Some Recent Trends in Settlement Development in Austria

Walter Zsilincsar

1 Administrative Structure and Competence Distribution

The nine self-ruling independent Austrian states/provinces are subdivided into altogether 98 political administrative districts and 2,357 communities. The state of Styria includes 17 administrative districts and 542 communities with an average population of 2,229. Only Lower Austria has got a bigger number of communities (573) with a mean population of 2,806 which already points to one of the many problems of settlement structure: number, spatial and population size of Austrian communities.

The federal state as well as the nine single states/provinces are ruled by their own parliaments (Landtage) elected by the public. The state parliaments are constituted according to the votes the political parties had gained in the general election requiring a minimum of 5% of all votes in order to enter the state parliament. The state government is headed by a governor (Landeshauptmann) who selects his ministers (secretaries = Landesräte) from his own political party or from the nominees of other parties in case of a coalition or proportional government.

Legislation and its execution are the main tasks of the governments following the agenda that have been delegated to them by the federal government. The political districts are functioning as mere administrative sub-units of the state without any legislative competence. Each Austrian community has its own elected representation with a mayor on its top and a community council at its side. Communities are locally self-governed administrative bodies with remarkable competencies especially in the fields of local, and indirectly regional planning, zoning-ordinance, or building regulations.

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The competence structure of the Austrian constitution provides that in the important field of spatial/regional planning as a complex subject area all of its concerns be exclusively in the competence of the states.

State competence is attributed e.g. to agenda like population policy (the state of the Burgenland successfully prevented the installation of a third Austrian primary reception camp for refugees in Eberau near the Hungarian border which the federal ministry of the interior had planned in early 2010), land reform, spas and health resorts, nature and environment protection, building, regulations, real estate taxes, land-fees, land-improvement, zoning, protection of the built environment (e.g. historic towns), etc.

In 1962 the term “Raumplanung” (regional or spatial planning) was introduced into the Austrian federal constitution transferring the agenda of regional planning to a binary system which from then on was in the hand of two administrative bodies: the state who was competent in the regional and the community in the local level (OROK, 1978, p. 23).

From now on the communes took responsibility for the essential task of zoning i.e. of dividing a town or city into tracts of land for the purpose of land-use planning. Each zone is assigned a set of permitted uses (residential, commercial, industrial, recreational, agricultural, etc.). Additional regulations may concern density, design, size, or height (Gregory et al. 2009, p. 816). Another agenda on the community level with far-reaching consequences for the local and regional population relates to enacting and legislating building regulations being aware of the fact that the power of the states advances the general interests over individual ones.

The local mayors as the first and the community councils as the second decision-making instances in planning and building affairs thus are accumulating a substantial power in their hands. The dangers resulting from this specific situation cannot be neglected. In the first place the danger of corruption and pulling strings must be mentioned. It results from various facts like party political interests, personal connections and preferences, bureaucratic practices, etc. which are an issue especially in small predominantly rural communities where citizens and local politicians very often know each other personally.

A further problem stems from the fact that in rural towns due to their historically based agricultural backgrounds, most of the developing land and future construction areas are still the property of only a few farmers. This bestows on them an disproportionately high influence in communal policy (Fig. 1). It seems clear that farmers as mayors or communal council members have a great interest in steering the local resource-of-land-policy according to their needs and desires and to those of their farmer-colleagues. This, of course, is being heavily denied officially.

As study of the author from 1993 has demonstrated, in the surrounding political district of Graz with an average agrarian population of 3.8% (1981) more than one quarter (25.3%) of all communal council members in the 60 communities of the district belonged to the agrarian sector. In one third (19) of the communities the mayors were full-time or part-time farmers (Zsilinscsar 1993, pp. 380 ff.).
Although the farm population is steadily decreasing in Austria from 5.4% (2003) to below 5% today the Austrian Farmers Association which is a political organisation of the Austrian Peoples Party (ÖVP) still plays a decisive role in Austrian interior policy. The Vice-Chancellor of the Republic as well as the Vice-Governor of the State of Styria belong to the above party organisation.

Like the federal and single state administrations, also the communities as autonomous economic bodies are entitled to set private operative measures consistent to the spatial structures.

2 Compensatory Financing

The question of how to equally and justly distribute incomes and expenditures on all administrative levels is not simply one of the most crucial, challenging and political explosives bearing items of interior policy, but indeed it is the key problem of policy making in general and for the development of settlements and their areas of influence in particular.

Fig. 1 Proportion of community council members, who were born in the community, 1990. Source Zsilincsar 1993, p. 383

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So the credibility of planning policy, be it settlement or region oriented, depends largely on the availability of the necessary financial resources. Many local, regional, and national governments failed because they were unwilling, unable, or incompetent to solve these financial problems.

