

FISKALRAT

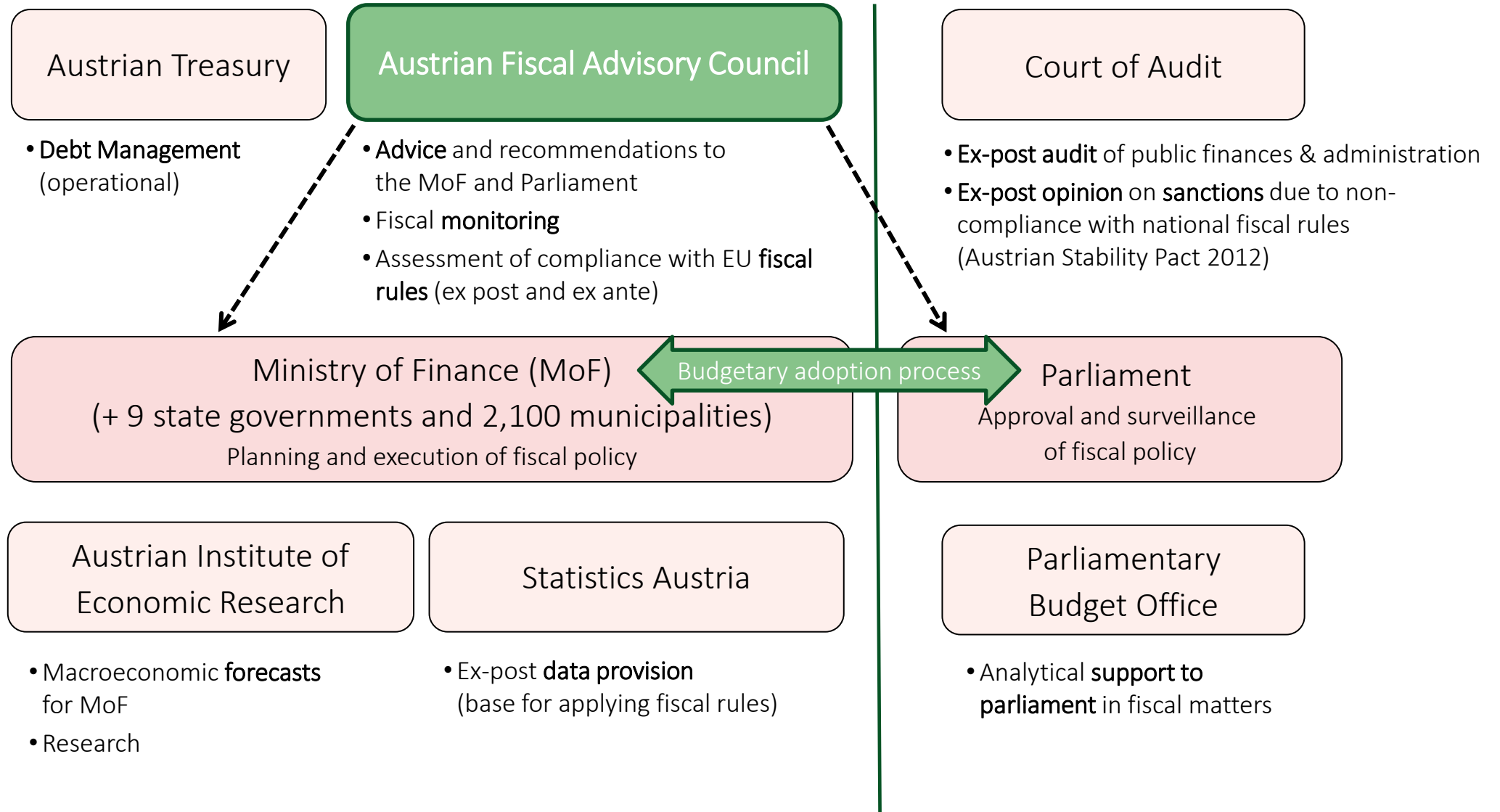
Austria ■

Practical Challenges in Establishing and Maintaining Fiscal Councils: Case Study of Austria

Christoph Badelt,
President, Austrian Fiscal Advisory Council

World Bank Conference, December 19, 2023

FISK ■ To find a position within the institutional fiscal framework ...



■ To fulfill the requirements of the Two-pack ...

