



BMF

FEDERAL MINISTRY
OF FINANCE

Managing multi-year allocations for environmental development

The case of Austria

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Medium-term expenditure framework

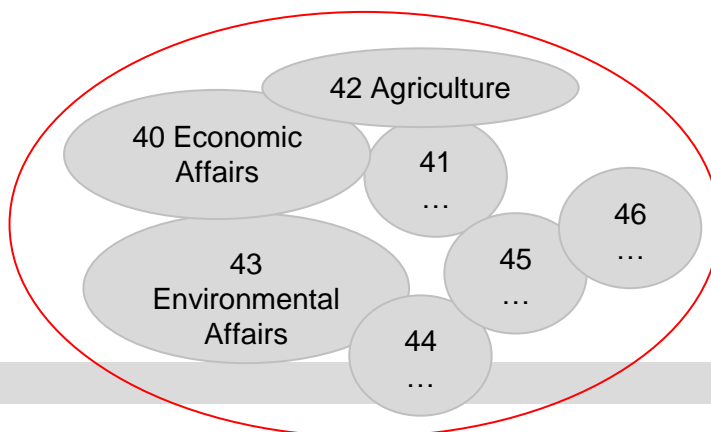
- expenditure ceiling for each rubric is binding **for 4 years**
- 5 rubrics are subdivided into 33 budget chapters
- expenditure ceiling for each chapter is binding **for the first year** and indicative for the remaining 3 years
- MTEF ceiling for “n+1” determines maximum amount to be spent as specified in annual budget of that year

	Rubric	n+1	n+2	n+3	n+4
0,1	General Government Affairs, Court and Security				
2	Employment, Social Services, Health and Family				
3	Education, Research, Art & Culture				
4	Economic Affairs, Infrastructure and Environment				
5	Financial Management and Interest				

33 budget chapters and 5 rubrics



4 Economic Affairs, Infrastructure and Environment



Connection to annual budget

- excerpt from the annual budget 2014:
Chapter 43 "Environmental Affairs"

Ceiling according to medium-term expenditure framework

Receipts expected and expenditures planned according to the annual budget

Finanzierungsvoranschlag- Allgemeine Gebarung	Obergrenze BFRG	BVA 2014	BVA 2013	Erfolg 2012
Einzahlungen		469,064	499,398	355,639
Auszahlungen fix	520,979	639,019	658,251	727,100
Summe Auszahlungen	520,979	639,019	658,251	727,100
Nettofinanzierungsbedarf (Bundesfin.)		-169,955	-158,853	-371,462

Ergebnisvoranschlag	BVA 2014	BVA 2013	Erfolg 2012

- total expenditure of MTEF must equal total expenditure of annual budget
- difference attributed to withdrawal of reserves

Reserves (1)

Reserves

- unused funds at the end of the year may be carried forward to future periods ("december-fever" stopped)
- same rules apply for receipts over budget during the current year
- no earmarking of reserves
- approval by the Ministry of Finance necessary

Summe Rubrik 0, 1	1.738,4
Rubrik 2: Arbeit, Soziales, Gesundheit und Familie	
20 Arbeit	75,6
21 Soziales und Konsumentenschutz	93,6
22 Pensionsversicherung	173,1
23 Pensionen	230,6
24 Gesundheit	69,7
25 Familien und Jugend	48,1
Summe Rubrik 2	690,7
Rubrik 3: Bildung, Forschung, Kunst und Kultur	
30 Unterricht, Kunst und Kultur (inklusive RL der ehemaligen UG 32)	59,4
31 Wissenschaft und Forschung	630,7
33 Wirtschaft (Forschung)	69,6
34 Verkehr, Innovation und Technologie (Forschung)	349,2
Summe Rubrik 3	1.108,9
Rubrik 4: Wirtschaft, Infrastruktur und Umwelt	
40 Wirtschaft	399,3
41 Verkehr, Innovation und Technologie	1.912,4
42 Land-, Forst- und Wasserwirtschaft	224,6
43 Umwelt	811,9
44 Finanzausgleich	86,4
45 Bundesvermögen	2.863,5
46 Finanzmarktstabilität	4.600,3
Summe Rubrik 4	10.898,4
Rubrik 5: Kassa und Zinsen	
51 Kassenverwaltung	478,3
58 Finanzierungen, Währungstauschverträge	2.435,0
Summe Rubrik 5	2.913,4
Gesamtsumme aller Rubriken	17.349,8