Size, structure, situation, and spatial distribution of settlements also influence their development. However, today the focus of our interest should be globalisation and marginalisation, population growth and depopulation, access to national and international transportation networks, the formation and support of economic clusters, the role the knowledge society will play in the future, a regulated or uncontrolled immigration, the question whether “multi-culti” is a success story or a failure, and again above all, the question how to finance all these issues and how to implement them politically.

There is no doubt that settlement development cannot be examined and evaluated without its relation to and interdependence with regional development. Since the end of World War I which resulted in the collapse of the Hapsburg Empire and the installation of Communist-ruled peoples republics in the successor states until the fall of the Iron Curtain in 1989, later a strict binary political, social, economic, and especially administrative history has been impressed on the western and eastern halves of Central Europe: on the one side more or less federal structures of administration bound to a system of market economy, on the other side a centrally steered political and administrative system embedded into a rigid Marxist command-economy. Even a geographically untrained person, no matter whether from the “East” or “West”, could see and feel the huge differences in landscape and settlement structures or images on both sides of the borders.

The course of the former “Iron Curtain” through Europe can still be well observed more than twenty years after its fall. Therein lies a decisive reason for impatience and discontent with regional development among large parts of the population and those younger generation communal politicians in Eastern-Central-Europe who are striving for change. They, too, often forget that in Austria it also needed a time span of some twenty years to recover from the set-backs caused by the rule of Nazi-Germany and World War II.

Economically booming regions and settlements need different ruling and development structures and policies than backward or stagnating ones. The recipes, however, how to solve these specific problems are manifold, and are quite often controversial.

In a multi-party-democracy like Austria such contradictions do not so much result from conceptual and pertinent differences but rather from party-political and, sometimes, even personal sentiments. A resulting blockade policy which can be found on all administrative levels with majority rules is one main reason for the delayed implementation or prevention of many fruitful regional and urban development projects.

To prove this thesis we should throw a short glimpse on the recent Styrian/Austrian institutional implementation policy. Implementation policy aims at altering and restructuring the organisation of the institutional arrangement of
corporate bodies in order to change the distribution of power between the actors and the relevant processes (Bussmann 2008, p. 392).

Institutional policy deals with political institutions be they federalist, more or less direct democratic, or concordantly oriented. It is based on reflections about whether and in how far specific political institutions are still actual and if they are not, how they could be reformed. Each pace referring to such considerations has to keep the deeply rooted perseverance of political institutions in mind.

A very new commentary of the president of the Association of Austrian Communities, Mr. H. Mödlhammer, on the present situation in Austria with the background of the still enduring world economic crises speaks out what the real present cares of the towns and cities are and why they feel so uneasy (Mödlhammer 2010). Mr. Mödlhammer castigates those experts of institutional reforms who are jeopardising communal autonomy. Communal self-governance, one must know, is a “holy cow” within the Austrian administrative system. Why this is so, results mainly from the accumulated power of the communes which reaches from financial sovereignty within their particular sphere of administrational activity—including those expenditures and incomes which are to be distributed among communes, or between a community and the provincial or the federal government—to local zoning agenda and all community based planning measures.

A far spread opinion (in rural areas) before the middle of the nineteenth century about the three most important persons in a community had ranked the mayor second after the parish priest and before the teacher. At least as to the mayor, this ranking in many cases is still valid although increasingly opposed by the mayors themselves. They feel overburdened through a steadily spreading bureaucracy, through the allocation of new costly, time- and labour-consuming expenses by the federal government without a just and sufficient financial aid, as in the cases of social welfare, immigrant and refugee support activities, provision of ample kindergarten and primary school facilities, security affairs (local fire brigades), public culture (public libraries, folklore, music schools), sports- and playing grounds, (indoor-)swimming pools, private and public clubs, etc.

The rising communal expenditures can no longer be equated by community incomes which overwhelmingly stem from taxes (mainly land and trade taxes, reimbursements, equalisation payments from the state and federal governments).