Two-pack definition of „independent bodies“:

- **Statutory regime** grounded in national law
- **Not taking instructions** from the budgetary authorities or others
- The capacity to **communicate publicly** in a **timely** manner
- Procedures for nominating **members** on the basis of their **experience and competence**
- Adequate **resources** and appropriate **access to information** to carry out their mandate

Federal Law on the establishment of the Fiscal Advisory Council:

- ✓ **Federal law** establishing the Fiscal Advisory Council
- ✓ Members are **not permitted to request or take instructions**;
office period \neq legislation period
- ✓ Public assessments; shaping public opinion, informational events
- ✓ Members must be **experts**; balanced view due to diversity of nominators reflecting the Austrian culture of social partnership
- ✓ Funding by OeNB; legally based **data provision** from administrative authorities and Statistics Austria

FISK ■ To find an independent and fruitful environment to work ...

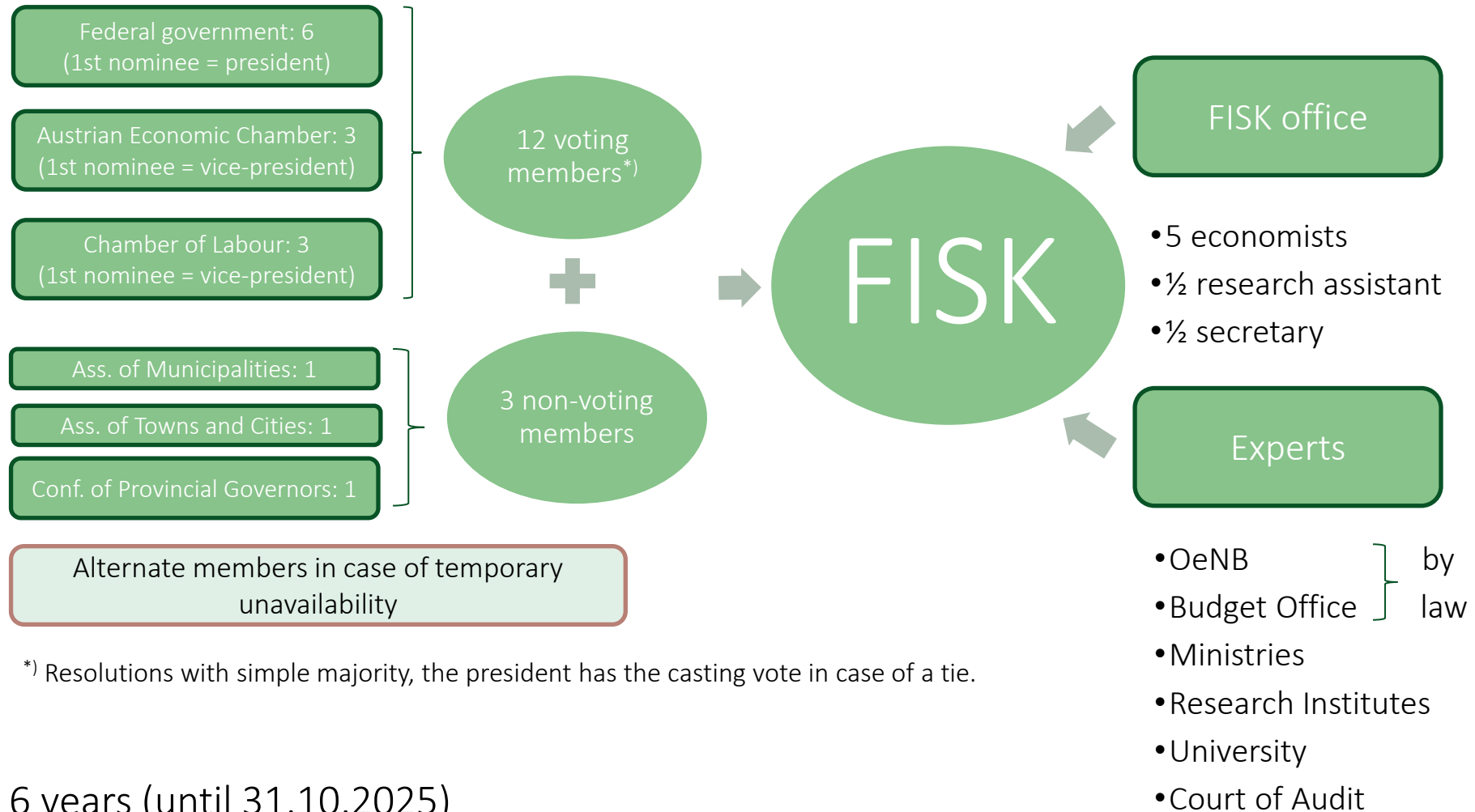
FISK connected to OeNB

- Office of FISK
 - Unit of the department of economics
 - Section together with office of the Austrian Productivity Board
 - Synergy effects / transfer of knowledge
 - Cost reduction by use of existing OeNB-infrastructure (data access, library ...)

in other countries...

