Federal Ministry
Republic of Austria
Finance

Austrian Stability Programme

Technical update for the period 2019 to 2021

Vienna, 30 April 2020

Contents

1 Introduction

According to EU Regulation 1466/97 as amended by Regulation 1175/2011, Euro area members have to annually submit a Stability Programme by the end of April. The other member states of the European Union (EU) are obliged to hand in a Convergence Programme.

At the same time, this programme represents the national medium-term budgetary plan to be transmitted according to Article 4 of the "Twopack" Regulation 473/2011.

On 25 March 2020, the Austrian Federal Government submitted an updated Draft Budgetary Plan along with the Stability Programme update for the period 2019 to 2023 (as a single document). In its opinion of 17 April, the European Commission (EC) encouraged to submit fresh data for 2020 and 2021.

Due to the COVID-19 pandemic, the Federal Ministry of Finance (BMF) herewith presents updated information and data for the years 2019 to 2021.

Data basis: This document is based on national accounts data (ESA 2010) up to 2019 as compiled by Statistics Austria, a medium-term economic forecast by the Austrian Institute of Economic Research (WIFO) from April 2020 as well as BMF calculations and assessments.

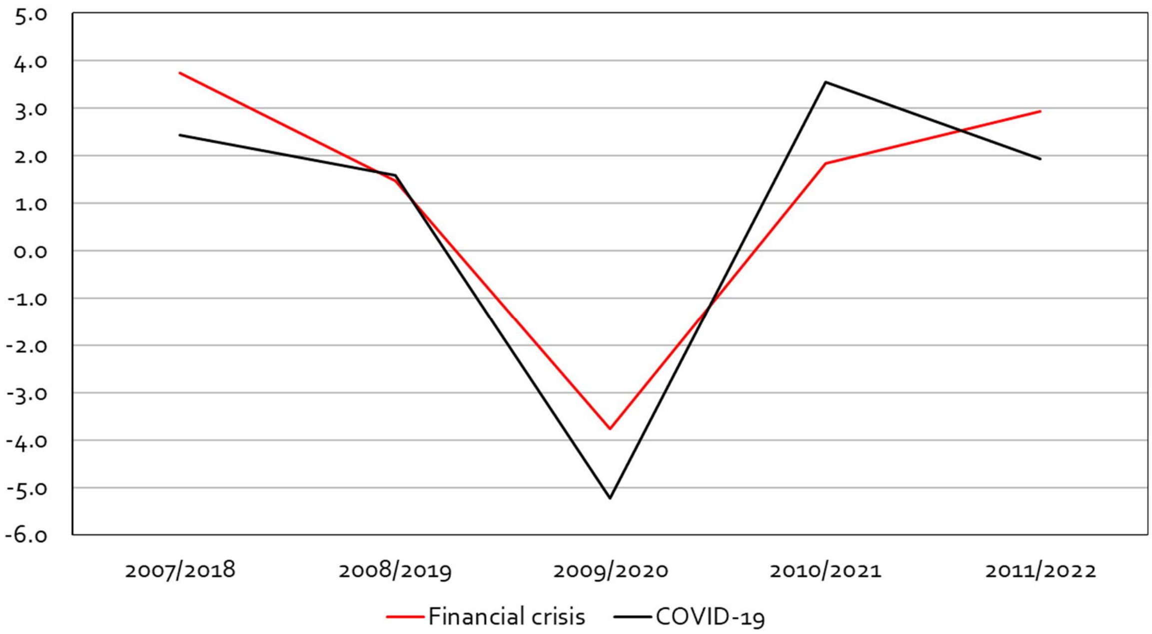
2 Economic Situation in Austria

2.1 Economic **development (2019-2021)**

Measures of the Austrian government to tackle the COVID-19 pandemic have kept the number of infections and deaths relatively low. However, the restrictions on movement, measures of social distancing and exceptional closings of businesses also burden the economy. In the short term, the cheapest way is to take vacation in all affected areas. This was also implemented by law. However, the consumption of time credit / vacation can only compensate for a few weeks of lost production and the crisis will last for several months in at least some areas. WIFO's forecast of April 2020 is based on the fact that the federal government's containment measures will be lifted or relaxed step by step in the coming months. This should enable the Austrian economy to gradually recover in the second half of the year. If these assumptions do not materialize or if another wave of contagion follows, deeper cuts would have to be expected.

