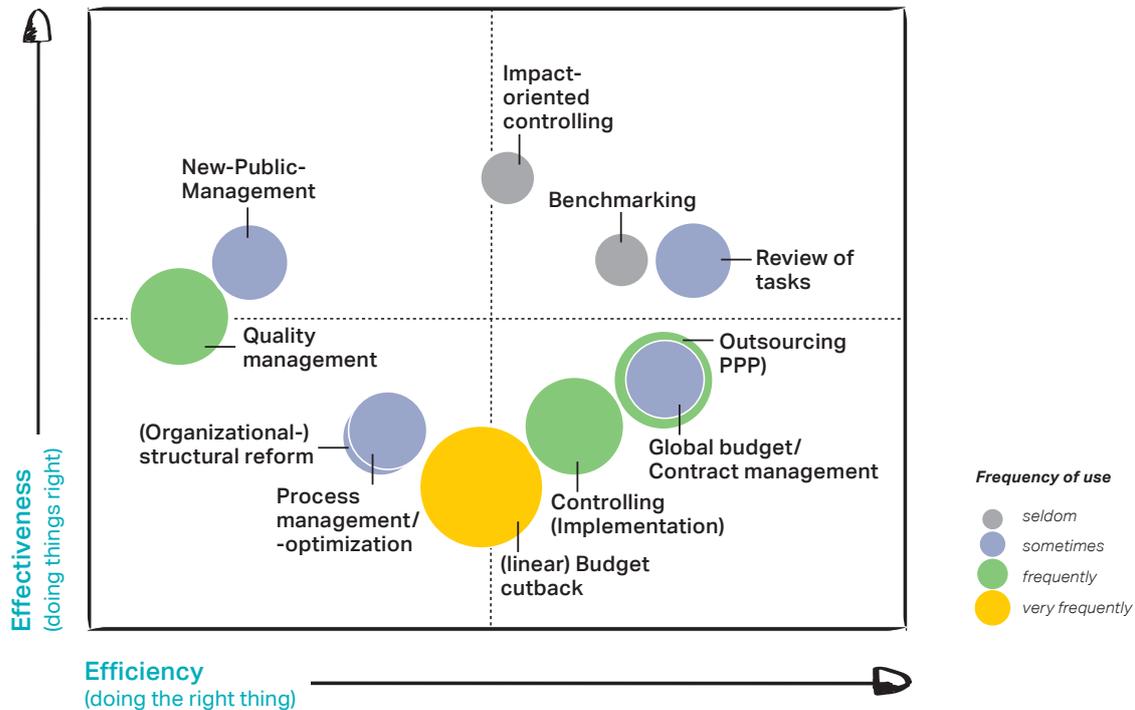


Across Boundaries

Innovative reform processes in Austria's public sector

The pressure on public finances grows and grows. The 2008 financial crisis exacerbated the situation even further. Although for a long time, Austrian federal, regional and local governments reacted with blanket cuts across all areas, now they are increasingly turning to more innovative and selective approaches.

Comparison of reform approaches



Study from 2008 by Andreas Pölzl and Günter Kradischnig.

Review of tasks

After several rounds of proportional cuts it is becoming clear that the efficiency-only approach has its limits. Taking on more and more tasks and responsibilities with smaller and smaller budgets inevitably leads to quality problems and to overworked and frustrated staff. Further consolidation can only be achieved by critically reviewing and often cutting the list of tasks government agencies are attempting to do. As shown in the comparison above, a critical review of tasks is both more effective and efficient than linear budget cuts (see illustration).

Cooperations and mergers

Especially at regional and local levels, the Austrian public administration has very detailed structures. However, it has become clear that in local governments, at the level of the local municipalities (often

very small, e. g. < 500 inhabitants in Styria) it is the smallest units that have the highest costs per capita. The most cost-effective size of municipalities lies between 2,000 and 20,000 inhabitants. Though outright mergers of municipalities are on the agenda, significant synergies can also be generated by sharing resources between existing municipalities.

Holistic strategies

For many years, individual public services were viewed as isolated products, to be optimized in and of themselves. But now, often the only way to further improve the budget effectiveness, is to engage in joined-up thinking, cutting across conventional policy boundaries. For example, social and health services are not separate issues for their clients, and need to move towards integrated case management. Environmental issues equally cannot be solved by compartmentalization but only by a combined treatment of water and air, ►

»The public administration in Austria has been characterized by great openness for new approaches in the past few years.«

waste management etc. If the administration aims to become citizen- and service-centered, then it has to realize that many aspects of people's lives now cross the limits of older institutions and procedures (e. g. districts and opening times of schools, kindergartens and courts).

