



Challenges of the economic crisis for administration and control in Upper Austria

Upper Austria – basic data

- population: 1.4 million
- area: 12 000 km²
- total budget: 5 billion Euro



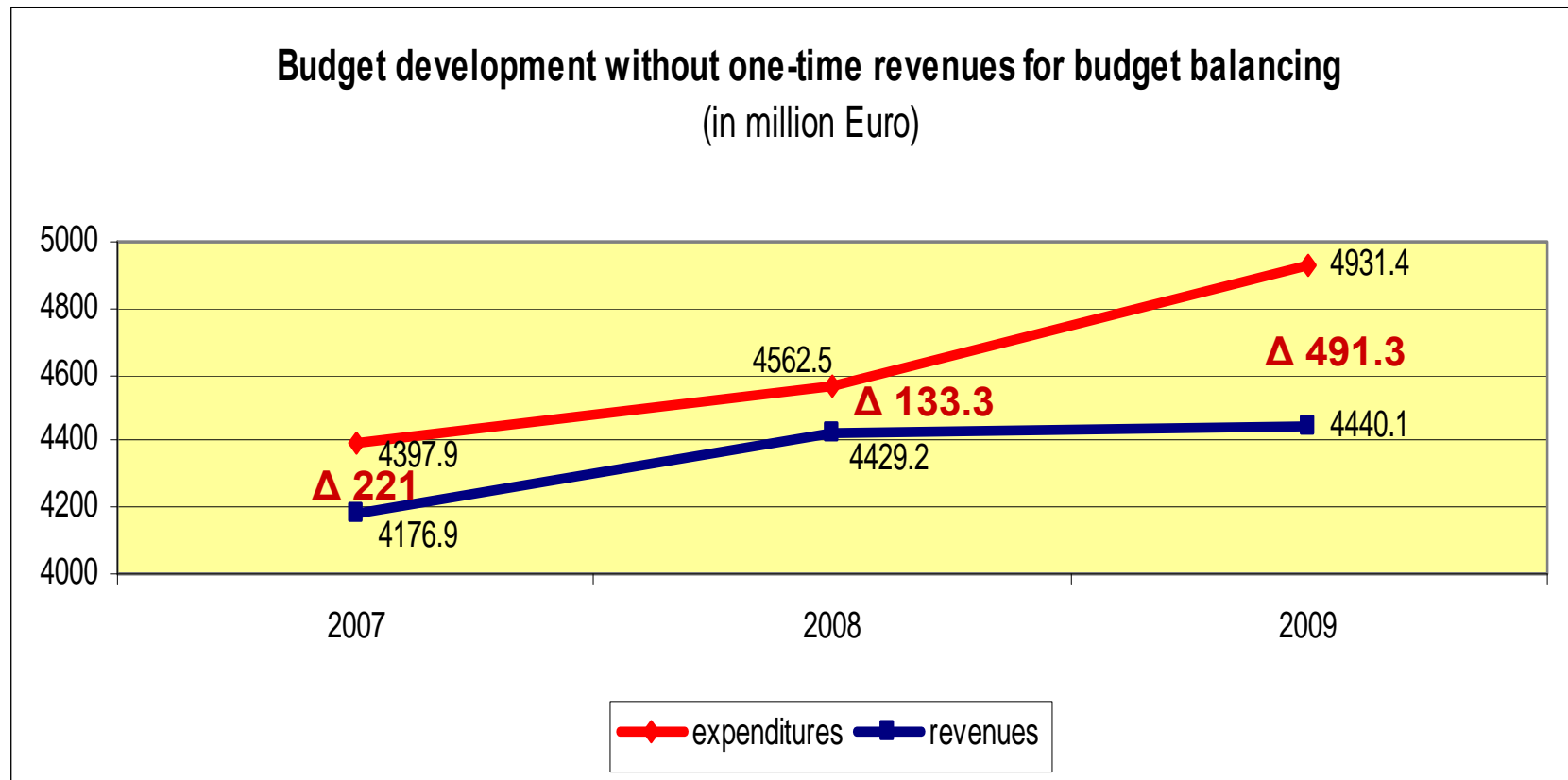
Financial situation of Upper Austria

Status quo of the budget situation

- **balanced budget** has only been possible in recent years because of one-time revenues from asset sales and appropriating of financial reserves
- **annual budget deficit** mainly caused by spending dynamic in the health care and social sector as well as by high investments and subsidies
- → **very limited financial room for manoeuvre from the operating business**
- important **areas** (e.g. hospitals) were **outsourced** and therefore also **debts** were **outsourced**