- Separate institutions (e.g. ES, PT, SK)
- „Hosting“ institutions
 - Parliament (e.g. IT)
 - Court of audit (e.g. FR)
 - Central bank (e.g. SL)
 - Ministries etc. (e.g. DK, DE)

FISK ■ To represent the country specific mindset and functioning ...



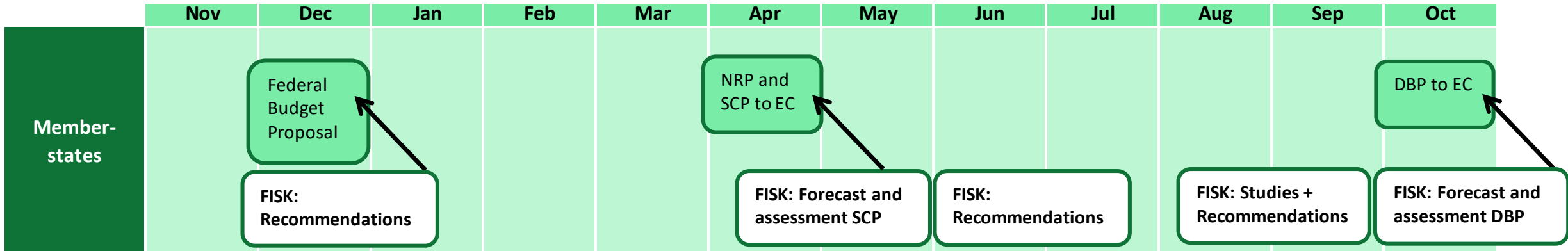
^{*)} Resolutions with simple majority, the president has the casting vote in case of a tie.

➤ Term: 6 years (until 31.10.2025)

➤ President of FISK: chairman of the Austrian Productivity Board as well

To fit main products to a superordinate framework ...