WIFO assumes that there will be a recession in 2020 that will exceed the magnitude of the financial crisis of 2008/2009. Austria's economic output is expected to decrease by 5.2 % in 2020. A gradual recovery is expected to start in the second half of 2020, followed by a relatively strong catch up in 2021 with positive growth of 3.5 %.

Figure 1: Real GDP growth

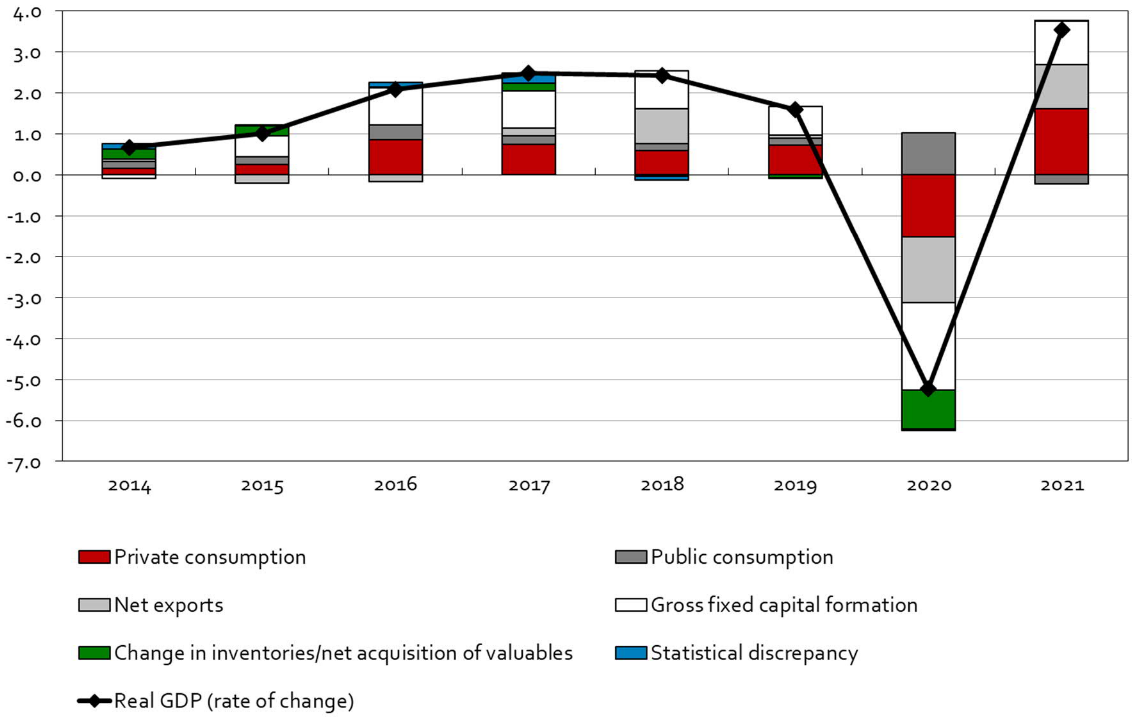


Left axis: Real GDP (rate of change over previous year in %)
Sources: BMF, WIFO

In 2020, the expected slump is due to both domestic and external effects. Domestically, increased uncertainty, lack of consumption options and virus-related production restrictions play out.

Due to the restrictions, private households are currently unable to maintain their consumption levels. Private consumption, which is usually the most stable aggregate of demand, is therefore decreasing. The household saving rate is increasing as government measures largely compensate for the loss of income and the lower inflation (0.9 %) also increases purchasing power. A gradual recovery is expected from the second half of 2020, as the existing uncertainty is expected to further negatively impact consumer behaviour, such as vacation consumption, in the coming months. Private consumption should therefore decrease by 2.9 % in 2020 and grow again at 3.1 % in 2021.