Financial situation of Upper Austria

Overall budget 2007 – 2009



Financial situation of Upper Austria

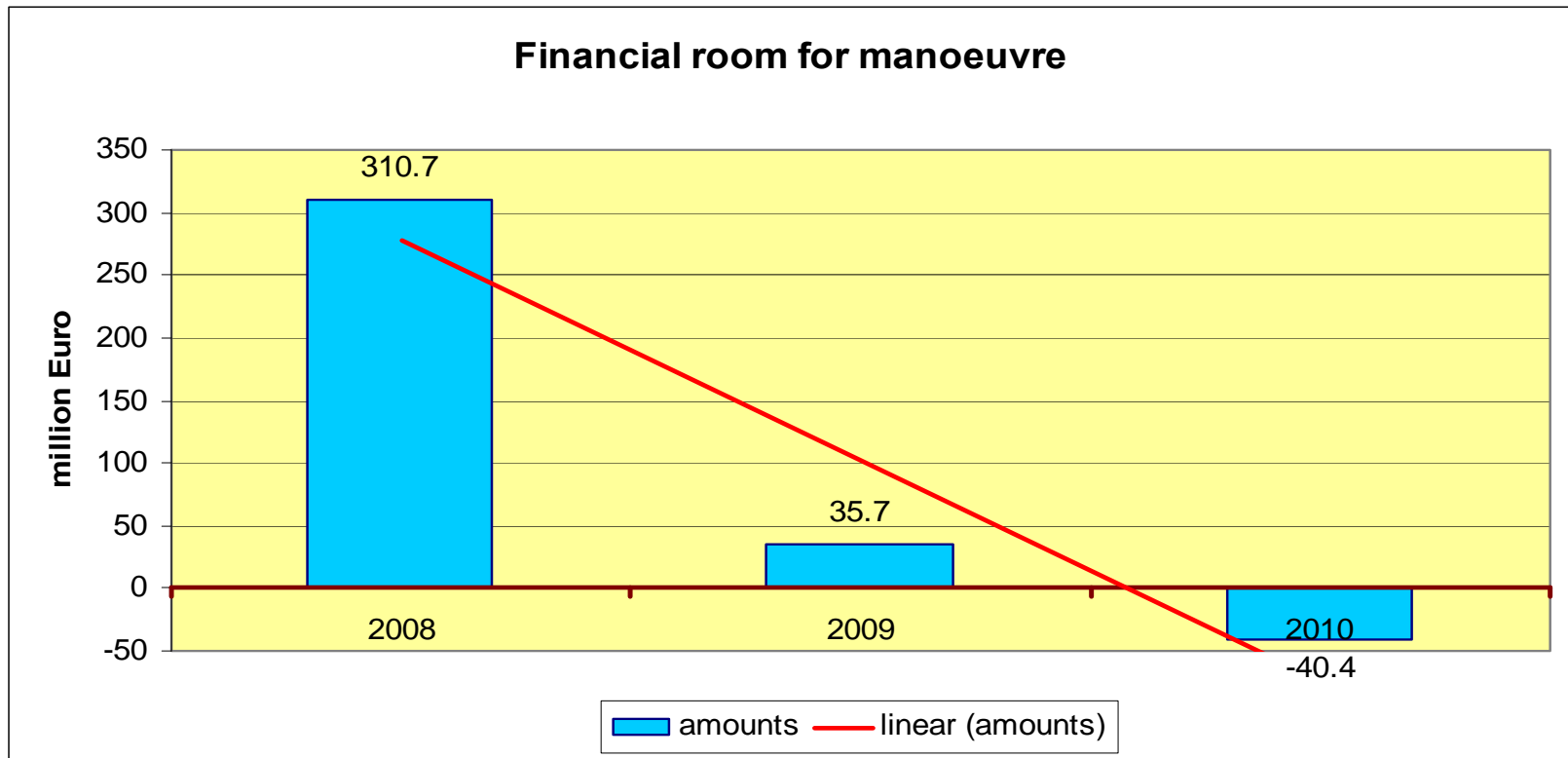
Development of operating business 2009

Operating business:

- sharp fall of revenues concerning taxes
(quota of the revenues of the federal taxes)
- strong increase of expenditures
 - ⇒ **result from operating business has halved**
 - ⇒ **hardly any room for manoeuvre for investments and amortization of debts**