European Semester - timeline Austria

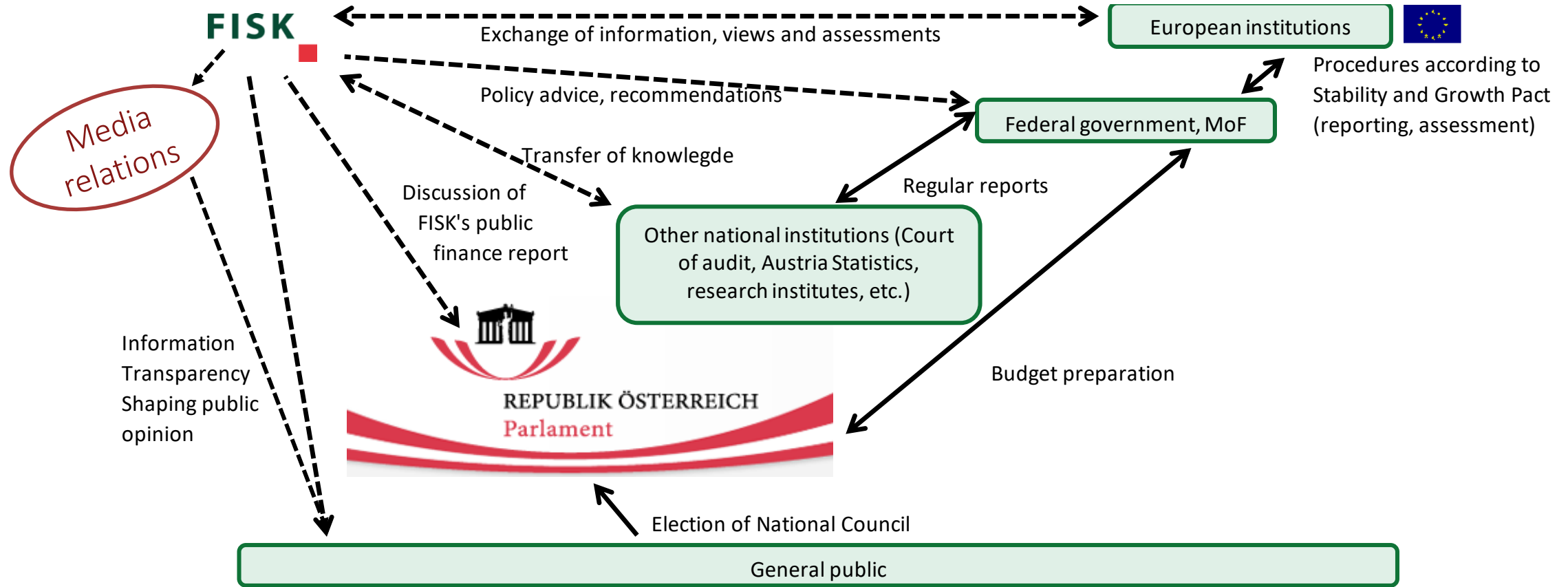


EC ... European Commission, FSK ... Austrian Fiscal Advisory Council, DBP ... Draft Budgetary Plan, NRP ... National Reform Programme, SCP ... Stability and Convergence Programme, Source: own demonstration.

- ❑ Fiscal rules compliance report (medium-term fiscal forecast until t+4, monitoring of national and EU fiscal rules)
- ❑ Annual public finance report: fiscal developments, debt trajectory and structure, fiscal forecast until t+4, monitoring of fiscal rules; analysis of state and local level of government
- ❑ Fiscal sustainability report (every 3 years)
- ❑ Evaluation of economic and fiscal forecasts for Austria (every 3 years)
- ❑ Recommendations based on reports and analysis
- ❑ Public events
- ❑ FSK-meetings
- ❑ Studies, analysis and presentations
- ❑ Costing (e.g. tax reform, refugees, fiscal impact of COVID-19-pandemic)
- ❑ Data management and reporting, web presence
- ❑ Meetings (IMF, OECD, EC, rating agencies, etc.)
- ❑ Documents for the president (presentations, interviews, etc.)

FISK

To influence national fiscal policy ...



- I → Direct influence through the EU mandate as "watch-dog"
- F → Direct influence through national advisory function
- I → Indirect influence through public perception

FISK To keep on learning ...

- The FISK monitoring makes official information more accurate
- Own disaggregated fiscal forecasts ensure
 - identification of potential fiscal gaps and
 - early warning for government's counteracting measures
- High transparency and quality standards are essential for the credibility and effectiveness of the FISK
- Informal contacts and well founded data knowledge are essential for evaluating the fiscal position
- Good media contacts are useful
- The FISK should be given the same right to information in its fields of activity as members of parliament (e.g. reports)
- "Comply or explain" principle should be mandatory in the EU (AT: published statements of the MoF referring to FISK's publications)

FISKALRAT

Austria ■

THANK YOU FOR YOUR ATTENTION!