Figure 2: Contribution to real GDP growth



Left axis: Contribution to real GDP growth in percentage points
Sources: BMF, STAT, WIFO

Gross fixed capital formation is developing similarly, but even more negatively, and is expected to decrease by 8.7 % in 2020. The companies are affected in very different ways. Some areas are affected by closures; others are looking for workers to meet COVID-19 related demand. In the negatively affected area, a way to counter the liquidity shortage and uncertainty about demand is to postpone investments and to reduce inventories. Investment in construction were also affected by site closures and WIFO expects that this will not be fully made up for in 2020. In 2021, gross fixed capital formation is expected to rise again by 4.5 %.

The increase in public consumption due to the emergency measures dampens the economic downturn, but is not enough to prevent a recession.

While domestic demand collapses by 3.7 %, an additional negative effect stems from the external environment of around 1.5 %. The disruption to the global supply chains caused by the pandemic and a decline in external demand lead to a further slump in international trade and negative net exports for Austria. Exports are expected to be 12.0 % lower in 2020 than in 2019, and imports should decrease by 9.7 %. In 2021, only about two thirds of this decrease is to be recovered.

2.2 COVID-19: Qualitative description of economic policy measures and their effects

Due to the measures to contain the virus large parts of the economic and social life come to a standstill. The government distributes the burden aiming to keep the economic damage as small as possible and ensuring that no segment of society is overwhelmed. In crises like this, there are two main buffers for the economy. On the one hand, this is the public sector which in case of Austria thanks to its sound fiscal position can incur debt in support of citizens and companies as well as grant guarantees. On the other hand, this is the financial system that can provide sufficient liquidity through monetary-policy and supervisory measures.

The main principle for overcoming the economic repercussions of the COVID-19-pandemic is to preserve the production potential of the Austrian economy.

The first goal is to save jobs in order to keep the increase in unemployment and the decrease of employed persons as low as possible. In this regard, the primary economic-policy instrument is short-time labour, which has already proven itself during the global financial and economic crisis 2008/09. Since the extensive lockdown of the economy in the current crisis is far graver than the situation in 2009, the federal government has modified the regulations for making use of short-time labour and hence has made it more attractive for firms. Now, the state takes over up to 90 % of labour costs of firms in short-time labour for initially three months and maximally six months. In order to bridge the time until firms actually obtain funds, domestic banks accept positive decisions by the Austrian Public Employment Service (AMS) as a guarantee for a bridging loan. The application numbers prove that a multitude of firms make use of the short-time labour programme and hence that numerous jobs can be saved. This also stabilises the purchasing power of households and relieves companies.

The second essential and equally important goal is to provide liquidity for self-employed and solvent companies that are severely hit by the economic effects of the COVID-19-pandemic. The three principal economic policy instruments for this purpose are deferrals of taxes and social security contributions, guarantees and direct subsidies. Applications for tax deferrals concern in particular the decrease in the prepayment of corporate tax and income tax as well as accommodations for payment of consumption taxes (e.g. value-added tax). Processing of these applications happens within few days and this allows to keep liquidity within companies. Beyond that, social insurance providers can defer companies their social security contributions for the months February, March and April 2020. Regarding the two other instruments the following three specific support programmes were launched:

1. “Hardship Case Fund”: The Hardship Case Fund supports affected single-person companies (SPC), microenterprises with up to 9 employees, new self-employed, freelancers, non-profit organisations (NPO) and agricultural businesses with direct grants.
2. Guarantees: On the one hand, the Republic of Austria grants guarantees for loans to bridge liquidity shortages due to the COVID-19 crisis situation. These guarantees for small and medium enterprises are granted by the Austrian Promotional Bank (aws; especially in the sectors wholesale and retail trade, services, manufacturing and industry) and the Austrian Hotel and Tourism Bank (ÖHT, sectors accommodation and food service activities). Likewise, a special funding framework to ensure liquidity for export companies has been provided within an already existing export guarantee scheme at the Oesterreichische Kontrollbank (OeKB). In addition, Austria guarantees loans that companies take out with their house bank via the specifically created COVID-19 Financing Agency (COFAG). Processing happens joint with the aws (for small and medium enterprises), the ÖHT (for tourism businesses) and the OeKB (for large businesses).
3. Subsidies from the “Corona Relief Fund”: For severely hit companies for whom tax deferrals, short-time labour and guarantees fall short, direct subsidies can be granted.