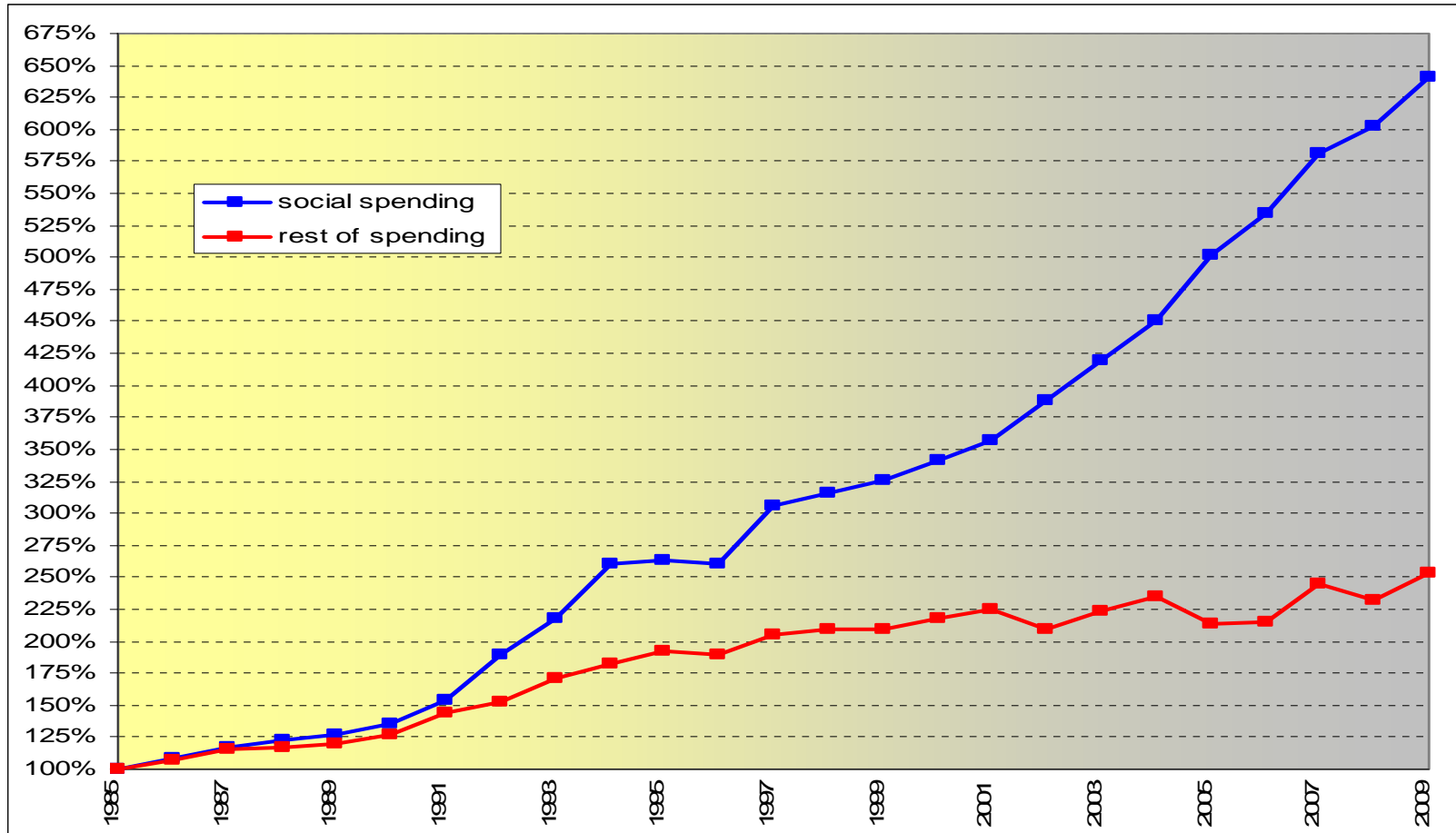
Financial situation of Upper Austria Room for manoeuvre for investments