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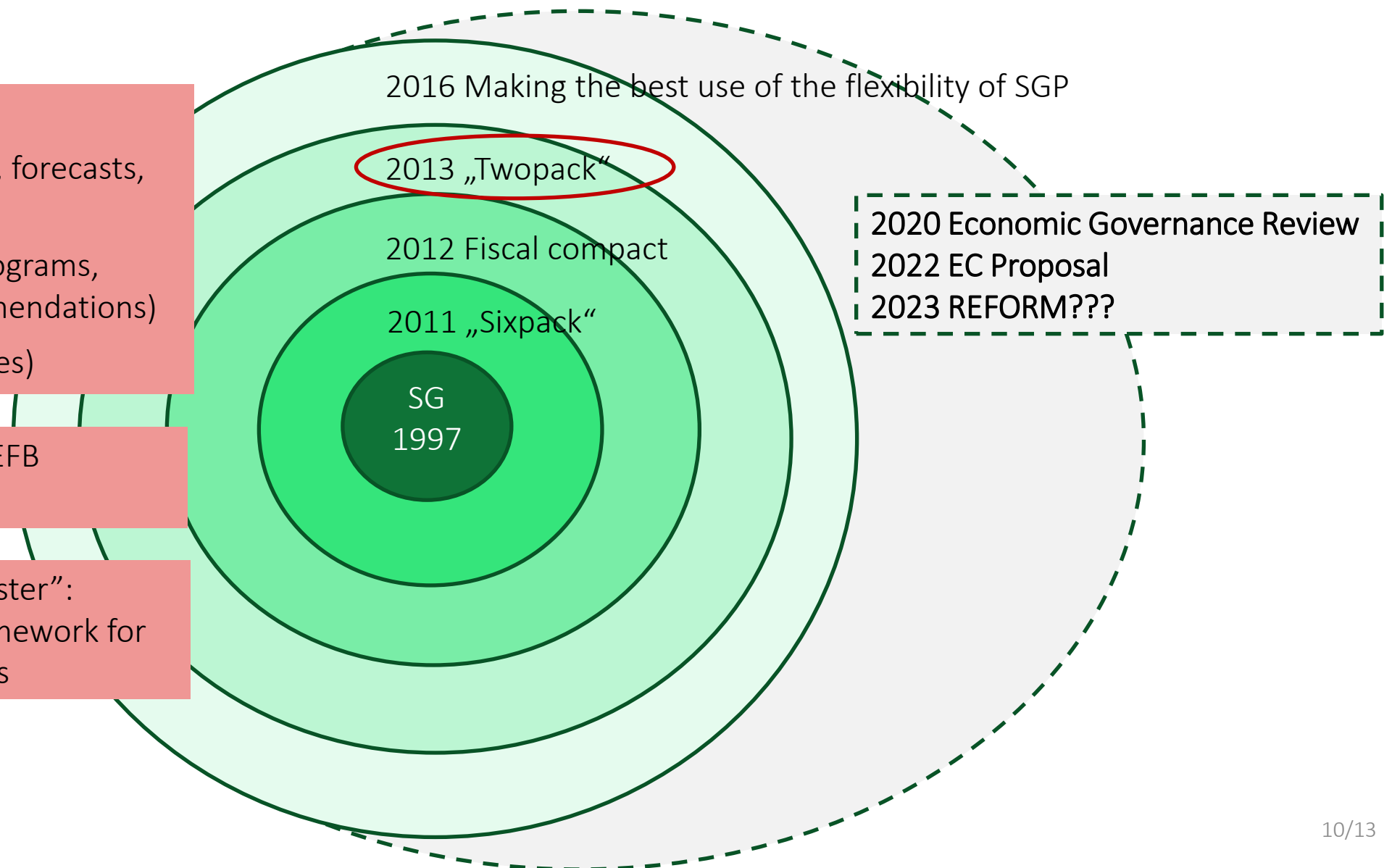
FISK ■ Independent fiscal institutions (IFI) part of the „economic governance process“ of EU since 2013

Fiscal governance:

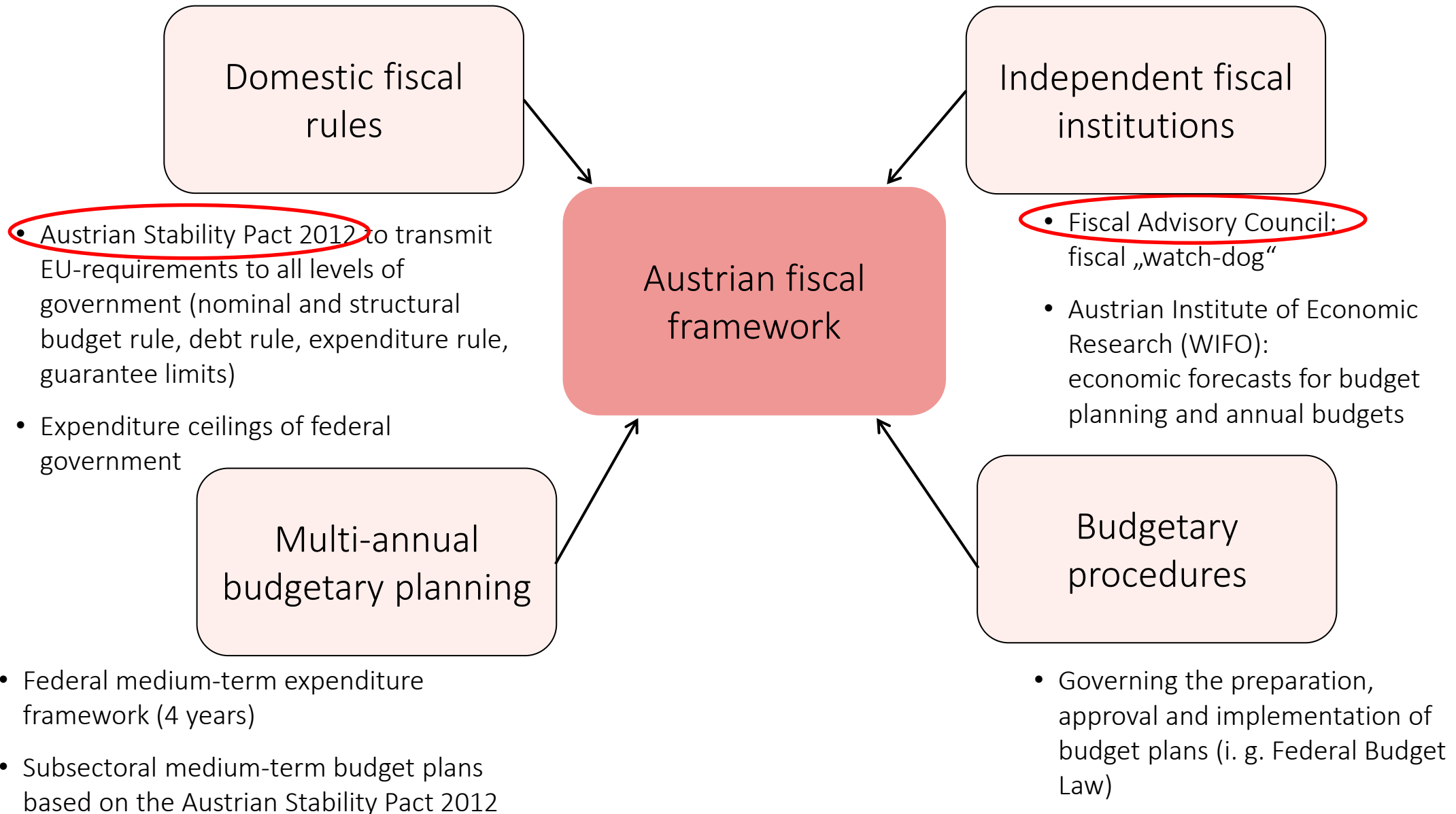
- Surveillance (analysis, forecasts, reports, rules)
- Prevention (goals, programs, assessments, recommendations)
- Correction (procedures)

European Fiscal Board - EFB
(since October 2016)

