current definition, "supreme state organs" are the Office of the Federal President, the Parliamentary Administration, the Constitutional Court, the Administrative Court, the Austrian Ombudsman Board and the Court of Audit.



\*MTEF = medium-term expenditure framework

**Figure 1** Performance budgeting framework.

## 1.2. Performance budgeting

In accordance with the new budget law, outcome- and output-related information will be integrated into the budgeting process to a larger extent. "Performance budgeting" in the Austrian model means that the total volume of budgetary funds and staff capacities has to be aligned with the objectives of the ministries and supreme state organs in the budget documents. In this way, a link is established between outcome-orientation and the principle of global budgeting. As the legislative body, the National Council adopts highly aggregated lump-sums, so called *Globalbudgets*, coupled with political priorities.

The budget will show the programmatic priorities together with the resources.<sup>4</sup> Outcome-orientation therefore facilitates a more informed budget debate. It affords greater legitimacy to the budgeting process and creates transparency for policymakers, administration and the interested public.

In the future outcome- and output-related information will have to be provided at all levels of the budget (budget chapters, global budgets and detail budgets) which will become an integral part of the budget (Fig. 1).

## 2. Budgeting at the level of budget chapters and global budgets – a flagship initiative of the ministries and supreme state organs

The Ordinance on Outcome-Oriented Budget Information obliges ministries and supreme state organs to define up to five desired outcome objectives, including one gender related outcome per budget chapter (a budget chapter corresponds to the budget of a ministry, with some ministries being responsible for several chapters). This mechanism increases pressure to set priorities and breaks down organisational boundaries as, due to "lack of space", the ministries will no longer be able to stick to typical behavioural patterns of the administration according to which each individual organisational unit is responsible for

its single organisational objective. Furthermore, priority setting has the advantage that the budget reflects the major strategic thrusts by providing relevant and meaningful information, rather than mere descriptions of the tasks of the ministries.

Priority setting often leads to highly aggregated objectives which might result in abstract headline goals of individual policy areas. Examples of general headline goals are "a high level of education" or a "well-functioning health system". Objectives that are suitable for performance management will, however, have to be formulated in way so as to pinpoint areas where there is concrete need for public action and to indicate the concrete benefit for the citizens. Performance information therefore goes beyond a mere description of responsibilities. The supreme courts are, for example, competent for monitoring constitutionality or the lawfulness of administrative decisions. In contrast, outcome objectives will show how these constitutional mandates may be oriented towards the welfare of the citizens, e.g. by facilitating access to the courts, speeding up proceedings or improving the comprehensibility of the court decisions. A concrete set of indicators has to be defined for each outcome objective to allow a comprehensive overview. For each outcome objective, an outcome statement (Table 1) has to be developed and displayed in the budget.

## 3. Coordination of objectives

It is in the nature of performing public tasks that the links between cause and effect are complex, that the achievement of objectives is also influenced by external factors and that several organisations (federal government, the Länder, municipalities, non-profit and profit organisations) contribute to the achievement of the outcome objectives.

The coordination mechanisms laid down in the Federal Budgeting Act 2013 as well as in the implementing ordinances are rather weak from a purely formal perspective (Seiwald & Geppl, 2012). This gap has to be closed in practice. In the process of quality assurance of performance information by the Federal Performance Management Office, the line ministries are informed about possible conflicting objectives. Areas of coordination were, e.g.

<sup>4</sup> According to the OECD classification, this procedure has to be classified as "performance-informed budgeting" OECD (2007).