Significant decrease of the financial room for manoeuvre



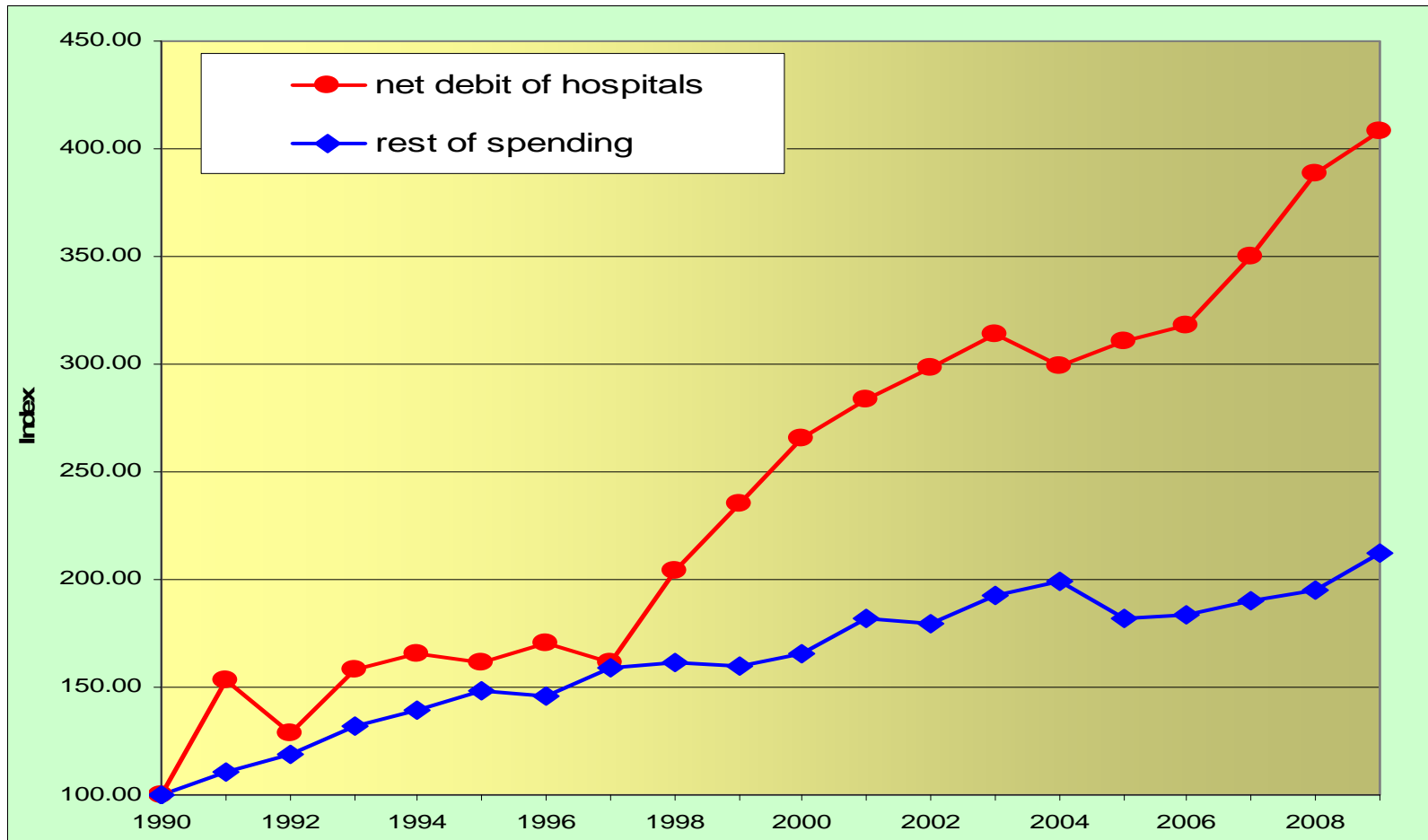
Financial situation of Upper Austria

Development of social spending



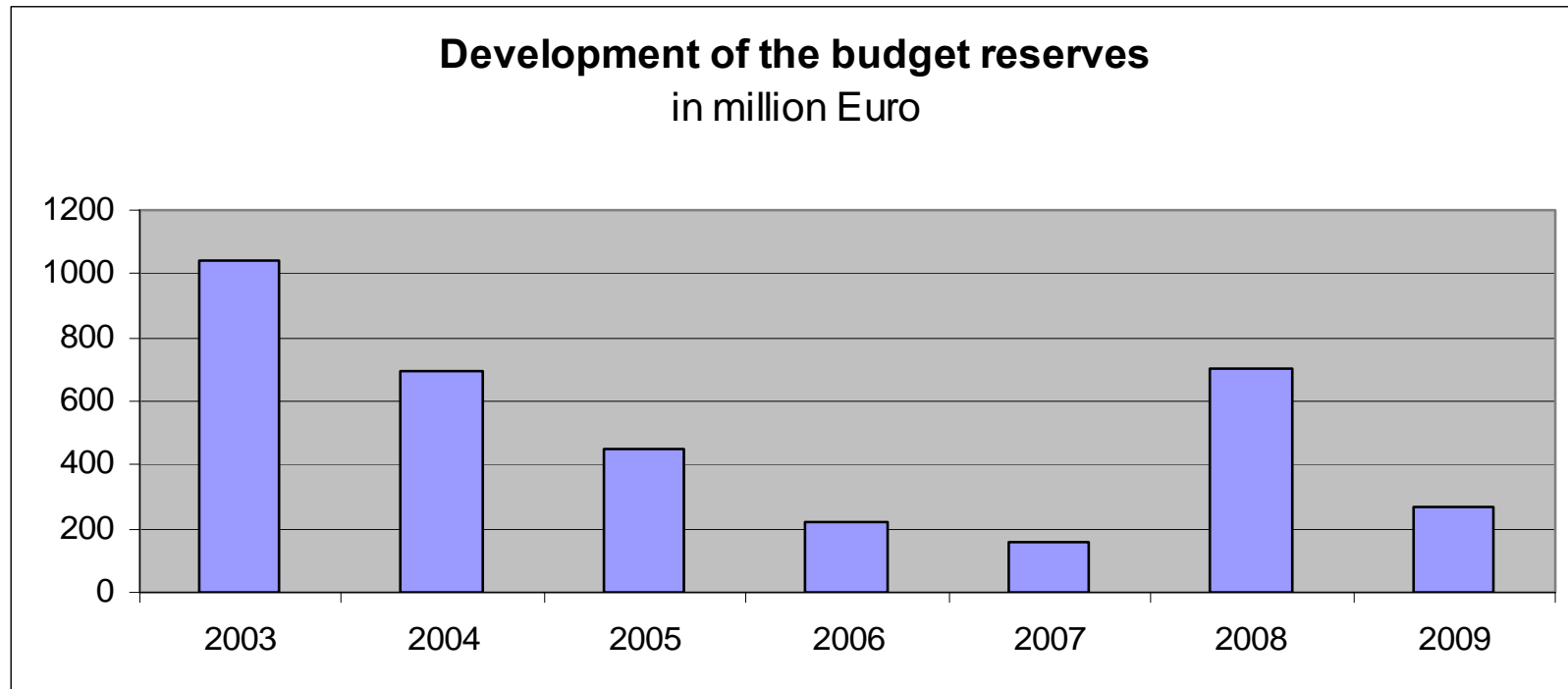
Financial situation of Upper Austria

Development of health care spending



Financial situation of Upper Austria

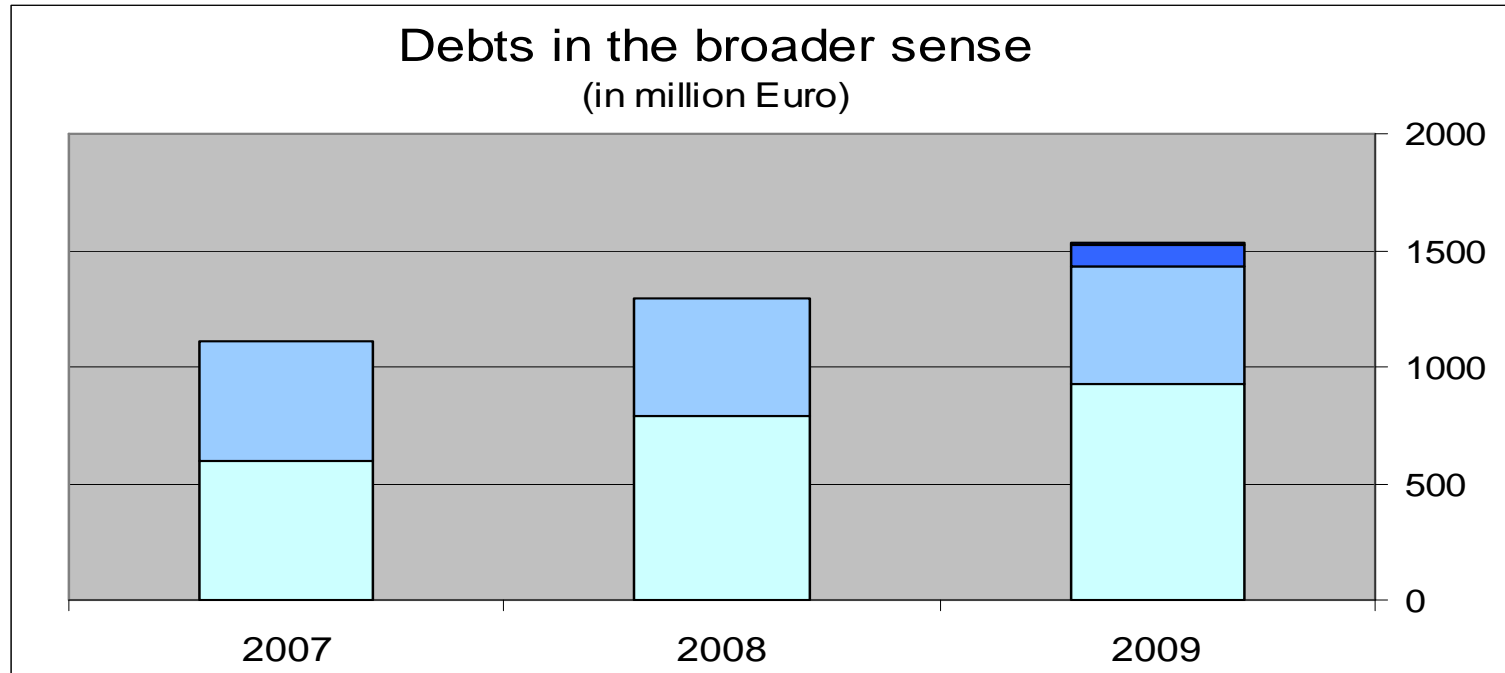