→ “European Semester”:
coordination framework for
economic policies

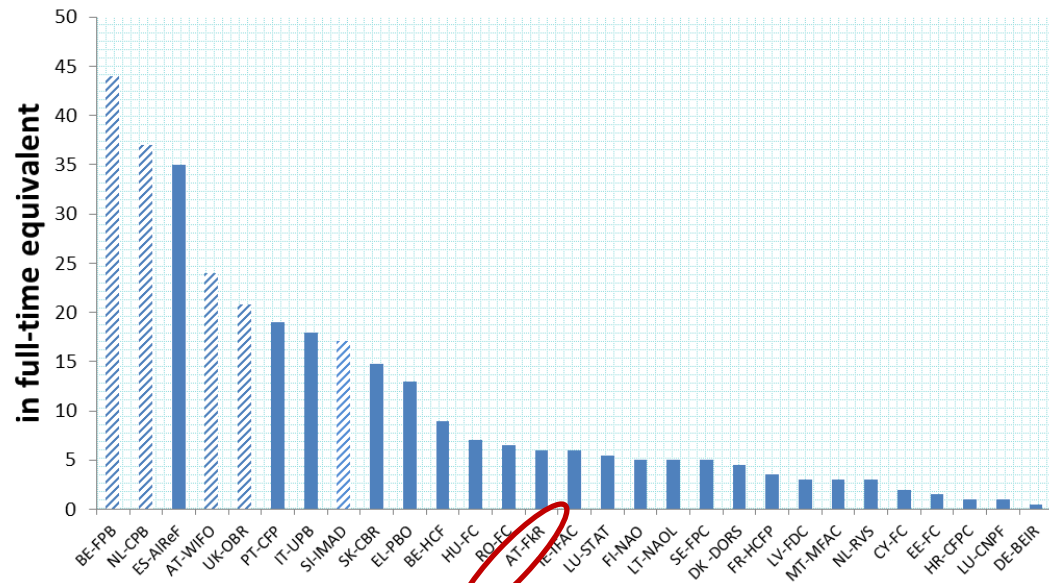


FISK Main elements of the Austrian fiscal framework



FISK Staff of FISK office and general breadth of tasks

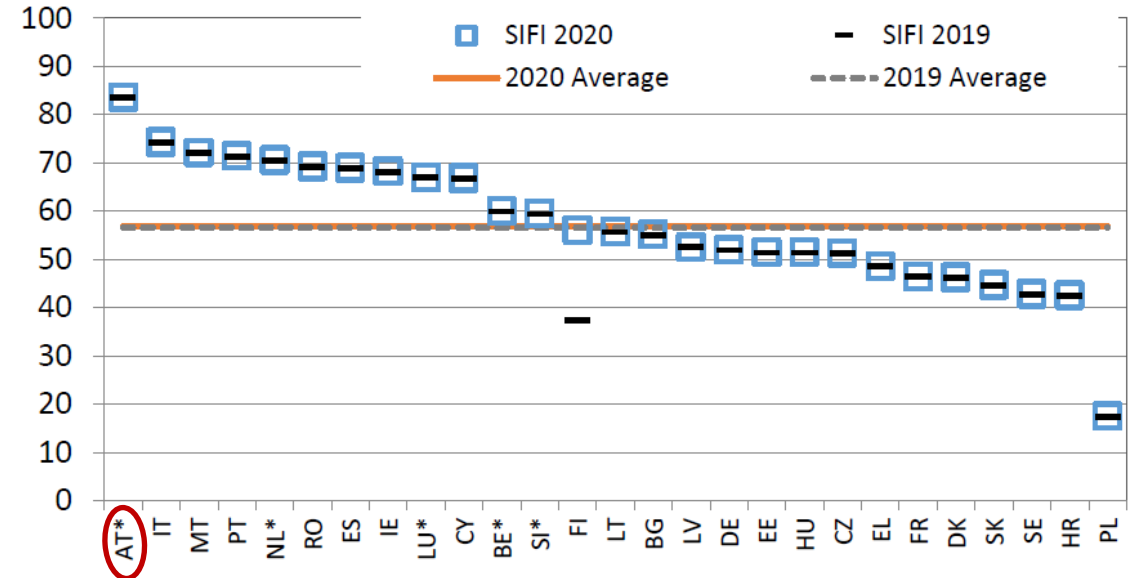
IFI staffing per institution
(forecasting institutions in diagonal pattern)



Office of the FISK:

- Provides **analytical** and **administrative support** to FISK
- 5 (senior) economists, ½ research assistant/statistician, ½ secretary
- **Costs** of the FISK and the office are **borne by** the **Oesterreichische Nationalbank (OeNB)**
- FISK-staff is on the OeNB-payroll but dedicated to the FISK

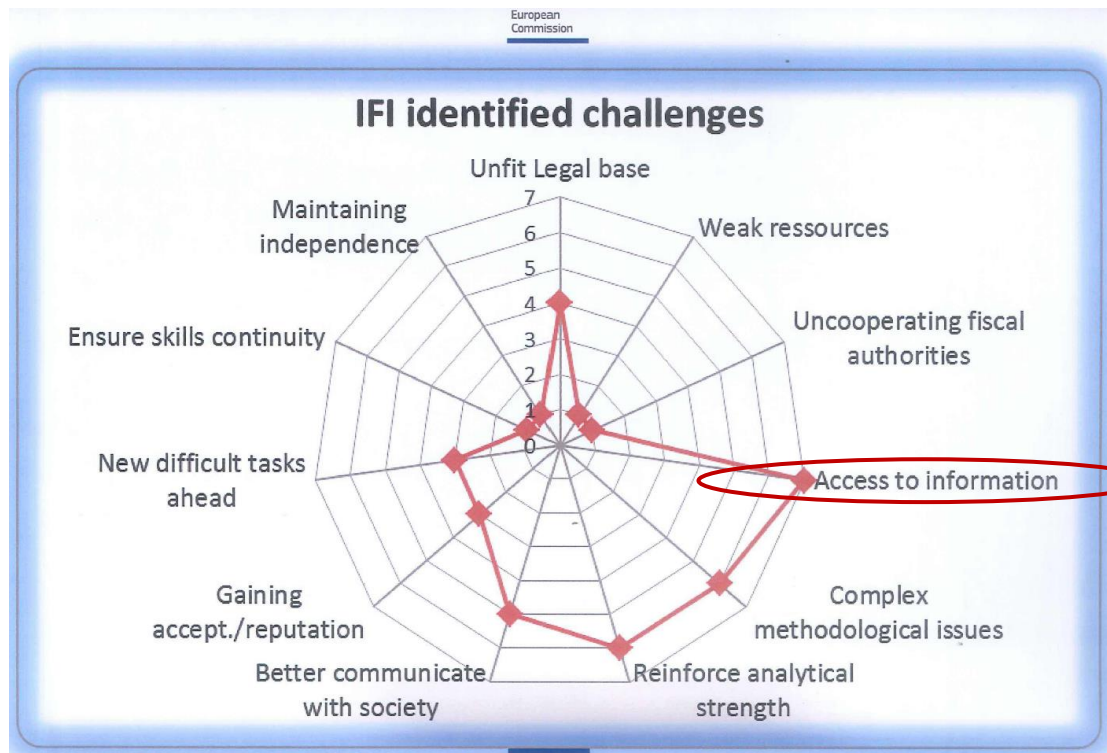
Scope Index of Fiscal Institutions in 2020 by country (C-SIFI)