**Table 1** Example of an outcome statement.*Outcome objective 1:*

Increase of objective road safety

*Why this objective:*

There is a high occurrence of accidents with personal injuries and deaths due to speed limit violations on highways. The increased usage of bicycles has lead to a steep incline in injured cyclists, especially among children. Studies have shown that in a majority of these cases no helmet was worn. Regular use of helmets could significantly lower the rate of head injuries of cyclists

*What will be done to achieve this objective:*

Fully automated velocity measurement at certain high-risk highway segments; Introduction of a compulsory use helmets for children

*What would success look like:*

Initial status: mean deviation of measured velocity from the speed limit +7 km/h; Share of transgression of speed limit by more than 20 km/h: 10%, Share of head injuries among all injured cyclist (children) 48%

Target status: mean deviation of measured velocity from the speed limit max. 3.5 km/h; Share of transgression of speed limit by more than 20 km/h: <5%, Share of head injuries among all injured cyclists (children): <30%

protection from violence (Ministry of Family with focus on children and youth, Ministry of the Interior regarding all vulnerable groups, Minister for Women with special focus on Women and Ministry of Justice), reconciliation of work life and children care (involving Ministry of Family, Ministry of Justice, Ministry of Finance, Minister for Women, Ministry of Labour and Social Affairs). But also other, less obvious inter-dependences may occur. The objective of increasing the percentage of university graduates is for example a responsibility of the Ministry of Science. To be able to achieve the desired outcome, important "preparatory work" of the Ministry of Education is, however, required (increasing graduation rates, increasing the transition rate from secondary level II to tertiary level).

The practical implementation of inter-ministerial coordination is based on an exchange of information on desired outcomes among the ministries involved, in particular by adjusting wordings, outputs and indicators to measure the results. As illustrated by the example of tertiary-sector education, the "overall package" of indicators has to be consistent (e.g. rate of university graduates, transition rate, percentage of university drop-outs) so as to make it possible to track developments and to discuss future priorities for action.

Coordination efforts are currently focusing on the horizontal harmonisation of desired outcomes among the federal ministries. No comparable mechanism has been installed for vertical harmonisation among different levels of government (federal level, the Laender, municipalities). This will be the main challenge after establishing the tool at federal level – although harmonisation in this sphere will certainly be more complex, both in political and technical terms.

## 4. Quality assurance

Besides fulfilling a coordination function, quality assurance also has the task to check whether the objectives and indicators in the Federal Annual Budget Bill comply with quality criteria laid down in the Federal Budgeting Act 2013, i.e. relevance, consistency, comprehensibility, traceability, comparability and verifiability. Furthermore, quality assurance places special emphasis on gender-related objectives and indicators (Seiwald & Schindler, 2012). The Guidelines on the Coordinated Preparation of Outcome-Oriented Budget Information stipulate formal requirements, which particularly aim at ensuring a standard presentation format, better comprehensibility and comparability of the performance information of the ministries.

As first experiences gained in the quality assurance process have shown, the coordinating role of the Federal Performance Management Office is of crucial importance. Without the coordination of the ministries, without guidance and consultation by the Federal Performance Management Office and, last but not least, without uniform formal requirements (data source for indicators, methodologies), the content of information would often be not adequate for the discussion in Parliament or the public. Experience has also demonstrated that performance information usually requires several revision cycles in the framework of quality assurance.

## 5. Budgeting at a detail budget level – basis for performance management

Performance information has to be provided also for the operational level of detail budgets. Within public administration, the implementation of the outcome and output objectives stated in the Federal Annual Budget Bill is ensured by means of performance mandates. These set out the operative work plan for a particular administrative unit for the next four years. The benefits of this approach are twofold: in defining policy aims at different levels but, in particular, in ensuring their achievement through management by objectives. The performance mandates therefore mark a transition to performance management and are basically developed for internal addressees and are not public available. However, the Annual Budget Supplement, which is also submitted to Parliament, gives an overview about the priorities set at detail budget level.

The experiences gained in the quality assurance process confirm that an adequate amount of time has to be spent on formulating objectives and on identifying and selecting indicators as this information provides the fundamental basis for performance management. However, one should bear in mind that outcome-orientation is not limited to formulating objectives and that benefits will be derived only from continuous strategic and operational management. The most precise description of an objective and the definition of indicators that depict the desired outcome accurately and are suitable to prevent possible undesired effects are not a sufficient condition that the objectives will be achieved in practice.