Development of financial reserves



- downward tendency of financial reserves was interrupted in 2008 due to sale of shareholdings
- hardly any room for manoeuvre to build up new reserves

Financial situation of Upper Austria

Debts in the broader sense



- outsourced debts and special financing
- outsourced debts, which face concrete receivables
- new debt in budget in 2009



Criteria for the selection of measures:

- **swift effectiveness on labour market**
- **sustainability of measures**

Measures:

- **programmes to reflate the economy**
- **assumption of liabilities**
- **structural reforms**

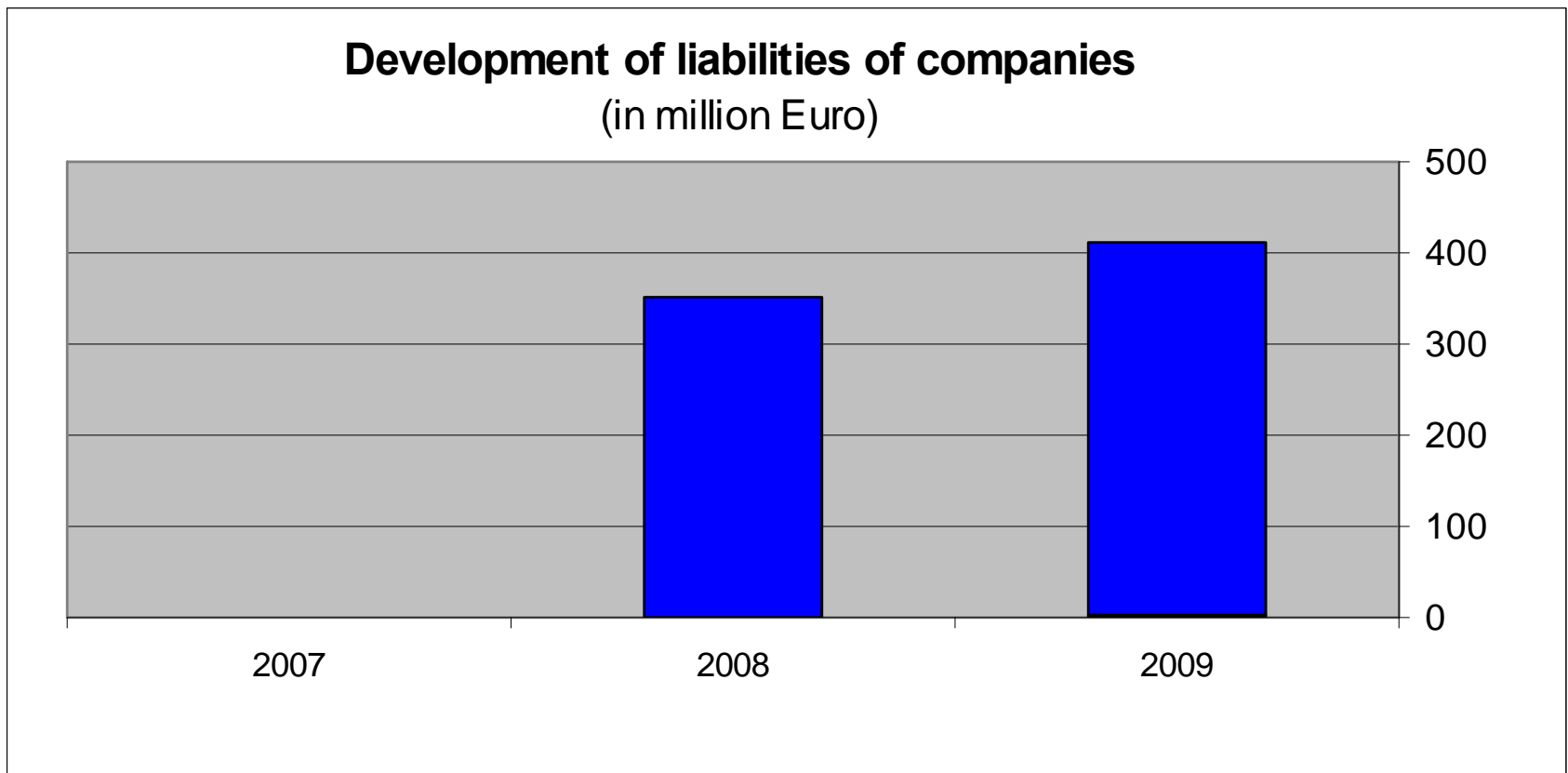
Measures of Upper Austria Programmes to reflate the economy