It cannot be denied that the present dramatic situation of Austrian community households is being severely influenced by the current monetary crises which has affected almost every EU member state. On the other hand one can also not neglect the fact that much of the crises is simply “home-made” and results mainly from the unwillingness, incompetence, and inability of politicians on all levels of administration not only to find adequate solutions for the problems waiting in line but, moreover, even if solutions exist, to implement them immediately. Still party-politically or personally motivated considerations are paralysing decision-making processes. This is especially true for the modernisation of the Austrian administrative structure in the sense of a New Public Management (NPM). To underline the necessity of such a demand one must be aware of the fact that in 2009 only 31 (!) out of Austria’s total 2,356 communities were clear of debts, which provoked
heavy criticism of the Austrian Community Control. In Styria according to latest internal information some 200 of its communes (i.e. 37%) will fail to pressure a balanced ordinary budget for 2013. The years after are expected to turn out even more dramatic because the high debits from borrowing in the money market during the years of depression and high unemployment rates compensate by far the meanwhile rising tax incomes resulting from a general economic recovery which seems to be under way.

Biwald (2010, pp. 12–14) in his analyses of the state, future perspective, and reform requirements of the Styrian communal finances discusses measures necessary for consolidation. His rather pessimistic expectations predict no further communal household surpluses, declining investments, or such financed by additional debts only. If the level of investments is to be kept on that of the period from 2004 to 2008 some 190 million € will be needed to cover the communal consolidation costs until 2013.

Communal household consolidation in Biwald’s opinion would require sharp interventions like:

- **Encroaching measures:**
  
  … strengthening of communal competencies to decide
  
  … reduction of the off-the-top costs in advance as to shares of proceeds (a reduction from 12.7% to 6% would generate 50 mil. €.
  
  … limitation of the rate of increment with transfer payments until 2013 on the level of 2010 (could save 130 million €)
  
  … distribution of the yields of revenue from the fiscal compensation following allocated duties
  
  … enhancement of the communal shares in the joint revenues of the federal institutions
  
  … strengthening of communal tax incomes

- **Communal-intern measures:**
  
  … blocking of regular expenses (saves approximately 100 million € until 2013)
  
  … reduction of regular expenses including a reduction of costs for personnel and materials (a reduction of 5% until 2013 saves 100 million €)
  
  … rising of the portion of the fees.

The recent general elections in the Austrian provinces/states of Styria and Vienna in September and October 2010 highlighted once more the main problems as seen and felt by the voters: uncontrolled immigration mainly with an Islamic background, unsuccessful integration policy, crime, unemployment, unsolved problems in social and educational policy and development, increasing tax burdens.

As one easily can see from this listing all the problem fields addressed disclose a more or less direct connection with the present situation of Austrian towns and cities.

It is the urban places that suffer most significantly from the economic, financial, and immigrant or asylum seekers’ crises which are closely interlinked. Despite this
fact one should release that there exists a much deeper-reaching, longer-enduring, and more important open question to be answered: administration reform.

Ever since the debate in Austria had arisen how to handle and contain galloping public sector deficits, the solution recipes as offered by the two leading parties, the Social Democrats, and the conservative Peoples’ Party were mainly directed towards either deficit spending or rising taxes and reducing expenditures.

Meanwhile there seems a consensus to have been found that budget-consolidation should be achieved in 60% through saving and economic growth and in 40% through taxation.

However, the by far biggest budget-saving potential as repeatedly stressed by the Austrian opposition parties, by the president of the Austrian Chamber of Commerce, or the president of the Federal Court of Auditors, namely a substantial administration reform, is passed on from one government to the other like a hot potato.

The main reason for this very unsatisfactory situation must be seen in Austria’s federal structure with a blown-up administration-system as a heritage of the Austro-Hungarian Monarchy in which “authority” played a predominant role. The still very common term “Ortskaiser” (local emperor) for a long-serving and powerful mayor tells its own tale.

3 Austria’s Administrative Structure

Austria’s administration can afford 9 states on a total area of 83.871 km\(^2\) hosting 8,383.784 million Inhabitants (2010). The biggest urban agglomerations in 2010 (Table 1) were Vienna (1,996.885 inh.), Graz (329.950 inh.), Linz (281.515 inh.), and Salzburg (218,969 inh.) extending into neighbouring Freilassing in Bavaria (Österreich: www.citypopulation.de, 10/2010).

It is not very difficult to understand that behind this over-dimensioned administrative division there conceals an enormous political power according to the high number of necessary political, administrative, legislative, and executive positions and jobs. Which political party in power would be such self-destructive