The commitment of the ministers and the executive staff of the administration are also of vital importance. It



is therefore essential to involve the political leadership, management, departments as well as the subordinate state bodies in a meaningful way in formulating objectives and selecting indicators as well as to gain their support for outcome-orientation (Schekulin, 2005). The Federal Performance Management Office supports ministries by means of consultation, guidance and training, it organises regular meetings to exchange best practices, informs Members of Parliament and holds contact to all relevant stakeholders (e.g. Court of Audit, Ministry of Finance, NGOs).

Outcome-orientation is by no means a matter affecting only budget units and that may be ignored otherwise. In fact, close cooperation and collaboration between organisational entities responsible for budget, human resources, cost accounting, gender mainstreaming officers and above all the staff in the departments and subordinate bodies being responsible for performance management is an absolute must.

## 6. Links between organisational structures and outcome-orientation

The ministries are required to take outcome-orientation as leading principle into account when planning reorganisation activities (stated in the Federal Ministries Act). Therefore, organisational structures of the federal ministries as well as of their subordinate bodies have to comply with the principle of outcome-orientation.

Due to the fact that the performance information structure (Fig. 1) is oriented towards the budget structure, which is not always identical with the organisational structure of the ministry, it is a top priority in introducing internal performance management processes to bring together responsibility for resources and accountability for outputs and outcomes as well as to delegate them to the executive staff of the respective organisational level.

Important starting points are the performance mandates at detail budget level which serve as a tool for internal management. The Federal Budgeting Act 2013 gives the ministries discretionary powers in formulating their performance mandates. In applying this internal management tool, the ministries have considerably more freedom; they are not required to fill in forms and may adjust the content directly to the specific requirements of the ministry, subordinate state body or the policy field. The Federal Performance Management Office provides a non-binding template (containing budget and staff allocations and objectives as well as data from cost accounting).

Direct links between resources and objectives, in the sense of formula budgets, may be established within the ministries. While in this internal management ministries may allocate budgetary funds based on concrete outputs, there is only a loose coupling of funds and performance in the official budget documents (Federal Annual Budget Bill, Annual Budget Supplement): the only rule is that performance objectives must be realised within the medium-term expenditure framework and budget's ceilings. If objectives are not achieved, concrete budget sanctions may be imposed within the ministry (e.g. termination of projects and re-allocation of financial resources to other purposes or re-assigning of

tasks, combined with a transfer of human resources and budgetary funds).

It should be taken into account that performance management is not limited to performance mandates. Ministries have to implement internal performance management processes that reach down to the level of the individual staff member.

### 6.1. Linking performance and human resource management

Outcome-orientation is of crucial importance for all public sector employees as they are responsible for implementing the objectives at the operational level. Each individual staff member ultimately has to know how he or she contributes to the desired outcomes of the ministry, the objectives of the department or the objectives of the subordinate state body. This can, for example, be ensured by addressing objectives and performance in the annual staff appraisal interviews. By applying a top-down process (minister–executive staff–individual employees) the high level outcomes of the ministry are operationalised. Performance-related pay can be established by the ministries, but is not compulsory. This implementation strategy was selected in order to develop policy-field sensitive concepts. In processes of optimising human resource planning and personnel placement, performance-related information may contribute substantially to evidence-based management decisions.

### 6.2. Other performance-relevant links

The implementation of the performance framework demands a change of administrative processes, tools and practices, in which traditional elements of administration such as hierarchy, full documentation or legality have to be combined with new managerial instruments in a meaningful way. Increased transparency of outcomes, outputs and resources will also facilitate a well-founded critical review of tasks and performance. Outcome-orientation should trigger reflection processes and a clear assessment of future optimisation potentials. If objectives are set and reviewed, every organisation will have to ask itself whether certain internal rules and procedures should be replaced, changed or abolished. Safeguards such as the requirement of prior approval by line ministries or the Minister of Finance have to be challenged.