While strategies for different areas of policy used to be developed by the administration alone, now consultation processes involving the broad participation of stakeholders are becoming more common. Citizen participation has even been used in such sensitive processes as drawing up rescue plans for municipalities in financial difficulties. Not only are citizens taking more initiative in participative processes: more subsidiarity is also being practiced within the administration itself. Targets for state activities are agreed with political leaders, and departments are given global budgets, which they manage with a degree of autonomy. For more precise tracing of the use of funds, cameralistic accounting is increasingly being replaced by double-entry accounting.

Reform of public accounting

For a long time, the tendency among public servants has been to view analytical approaches from the commercial world, such as cost and activity accounting or managerial accounting, as systems that could be used in parallel with the existing accounting procedures – but which would always involve extra effort – and so they remained the preserve of a minority of enthusiasts. Wider use of these modern tools can only be

ensured by reforming the accounting rules so that they become part of the regular routine and are linked to budgets and financial reports.

The state's mission changes

It is probably fair to say that in 1980s Austria, the state's function was still seen primarily in terms of law and order. Towards the end of the 90s, the state began to see citizens more like customers for whom it should provide a good quality of service. And after 2000, the concept of an activating state, one that ought to encourage and provide a framework for an awakening civil society, and should act through partnerships and networks, began to come to the fore.

Politics becomes bolder

Politicians are much more actively involved in dialog with stakeholders. This can enable them to take difficult decisions if the participative processes reveal how to achieve acceptance of these decisions among voters. There is increased readiness to try creative methods and to maintain a more open communication culture. Where unconventional thinking and procedure used to be viewed with suspicion, they are now seen as desirable. Many parts of the administration have adopted current workshop methods such as open space, world cafés, large-group workshops, Art of Hosting etc. as part of their everyday methods. These instruments enable open and sustainable communication, which can lay the basis for real change.

Catching up in Styria

Just a few years ago, the Styrian provincial government had the reputation of not being very progressive. Today, its reform program has caught up with the most modern provincial governments and in some areas (e. g. reform of financial procedures) it is a pioneer. It has carried out a comprehensive review of the scope of government tasks, which will lead to a sustainable budget consolidation. In the review of the tasks of government, all activities were assessed as to their effectiveness and efficiency. All departments were required to present concepts for how they would adapt their activities to a (hypothetical) 25 percent cut in their budget. This led to 590 change proposals with a total value of € 1.2 bn. It is now up to the political leadership to choose which of these proposals to implement, and how. The target is to reduce the current budget deficit of the provincial government to zero for 2015. The organizational reform demonstrated the political will to change, reducing 50 departments to 25 and cutting the number of employees by 700. As the first of the provincial governments, Styria is now introducing a new management logic like that already adopted at federal level. In future, each department will have at least one global budget and will be given more flexibility on how to fulfill the responsibilities delegated to it.

Vorarlberg is different

This can be seen in the revision of the psychiatry plan, where a completely new approach was used. This open process, in dialog with all the relevant partners in the system, is a model of a sustainable and patient-centered health service reform, which will generate a lot of innovation. More than 100 different stakeholders were involved in the process. This broad interest and participation ensured a high level of buy-in on the part of everyone involved, a shared perspective on the current situation and on the forthcoming challenges.

The ideas and proposals developed in eight workshops confirm the quality of the process. Two fundamental innovations that will open the way to refocusing psychiatric services, as part of a health system centered on social spaces and patients, and ten other development projects are now in the planning phase. An essential element in this process was the steady support of the political leadership at every stage.

Similarly structured processes are beginning to be used throughout the administration, although slowly. When making changes, political leaders are becoming more daring in terms of reorganization and in relying on the available practical knowledge and experience.

Effective control in Salzburg

In the provincial government of Salzburg, the policies for advancement of women were revised to make them impact-oriented. Impact targets were developed and agreed in consultation with women's organizations. It was also agreed how the impacts were to be assessed and who the results would be reported to. The NGOs were helped to develop their accounting system so as to comply with the new reporting procedures. This dialog process strengthened the mutual understanding between givers and receivers of subsidies. Now, subsidies are linked to specific effects and the responsible politicians receive regular reports on how well these goals are being achieved. The women's organizations feel that their expertise is being taken seriously and are more professional in their internal administration.

Reforms in the federal administration

We are currently in the middle of a major new reform in the federal administration. Starting in 2013, the parliament will set impact targets for periods of multiple years to every area of policy, and the budgetary provision will be oriented towards these targets. Specific measures for achieving each of these targets will be defined and annual reports will be returned to the parliament. Corresponding to the impact targets, the departments will be given global budgets and an increased degree of autonomy in using them. Detailed budgets linked to specific goals are created within the departments. In this way, the administration is given a strong incentive to make its activities serve the agreed goals, and to consider whether established activities are really effective or should be replaced by new ones.

Looking back over our 30 years experience of consulting for the public administration in Austria, we feel that the last few years have been characterized by the greatest openness for new approaches, and that real and large steps have been taken towards a truly effective and efficient administration. ●