<table>
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<th>Rank</th>
<th>Name</th>
<th>Province/state</th>
<th>Inhabitance</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Vienna</td>
<td>Vienna</td>
<td>1,996,885</td>
</tr>
<tr>
<td>2</td>
<td>Graz</td>
<td>Styria</td>
<td>325,891</td>
</tr>
<tr>
<td>3</td>
<td>Linz</td>
<td>Upper Austria</td>
<td>281,515</td>
</tr>
<tr>
<td>4</td>
<td>Salzburg</td>
<td>Salzburg</td>
<td>218,969</td>
</tr>
<tr>
<td>5</td>
<td>Innsbruck</td>
<td>Tyrol</td>
<td>193,742</td>
</tr>
<tr>
<td>6</td>
<td>Bregenz</td>
<td>Vorarlberg</td>
<td>192,275</td>
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<td>7</td>
<td>Klagenfurt</td>
<td>Carinthia</td>
<td>104,921</td>
</tr>
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<td>8</td>
<td>Wels</td>
<td>Upper Austria</td>
<td>81,795</td>
</tr>
<tr>
<td>9</td>
<td>Wiener Neustadt</td>
<td>Lower Austria</td>
<td>71,255</td>
</tr>
<tr>
<td>10</td>
<td>Villach</td>
<td>Carinthia</td>
<td>70,431</td>
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to deliberately abandon this potential of influence? As to Austrian administrative structures (http://docs.google.com) Fig. 2.

It is one of the Austrian political peculiarities passionately discussed but nevertheless still firmly anchored in Austria’s traditional political party dualism to divide the whole country and its institutions up into clearly defined and separated spheres of (political) influence. Where such a separation was neither wanted nor possible, the simple solution was and still is—although furiously rejected by the parties involved—proportional division i.e. if the director of a state owned institution or firm belonged to the influence sphere of the conservatives then he was given a vice-director from the social-democrats as a support and vice versa even if there was no real necessity for such a support.

This politically motivated proportional division can also be found with the official agencies of the Austrian communities the “Österreichischer Gemeindebund” (Austrian Association of Communities) and the “Österreichischer Städtebund” (Austrian Association of Towns and Cities). While the first represents the smaller communities with a more or less rural background forming the vast majority in Austria, the latter—although representing only one tenth (247) of Austria’s 2,357 communes—is hosting 55% of the country’s population within its administrative bodies. The “Gemeindebund” is dominated by the Peoples Party whereas the Social Democrats are holding a commanding position in the urban “Städtebund”. Both institutions are official representatives of the Austrian communities and acknowledged as such by the federal government (Österreichischer Städtebund wikipedia.org, 10/2010).

In a statement for the press in the course of a working-visit of a delegation of the Austrian Association of Communities in Brussels in Oct. 2010, some of the currently most urgent communal topics were addressed: the so-called “Schwellenwerteverordnung” (regulation of threshold levels) fixing higher threshold levels for the allocation of public orders which shortens allocation procedures for the public sector, the stability pact, the preservation of rural areas, and the so-called “local people models” securing a chance for the local population of tourist areas to buy building lots for their own purposes at reasonable prices.

Communal policy in Austria is complaining about the fact that for many years now the areas of activity and the financial burden for the communes are constantly

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**Fig. 2** Austria’s administrative structure. *Source* Frühwirth 2010, own adaptation
rising without an adequate compensation from the state and federal governments. Being reinforced by the late financial economic crises, this has lead to a dramatic debt ratio of Austrian communities leaving them no further scope for new community investments.

The exploding costs for a compulsory pre-school kindergarten-year which the communes are obliged to offer since autumn 2010 by federal law as well as the rising expenditures for nursing subsidies, and an old-age and disabled social security system have been leading the majority of Austrian towns and cities into an almost perspectiveless financial situation. As a consequence, the communities are pleading for a higher monetary contribution of the population benefiting from public social security. Since these are political decisions which are not at all popular and might cost votes for the next election, they are not very likely to be implemented soon (Österreichischer Gemeindebund www.ots.at 10/2010).

In context with the communal financial crises, the demand for a stronger control of the community budgets is getting louder although strictly rejected by the Association of Communities who fear a stroke against communal autonomy.

Apart from this dispute, a recent study by the Association of Communities has proved a permanent aggravation of the frame conditions especially for small communities. The main reason for that must be sought in their population losses. Since 2001 communities with less than 2,500 inhabitants have lost around 33,000 people although Austria’s total population grew by 300,000 during the same period. In 2001, 27.3% of Austria’s population lived in small communities, in 2008 this percentage diminished to 25.9%.

The rank and size development of the communities is by far more important for the single unit from a financial than from a mere statistical point of view. This is because the shares on the yields of the federal budget which are redistributed among the federal state, the 9 provinces/states and the communities, follow a special financial equation key which is based on the number of inhabitants. Therefore, the small communities have not only lost inhabitants since 2001 but also 23 million € from the federal budget. The annual allotment for each small community below 2,500 inhabitants in 2009 was 696 €/person which is 12.5% below the average for all communities. The reason for this difference lies in a gradated basis of calculation which gives the larger communes a bigger share, i.e. communities larger than 50,000 inhabitants received 1,132 € per capita per year.