Moreover, generally accepted management tools such as cost accounting, auditing processes and management tools or reporting systems have to be adjusted to incorporate outcome-orientation in the administration as a comprehensive approach and to establish an all-embracing, integrated management system without duplication. The interface to the internal auditing office has to be re-defined, and the auditing strategy of the internal auditing office has to be modified to conform to a coherent management model. Implementations strategy is not to abolish or replace management tools, which have proved useful in a ministry but to adjust them to the requirements of outcome-orientation and to incorporate them accordingly.

## 7. Performance measurement

Performance measurement is a key element of performance budgeting, performance management as well as performance reporting. The desired outcomes and outputs have to be described in terms of verifiability and comparability over a specific period of time or with other organisations by using.

The budget law does not require any performance measurement systems but the pressure to define concrete indicators does not only make it necessary to compile data systematically but also highlights gaps in data collection. Highly elaborated areas (e.g. in the security or environment sector) are for example challenged to take advantage of synergies when it comes to using existing data. In parallel, measurement gaps are revealed, for example the supreme state organs or questions regarding subjective judgements of citizens. Existing data should be examined with a view to identifying gaps in the collection process; gender sensitive indicators (e.g. rate of unemployment, graduation rates) should for example be recorded on a gender-specific basis for analytical purposes (Seiwald and Schindler, 2012). A prudent approach should, however, be applied when collecting new data. The development of new indicators (particularly in new surveys) should always be preceded by a cost-benefit analysis.

Performance measurement also has technical aspects. Existing IT applications (from crime statistics to student-related data) have to be restructured and integrated into the new system. With regard to areas where data collection is only in a conceptual phase, it is recommendable to formulate first of all content-related questions, especially concerning the purpose for which the data are to be used. IT applications do not solve management problems but can support management. It is useful to tailor IT systems to the specific needs of the organisation (also in terms of the size and structure of the organisation).

As a rule, performance measurement systems contain a considerably higher number of data and indicators than specified in the official budget documents or performance mandates. Representing a data pool, these systems provide a basis for statistical evaluations, data for ad hoc decisions as well as for the development of management-relevant indicators. It is also a well-known fact that indicators may lead to dysfunctional behaviour and undesired management effects (the speeding up of proceedings could, for example, have adverse effects on the quality of the administrative decisions issued). In this case, a comprehensive performance measurement system serves as a pool for additional indicators counterbalancing these effects.

Comprehensive information systems are also required for the systematic impact-assessment of regulations and projects as well as of entire policy areas, including spending reviews. Reliable data of these information systems may also serve as a basis for performance comparisons<sup>5</sup> within

administration and as well as for international benchmarking (e.g. OECD Government at a Glance).

## 8. Performance reporting

The aim of performance reporting – as the last stage of the performance cycle – is to provide information on the progress made in achieving objectives at regular intervals. As far as performance management in administration is concerned, the Federal Budgeting Act 2013 provides for an annual performance report, which is submitted to Parliament by the Federal Performance Management Office by 31 October. The ministries and supreme state organs forward their reports until 31 May to the Federal Performance Management Office and therefore require internal reporting systems.

The annual performance report contains the outcome and output objectives stated in the Annual Budget Bill of the previous financial year and information on the achievement of objectives. The ministries may also describe the development of external factors and provide comments on the results. These possibilities are essential as the achievement of objectives (such as sustainable development of rural areas, reduction of carbon dioxide emissions, reduction of unemployment in the long-run) may be influenced by circumstances beyond the control of the ministry and as causal interrelations are often complex and multi-faceted. In many cases it is considerably more useful to select generally comprehensible indicators, which are, however, influenced by other ministries and/or external factors, than purely internal indicators, which are not perceived as meaningful in the debate or exclude the most relevant information (Van Dooren, Bouckaert, & Halligan, 2010).

