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## **Council of Europe Congress recommends financial strengthening of Austria's federal system**

Strasbourg, 25.03.2011. - Last year, the Congress of Local and Regional Authorities of the Council of Europe carried out the first mission to assess the situation of local and regional democracy in Austria, since the ratification of the European Charter of Local Self-Government by the country in 1987. The report following this mission - together with a recommendation - was adopted on 24 March at the [20<sup>th</sup> Congress Session](#) in Strasbourg.

The Rapporteurs on Austria, Irene Loizidou, Cyprus (EPP/CD) and Marc Cools, Belgium (ILDG) expressed satisfaction over the general state of local democracy and the specific co-operative nature of Austria's federal system which is "consensus oriented". This sort of "cooperative federalism" is, according to the Rapporteurs, mostly informal but nevertheless proves to be efficient. It should be noted that the overall level of consultation and cooperation between the federal government, the Lander and municipalities is well-developed.

Less satisfied, however, are the Rapporteurs in respect of the restructuring of the federal system of Austria which has been on the political agenda of the country for a long time. Despite of efforts to reform the system, no tangible results have been achieved so far. The Congress therefore expressed concern that local governments are still under considerable supervision by federal authorities, particularly as regards administrative and fiscal autonomy. "The fiscal autonomy of both the Austrian municipalities and the Länder is too limited to allow the effective exercise of discretion. Municipalities have practically no discretion with regard to local taxes and the proportion of own-source taxes in budget revenue - amounting to 21 % - is relatively low", says Rapporteur Marc Cools.

To improve this situation, the Congress calls on the Austrian government to introduce an overall institutional reform of the federal system, clarifying competences and strengthening, in particular, local governments financially. In practice, this should be implemented by introducing a legally binding consultation of the Austrian Association of Cities and Towns and the Austrian Association of Municipalities during the negotiation process for the preparation of the Financial Equalization Law ("Finanzausgleichsgesetz").

With regard to the situation of Mayors in Austria, the Congress proposes to improve their social conditions, such as their pension and unemployment schemes.

Lastly, the Congress underlined that local governments in Austria derive their powers from the federation and/or Länder under a system that is in general in conformity with the norms of the European Charter of Local Self-Government.

The Head of the Austrian delegation to the Congress, Mrs Gudrun Mosler-Törnström, welcomed the Recommendation, mentioning that the monitoring exercise is a positive and potentially progressive experience since it allows to highlight good practices but also to identify shortcomings and areas which could be subject to further improvement. This, according to the Head of delegation, is the case of the monitoring exercise of local and regional democracy in Austria.

The Congress has two chambers, the Chamber of Local Authorities and the Chamber of Regions. It brings together 318 full and 318 substitute members representing more than 200 000 European territorial communities.

President of the Congress: Keith Whitmore (United Kingdom, ILDG), President of the Chamber of Regions: Herwig van Staa (Austria, EPP/CD), President of the Chamber of Local Authorities: Jean-Paul Frécon (France, SOC)  
Political Groups: Socialist Group (SOC), Group of the European People's Party – Christian Democrats (EPP/CD), Independent and Liberal Democrat Group (ILDG).