Notes:

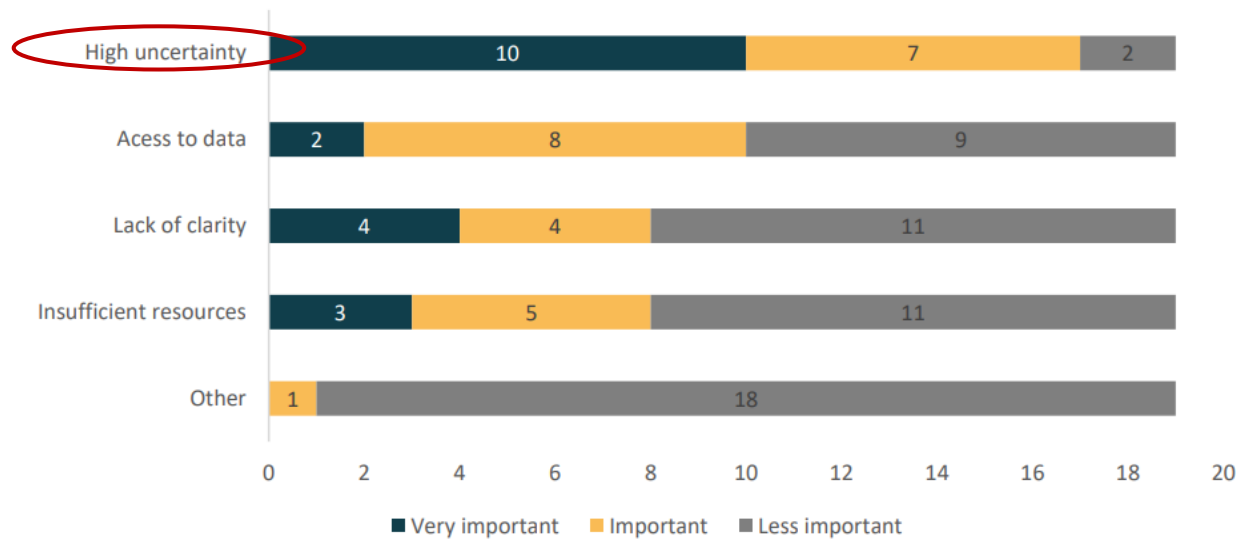
- An asterisk after the country name denotes the existence of more than one institution in the Member State.
- The Country-SIFI index (C-SIFI) builds on the institution-level SIFI index and illustrates the breadth of all kind of tasks undertaken by IFI(s) in the Member States. Its production was motivated by that countries with more than one IFI in the database (i.e. AT, BE, LU, NL, SI) may be disadvantaged by an index focused at the institution level; an aggregate index at the country level shows a more accurate picture. The country aggregation method used for those Member States with two IFIs in place is to sum together all IFI tasks of the institution-level SIFI index. For those tasks where both IFIs in the country are active, the highest score of the two institutions is taken.

FISK Main Challenges of the EU-IFIs



Source: EC Survey, 2015.

Figure 8. Challenges faced by IFIs in the execution of their work in 2021 (number of respondents indicating one or more challenges)



Note: The IFIs were asked 'Did you face any important challenges in the execution of your work in 2021?', to which 19 out of 29 respondents replied positively.

Source: The Network of EU Independent Fiscal Institutions (2022).