Hence, the reports are based on a combination of hard facts (the performance indicators) and soft facts (the description of external factors and other influences). On the one hand, reports based on “window dressing” that present only accomplishments, can be avoided. On the other hand, the respective ministry or state organ is protected against unfair criticism if the desired outcome could not be achieved due to external factors despite implementation according to plan.

On the whole, this procedure represents the consistent application of the principles described in the chapter “Performance Management”. Just like the staff members of the ministries are responsible for their objectives, the ministers are accountable to Parliament for the results presented in the performance reports. Horizontal comparisons become possible thanks to the uniform report structure for all ministries laid down in the Ordinance on Performance Controlling and ensured through the quality assurance system of the Federal Performance Management Office.

In the ideal case these performance reports support the members of Parliament in the budget debate about the allocation of resources in the following year. However, one should not make the mistake of simple equating the achievement of objectives with more funds, and the falling short of objectives with budget cuts. In reality, these newly introduced reports have the aim of promoting a culture of discussion in terms of constructive task reviews and process analyses to identify improvement potentials.

<sup>5</sup> In Austria there are no systematic rules for benchmarking within administration. In contrast, Germany enshrined the possibility of performance comparisons by the Federal Republic and the federal states in the German Constitution (Art. 91 d).

Another main player in establishing the principle of outcome-orientation is the Court of Audit. It will take into account outcome-orientation in all audit processes as well as the budgeting process, where it is entitled to express an opinion on the performance information provided in the official budget documents. Hence, the implementation of a performance auditing system and the completion of the management cycle will become possible.

## 9. Implementation strategy and conclusions

By introducing outcome-orientation in the framework of the budget law reform, a vital contribution is made to more transparency, comprehensive accountability structures at political and administrative level as well as to a management system that creates public value. To what extent performance management may really be implemented in administration will, however, depend above all on cultural change.

The implementation phase has already started. The main challenge is to keep stakeholders (Parliament, Court of Audit, Ministries, state bodies) on board and to make the system practically relevant, presented in the previous chapters. Both the political and the administrative processes have to be reshaped and traditional behaviour replaced by a more fact-oriented, strategic approach. Beside technical problems (from defining indicators, setting goals to presenting objectives in an understandable way) traditional role models have to be challenged. Steger (2007) formulated this challenge in one of his articles: “*politicians define objectives and hold administration accountable for their achievement*”. Furthermore, the new instruments and processes have to be well linked to budget, organisation, strategic, process and human resources management for fulfilling the requirement of an integrated holistic management concept.

There are in any case opportunities for further development in the future. At federal level the budget law does not provide an adequate basis for the involvement of citizens. Citizens’ involvement is not excluded in budgeting and budget planning but no systematic link has been established. Even if the involvement of citizens seems less meaningful at federal level due to the more abstract nature of budget issues, hardly any attempts in selected areas are being made to involve citizens actively in the political budget process. Obviously, this gap has to be bridged by practical solutions. Transparency of objectives and outputs – which will help to improve the level of information of the civil society, NGOs or other stakeholders in the ministries – will at least lay a foundation (Seiwald and Geppl, 2012).

However, the performance management regime is still limited to the federal level. Cohesive policy-making, in

particular in a federal system like Austria where numerous responsibilities are divided between the federal level and the Länder, is urgently required but also extremely challenging as far as implementation is concerned.

At municipal level stronger orientation towards objectives to be achieved is also of vital importance, especially in an era of limited resources. Implementation in the municipalities will, however, require a higher level of systematic classification, in particular to facilitate comparisons among municipalities and to use the data for statistical purposes. As far as synergy effects are concerned, predefined objectives, outputs and performance indicators are indispensable supporting elements to prevent that methodologically similar tools have to be “invented”, which would be costly and time-consuming but lack added value.

Important initial steps have been taken to initiate a cultural change, which will have to permeate the entire federal administration at horizontal level and reach the Länder, municipalities and hived-off enterprises at vertical level.

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