Representatives of the smaller communities on the other hand have made clear that their administration costs of only 158 € per capita per year are significantly below those of the larger cities >50,000 population with 566 €, simultaneously using this comparison as an argument against a general demand for the unification or incorporation of smaller communities to make them more effective, and an for an administration reform. They themselves plead for a new stabilisation treaty between the federal provincial and communal administrative levels allowing the communes except Vienna to generate budgets with negative account balances up to $-0.3\%$ of the GDP (Fig. 3).
All these discussions underline impressively the doubts of Bussmann (2008, p. 393 ff) as to the willingness of the Austrian administrative bodies not only to discuss administration reforms but also to evaluate and implement them. The modernisation of the Austrian communal administration has failed so far, apart from the reasons mentioned above mainly because of the heterogeneity of the communes themselves. Thus “best practice”-models are not very likely to be successful.

4 Prognoses for the Future

As the development of Austrian settlements during the past has shown, making long-term prognoses concerning their future situation is difficult if not impossible. The globalisation and marginalisation processes, the collapse of the Soviet Realm, international terrorism, immigration streams and waves of refugees mainly from outside Europe, the recent world-economic, real-estate-market and bank crises—to mention just a few—not forgetting about phenomena like global warming, natural hazards, water and nutrition shortages, have created an environment which turns out increasingly hostile to a successful and balanced development of our settlements whichever size they are.

What can be done then? Resign and accept the inevitable? There is neither time nor a reason for resignation what means that every single citizen, scientist, economist, planner, environmentalist, journalist and politician is challenged to contribute to finding solutions which—and this seems extremely important to accept—cannot be expected to have positive consequences only for the single citizen but also for the community he or she lives in.

The population development of the Austrian settlement today is mainly steered through migration instead of natural increase. Following the newest
migration balance 2002–2008 as published by the Austrian Regional Planning Conference (ÖROK Österrichische Raumordnungskonferenz 2010), Austria’s population since 2001 has mainly grown from immigration. The winning states from this development were Vienna (+8.8%, 2002–2008), Vorarlberg, Tirol, and Lower Austria.

As seen from a regional point of view, a general pattern can be detected which allocates the biggest growth rates to the main urban agglomerations, whereas peripheral and/or structurally weak areas suffer from population losses. Thus high migration gains could be registered in the Vienna agglomeration area (Vienna +6.8%, the districts Vienna Surroundings +11.2%, Eisenstadt +10.0%, Rust +9.5%, Korneuburg +8.8%, Baden +8.2%, Graz +8.2%, Graz Surroundings +7.0%, Linz +4.0%, Klagenfurt Surroundings +4.5%, Innsbruck +4.4%, etc.

Population loss has affected, among others, peripheral districts like Murau in Styria –4.4%, Tamsweg in Salzburg –3.1% or Wolfsberg in Carinthia –2.6%. (ÖROK, Bl. 01.06.10/2010).

The present situation especially of marginalised settlements in rural areas in the state of Styria reveals a dark perspective for their male population. Following a report in the Austrian Radio (ORF 2010), two-thirds of rural Styrian communities are suffering from notable population losses which are affecting mainly young females. This has created a male surplus up to 40% in many rural towns. The main reasons for the exodus of predominantly young educated women between 20 and 29 years of age are the lack of suitable jobs with opportunity for advancement, insufficient educational facilities, and a limited availability of partners.

The development of the regional population structure is expected to continue its present trends i.e. urban core areas and their fringes will grow further whereas remote districts will lose population (ÖROK, Bl. 01.07.10/2010).

These trends are equally mirrored in the regional distribution of the purchasing power. For the state of Styria this means that only the city of Graz and a few communities along the A9 and A2 highways in the urban fringe dispose of a consuming power above the Austrian average. The purchasing power index for Styria in 2009 has risen from €16.790 (2008) per year and head to €16.870. However, this amount is still only 94.3% of the Austrian average whereas Graz (109.4%) could surpass it. The purchasing power index rates for the poorest Styrian districts Feldbach (80.9% of Austria’s average), Hartberg (83.7%), and Murau (84.9%) demonstrate impressively the interrelationship between demographic, economic and regional or settlement development respectively (Fig. ???, Statistik Austria, 2009; cf. also Ruhsam 2010, pp. 38–39).

Taking this as one conclusion from this contribution, yet another one should not be neglected although commonly accepted: local frame conditions are constantly loosing influence on settlement development, whereas the role of supra-regional or global events and changes—be they political, social, economic or physical—have increasing influence on its future.
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