Reserves per chapter as of
2013

Reserves (2)

Examples from the budget chapter for environmental affairs

- Reserves = effort to save The minister for environmental affairs commissions an external service provider to manage environmental support schemes on its behalf. The provider's remuneration is budgeted in the chapter for environmental affairs. If the minister changes provider or negotiates more favorable terms, the funds saved will increase reserves and can be used for future projects.
- Reserves = flexible project management Redevelopments of contaminated sites are paid for by revenues from landfilling taxes. Reserves enable independent and flexible management of redevelopment projects that considerably vary in time and effort.
- Reserves = future liabilities The modernisation of the insulation of buildings is sponsored by the Austrian government. Typically a maximum amount of government funds is specified in the annual budget. However, only 30% of government funds are paid to the recipient within the first year, the remaining part will increase reserves.

Example from budget execution (1)

Revisions of legislative texts or projects of larger magnitude

- whenever line ministries intend to revise legislative acts prior approval by the Ministry of Finance is required
- approval is also necessary when projects are planned whose financial impact surpasses fixed thresholds

Spalte 1	Benennung der Vorhaben Spalte 2	Betragsgrenze bei Vorhaben gemäß §§ 59 (2), 61, 69(4), 16 (2); bei Durchführung (in Mio €) Spalte 3	Besondere Betragsgrenzen (in Mio €)		
			Vorhaben gemäß § 58 (2); bei der Planung Spalte 4	Vorhaben gemäß § 60: Vorbelastungen Spalte 5	Beschaffungen durch BBG ²⁾ Spalte 6
1.: Durchführung von Vorhaben					
1.1.: Herstellung von Wirtschaftsgütern des Anlagevermögens					
1.1.1.: Unbewegliche					
1 1 1 1	Straßen- und Brückenbauten	14	70	47	n.a. 1)
1.3.2.2	Mit Auflagen und/ oder Bedingungen	IMMER	IMMER	IMMER	n.a. 1)
1.4.: Werkverträge/ Dienstleistungsaufträge					
1.4.1.1	Allgemeines Entgelt	1	5	3	2
1.4.1.2	Allgemeines Entgelt; BMF akkordierter Mustervertrag/Arbeitsbehelf	2	7	6	4
1.4.2	Forschungsaufträge; Entgelt	1		3	n.a. 1)

Example 1: the revitalisation of a contaminated site costs more than € 1 Mio. Approval of this particular project by the MoF is required

Example 2: in case of particularly costly projects, e.g. modernising storage facilities of radioactive wastes, line ministries need to involve the MoF in the planning process

Example from budget execution (2)

Example: Promotion of energy-efficient housing rehabilitation

- for the MoF to give consent the minister for environmental affairs needs to forward all legal documents (draft law, contract etc.) and additional information specifying its financial impact

How much money will be spent?

	in Tsd. €	2014	2015	2016	2017	2018
Werkleistungen		643	482	241	80	80
Transferaufwand		6.252	24.561	7.145	4.019	2.233
Aufwendungen gesamt		6.895	25.043	7.386	4.099	2.313

in Tsd. €	2014	2015	2016	2017	2018
Auszahlungen/ zu bedeckender Betrag	6.895	25.043	7.386	4.099	2.313

in Tsd. €	Betroffenes Detailbudget	Aus Detailbudget	2014	2015	2016	2017	2018
gem. BFRG/BFG	43.01.02 Umweltförderung im In- und Ausland		3.448	12.522	3.693	2.050	1.157
Durch Umschichtung		40.02.01 Wirtschaftsförderung	3.448	12.522	3.693	2.050	1.157

How is it paid for?

- as budgeted in MTEF/annual budget?
- by reallocating funds?
- **by taking out reserves?**
- is extra money needed?

MTEF

- furthers budget discipline because of medium-term planning and legally binding expenditure ceilings
- focuses on expenditures

reserves

- supports efficient use of resources
- increases ministries' flexibility

results

- autonomous decision-making within certain limits
- containment of "december-fever"
- considerable savings because more reserves have been accumulated than withdrawn
- better prioritisation

Questions?

Thank you for your attention!

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