Upper Austria's economic stimulus package – 1.4 billion Euro

- preponing investments in the budget and in companies owned by Upper Austria
- preponing investment subsidies
- special offers in housing, in particular concerning thermal improvements
- labour market initiatives
- implementing the gratis kindergarten
- economic subsidies, in particular assumption of liabilities

Measures of Upper Austria Assumption of liabilities

- limit of 1 billion Euro for assuming company liabilities
- 450 million Euro used



Content:

- **task and administration oriented reform**
- **health care and hospital reform**

Implementation:

- **is carried out in projects**
- **groups of experts make proposals**
- **politics decide about the realization**

Objectives:

- **improvement in efficiency**
- **relief of expendable tasks**
- **considerable and lasting reduction of the administrative organization of Upper Austria**
- **sustainable cost reduction**

Time schedule:

- **2010 - 2011 concept development, decision**
- **2011 - 2015 implementation**

Objectives:

- ensuring the long-term financial feasibility of the hospital system by tapping the full potential for cost reductions
- securing extensive, adequate and high quality health care for the people

Time schedule:

- 2010 - 2011: concept development, decision
- 2011 - 2020: implementation

Structural reforms – the role of the Regional Court of Audit of Upper Austria

- Previous audit reports are considered in the reform projects.
- The Regional Court of Audit actively informs the expert groups about its audit statements and – recommendations.
- The Regional Court of Audit takes an advisory part in the reform process, however it does not participate in the decision-making process.
- The Regional Court of Audit audits the implementation and effectiveness of the reform measures.

Challenges for the Regional Court of Audit of Upper Austria

- **focus on effect and sustainability**
- **cross-system perspective**
- **identify possibilities for structural change**
- **identify potential synergies**
- **process optimization**
- **increased communication and exchange of experiences with other audit organizations**

Recommendations of the Regional Court of Audit of Upper Austria

1. **from the annual audit of the balance of accounts:**
 - **develop a strategy to restore budget equilibrium**
 - **structural reforms to reduce pressure on the budget (mainly system of subsidies, social and health care sector)**
 - **anti-cyclical investment policies**
 - **reduce spending and increase own revenues**
 - **reduce the complexity of the transfer relations between administrative units, especially between federal states and municipalities**

2. from other audits:

- **push the objective and effect orientation of administrative behaviour**
- **fundamentally reform the hospital system and social system**
- **reform the system of subsidies**
- **professionalize the management of shareholdings**

Regional Court of Audit of Upper Austria Austria



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