

Accounting for SOEs an austrian experience

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4th of December 2024



CFRR >>
Centre for Financial
Reporting Reform




PULSAR 

Public Sector Accounting and Reporting Program

PULSAR Program is co-funded by:

 Federal Ministry
Republic of Austria
Finance

 Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

Agenda



- ✓ Accounting of SOEs in Austria
- ✓ Accounting of Governments for SOEs
- ✓ Challenges and specifics of the current system
- ✓ Conclusions and Recommendations

SOE structure in Austria

Accounting frameworks and reports

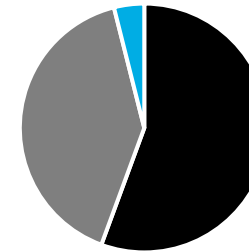


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	Geschäftsergebnisse der Beteiligungen - 2022				BVA-E 2024	
	Umsatzerlöse	Bilanzsumme	Personalstand	Personalaufwand	Auszahlungen	Einzahlungen
	in Mio. €	in Mio. €	in VZÄ	in Mio. €	in Mio. €	in Mio. €
Summe Top-16-Einheiten	29.368,4	88.242,0	107.495	8.353,2	16.987,0	2.227,3
AMS	911,3	617,7	5.945	425,1	995,6	0,0
ASFINAG	2.530,1	18.841,4	2.915	234,4	3,0	255,4
aws	113,4	549,6	308	26,1	2.591,6	1,0
Austro Control	302,9	532,0	1.073	179,2	6,1	
Bundesmuseen	230,4	390,8	1.868	113,7	157,8	5,0
BRZ	450,0	316,3	1.576	166,2	0,1	1,1
Bundestheater-Konzern	245,2	220,8	2.415	193,7	197,2	2,5
AGES	198,3	162,8	1.517	123,2	105,1	14,7
ÖAW	209,2	200,3	1.517	116,0	169,2	
ÖBAG	1,1	3.528,2	21	4,4	0,2	690,0
ÖBB-Konzern	6.889,8	37.968,0	42.941	2.946,6	6.044,9	416,7
ÖBF	304,1	433,6	977	77,2	1,1	18,5
FFG	272,4	555,5	352	34,7	1.693,1	
SCHIG	1.347,4	612,2	107	9,5	16,0	
Universitäten (gesamt)	5.016,6	4.156,2	40.448	3.274,6	5.006,0	390,0
Verbund AG	10.346,1	19.156,6	3.516	428,4		432,3
OeNB	194,1	261.125,3	1.208	183,7	6,0	0,2
Restliche Einheiten	1.761,2	8.304,1	11.111	842,9	1.361,7	54,9
Summe	31.323,7	357.671,4	119.814	9.379,7	18.354,7	2.282,4

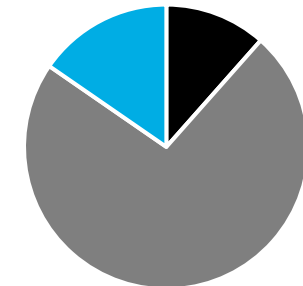
The federal government in Austria owns majority shares in more than 100 companies from a variety of sectors:

Accounting frameworks used by balance sheet total



■ IFRS ■ UGB ■ Customized

Accounting Frameworks by number of entities



■ IFRS ■ UGB ■ Customized

On regional and local government level several hundred entities are owned and controlled by government.

Accounting of the Government for SOEs



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- § 92 of the Federal Budget Law (BHG 2013) states:
“Subsidiaries are to be measured at cost, at the acquisition date. Subsequent measurement is to be measured with the share in net assets of the entity. If the value exceeds acquisition cost, the surplus should be accounted for in a “valuation reserve” without going through surplus/deficit.

3.2.1.4 Beteiligungen

Tabelle 3.2–5: Langfristiges Vermögen – Beteiligungen

AKTIVA		Stand 31.12.2022	Stand 31.12.2023	Veränderung gegenüber 31.12.2022	
Position	Bezeichnung	in Mio. EUR		in %	
A.IV	Beteiligungen	33.468,66	32.944,80	-523,86	-1,6
A.IV.01	an verbundenen Unternehmen	27.041,30	26.862,66	-178,64	-0,7
A.IV.02	an assoziierten Unternehmen	546,44	229,22	-317,22	-58,1
A.IV.03	Sonstige Beteiligungen	5.838,58	5.803,70	-34,88	-0,6
A.IV.04	Gegebene Anzahlungen für Beteiligungen	42,34	49,22	+6,88	+16,2

Quelle: HIS

- The federal government also implemented a Subsidiary- and Finance Controlling:
 § 67 Federal Budget Law (BHG 2013) establishes:
 In addition to existing reporting requirements:
 1. entities, directly or indirectly controlled by the Federal government and
 2. Are subject to oversight by the federal government- excluding social security agencies – have to report under a “subsidiary controlling”

The **quarterly reports** include:

- Elements of balance sheet items, elements of the profit and loss statement, KPIs on refinancing/rentability, employees and company specific KPIs
- Risks and Riskmanagement, Internal Controls

Challenges and specifics of the current system



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● Challenges

Different accounting framework and accounting **policy** choices blur the picture and do not give a reliable overall **“true and fair view”** on a **government level**

The **multitude** of different **players** creates a strong **principal - agent** setting where depending on capacity and completeness of information inefficiencies can occur.

Organisations set up by private law and using private sector accounting are a **strong shield** against **undue political intervention** but this balance can tip once they do not **fulfil** their **public sector purpose**.

The **single line item “at equity consolidation”** does not reveal relevant information on the reasons for the increase/decrease in equity.

● Specifics

Valuation of assets under local gaap - if assets are donated or transferred by law they are recognised at **“0”** value due to the acquisition cost and the **“lowest value principle”**.

Lack of consolidation in governments creates **“artificial”** transactions and accounting.

Focus on **economic benefit** in IFRS and local gaap **triggers impairments** unless economic viability is demonstrated (usually by transfers of the owner/government).

Maximising profit even in **“public services”** leads to either an underutilisation of services or a higher cost structure in the public sector.

Conclusions and Recommendations



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- An SOE is not an SOE = a loose definition of SOEs will lead to **organisations with “mixed mandates”** which will not only cause issues in accounting and reporting but subsequently governance and oversight. **For-profit or non-profit** should be documented and implemented on a **segment / product level**.
- **Use of IPSAS** as a primary or secondary reference framework can help mitigate grey areas and challenges. IPSAS developed respective **standards for** many of those grey areas: **service concessions, transfers, revenue, natural resources, public sector measurement**, etc.
- SOEs should be an **integrated** (and integral) **part of a PFM** system, if mandate, reporting and oversight of those entities does not reflect the full picture (sometimes SOE are implemented to be more agile in terms of budgeting and sourcing) there is a threat that SOEs land “outside” of PFM.


Thank you!



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