

# Performance Management

At the federal level of govern-  
ment in Austria



## What does performance management mean?

As of 2013 public administration at Federal level will be managed according to the principle of outcome orientation. In other words, management will be based on contributions towards achieving objectives in connection with solving societal problems.

The state is responsible for a wide variety of services, ranging from key public sector tasks such as providing education and health care or ensuring equal opportunities, legal certainty and social security, to the protection of consumers and workers, as well as more “exotic” services like avalanche control. As budgets are tight—given the current sovereign debt crisis and the need for budget consolidation—public funds must be optimally allocated in order to meet people’s needs and maintain the present high level of service in the long term.

This is where outcome orientation comes in. Future Federal Budgets will show the societal effects aimed at by Ministries and other public bodies, as well as how to achieve these and how to measure progress. By comparing the intended outcomes to the available budget, it will be easier to see whether the resources to be used are proportionate to the objectives pursued. ■

### An example from the area of transport policy

**Outcome:** fewer traffic accidents involving injuries on Austrian roads

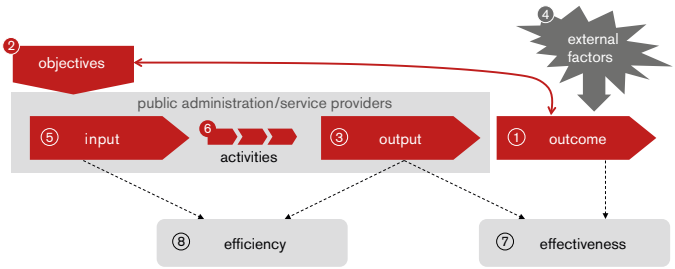
**Objective:** improved road safety

**Input:** personnel, financial and other resources, external actors

**Activities:** setting up a multiphase driver education system, designing an awareness-raising campaign, drawing up proposals for measures to prevent accidents based on the analysis of accident data and patterns

**Output:** a regulation on multiphase driver education, an awareness-raising campaign on “drunk driving”, defining and implementing accident prevention measures in cooperation with external actors (e.g. Kuratorium Sicheres Österreich, an association aiming to promote safety and security consciousness)

**External factors:** increased traffic volume, weather conditions



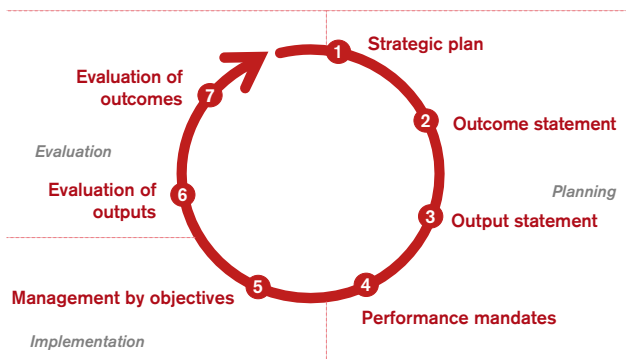
Political **objectives** ② relating to a desired societal **outcome** ① form the starting point of performance management.

It is the task of public administration to provide those services, i.e. the **output** ③, that will best achieve the intended outcome. However, outcomes cannot always be clearly attributed to particular outputs as **external factors** ④ can play a role, too. Before services can be provided, the required resources, i.e. the necessary **input** ⑤ must be ascertained and allocated. Finally, the **activities** ⑥ required to generate a particular output are carried out, either by public administration itself or by external service providers. The services thus provided produce short-term intermediate outcomes, which in turn give rise to the intended final outcomes in society in the medium and long term. The degree to which the intended outcomes are attained is evaluated at regular intervals. In this context, **effectiveness** ⑦ means “doing the right thing”, i.e. it is a measure of the extent to which the desired effect is achieved. The term **efficiency** ⑧, on the other hand, means “doing things right”, i.e. it is used to evaluate the output in terms of the resources used. In addition to these criteria, it goes without saying that legality continues to be a key standard for public administration activity. ■

### The performance management cycle as of 2013

As a result of the new budgeting law and the introduction of performance orientation, a new management cycle will now apply in public administration at Federal level.

Every spring each Ministry and each Supreme State Organ elaborates a multi-annual **strategic plan** ① which is laid down in the Strategy Report on the Medium-Term Expenditure Framework. This broad strategy is specified for each financial year in the annual Federal Budget, by means of **outcome** ② and **output**



**statements ③.** Outcome statements set out the effects to be achieved in society. The term output refers to priorities to be set and measures to be taken by public administration in order to achieve the desired outcomes. Outcome and output statements are meant to provide orientation for Parliament and the interested public regarding the priorities to be pursued by the respective Ministry or other public body in the next financial year.

Within public administration, the implementation of these priorities is ensured by means of **performance mandates ④.** These set out the operative work plan of a particular administrative unit for the following four financial years.

The benefits of this approach lie not only in defining policy aims at different levels but, in particular, in ensuring their achievement through **management by objectives ⑤.** Appraisal interviews form a further key element of the system, as it is there that each employee's contribution to achieving the respective public body's objectives is defined.

Outputs should be **evaluated ⑥** at regular intervals so that any deviation from the plan can be detected in good time, and suitable steps taken to correct it.

However, merely evaluating the output would not be enough to show whether the intended effect has been achieved. It is therefore necessary to carry out an **evaluation of outcomes ⑦**, too.

The conclusions drawn from the evaluation of outcomes show any potential for increasing the effectiveness and efficiency of public administration activity. Evaluation results are therefore taken into account in elaborating the next **strategic plan ①**, and thus the performance management cycle comes full circle. ■

## What are the advantages of this management model?

- Members of Parliament are better informed when debating the Budget and in a better position to demand that Government and public administration achieve objectives. This is conducive to careful management of taxpayers' money.
- Citizens gain better insight into the Government's work, as well as a better understanding of the machinery of government and what it is responsible for. This will strengthen people's confidence in public institutions.
- Public administration can show the range of services it provides for citizens, organised interest groups, politicians and other stakeholders.
- The definition of intended outcomes makes the aims to be achieved by public administration transparent to its various institutions and each of their staff members. This makes public administration even better able to target societal priorities with its activities and services, and to work effectively and efficiently.
- As outcomes and outputs are geared towards achieving equality of women and men, it is possible to show, analyse and control the different effects of government activity on women and men.

## **The Federal Performance Management Office**

Together with the key stakeholders (i.e. Parliament, Court of Audit, Federal Ministry of Finance, Supreme State Organs, as well as line Ministries and other public administration bodies), the Federal Performance Management Office ensures that the principle of outcome orientation is implemented.

- We support and advise Ministries when setting up performance- and output-oriented management schemes and instruments by means of consultation, guidance and training.
- We provide quality assurance with a view to promoting the uniform quality of objectives and indicators. This allows Parliament to discuss the appropriateness and the level of ambition of objectives, rather than issues of methodology and accounting.
- We also collect reports on the achievement of objectives from the Ministries and make the results available to Parliament in standardised form. This increased transparency regarding the attainment of outcomes should further enhance accountability for the results achieved on the part of politicians and public administration.

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Owner, publisher and editor: Federal Minister for Women and Civil Service at the Federal Chancellery; Minoritenplatz 3, 1014 Vienna; Authors: Johann Seiwald, Monika Geppl; Layout: ARGE Grafik; Printing: BMJ Digitalprintcentre; Vienna 2012