Besides these economic policy aid packages the federal government takes numerous health and social policy measures that contribute to overcoming the crisis and its social consequences. To start with, this includes the procurement of medical relief supplies and technical appliances as well as funds for carrying out COVID-19-tests. In the social area, the endowments of the Long-Term Care Fund, the Family Hardship Fund or the Artist Social Insurance Fund are increased. Moreover, the federal state takes over one third of wage costs of employees who are on leave because of care responsibilities as well as compensation payments resulting from cancelled school events and provides pupils with laptops for distance learning on a loan basis. Further funds are allocated for COVID-19 information campaigns, an increase in press subsidies, compensation payments for transport companies due to the decline in passenger numbers (via transport service contracts) or repatriation flights of Austrian tourists. Finally, promoting clinical research represents another important contribution.

In total, all these economic and social policy measures increase public consumption and thus raise macroeconomic demand by approx. 4 bn Euro, which cushions the decline in GDP in 2020.

It is assumed that these measures are taken into account in the assessment of the Austrian fiscal policy in the context of the EU Stability and Growth Pact.

Finally, the WIFO-forecast shows that the expected global recession will also hit Austrian exports. Austria will therefore contribute solidarity to the EU-measures to fight the pandemic and its follow-up costs.

State measures are importantly constrained by EU competition law. Since the outbreak of the crisis this has been adjusted several times. The EU competition law allows direct transfers per firm up to 1 m Euro (in 3 years).

3 Budgetary development (2019 to 2021)

The repercussions of the COVID-19-pandemic do not only lead to a drastic drop in output growth in Austria, but also cause massive budgetary costs and burden public finances. Fighting the pandemic is the central political and social challenge until an effective medicine or a reliable vaccine has been developed. In overcoming the crisis, it is pivotal to keep the economic damage as small as possible and to ensure social stability in our country.

Against this backdrop, the federal government has launched a comprehensive aid package amounting to 38 bn Euro (approx. 9.5 % of GDP). This "Corona aid package" is especially set to ensure health care, to save jobs and to steer the business location at the best possible through the crisis. The "Corona aid package" is composed of a budgetary allowance on the expenditure side in the amount of 28 bn Euro for the "COVID-19 Crisis Management Fund" for subsidies and guarantees as well as a ceiling of 10 bn Euro for tax deferrals.

The "COVID-**19 Crisis Management Fund**" comprises 4 bn Euro on emergency aid that have already been included in the Stability Programme of March 2020. Part of this emergency aid is the hardship case fund with a volume of 2 bn Euro that is described in chapter 2.2. The remaining 2 bn Euro are used in particular for health and social measures (e.g. procurement of protective material and medical relief supplies, ensuring long-term care, bearing costs related to cancellation of school events, repatriation flights of tourists), promoting research as well as further assistance measures and activities to overcome the crisis. The current planning assumes a full take-up of these 4 bn Euro, which have an immediate effect on the balance.

Likewise, funds for the short-time labour programme, the "Corona Relief Fund" as well as guarantees are part of the aid package. The economic policy instrument of short-time labour proves to be attractive, which is reflected in high expenditure. Based on current application figures of the AMS, costs of the short-time labour programme are estimated to be 7 bn Euro. These have an immediate effect on the balance. The "Corona Relief Fund" (see chapter 2.2) is a mix between credit guarantees and direct subsidies. While subsidies have an effect on the balance, state guarantees have only an effect when called.

The present budgetary forecast contains a highly uncertain tax revenue estimate which is based on the current WIFO forecast. In comparison to the Stability Programme submitted in

March 2020 a marked revision of tax revenues, both for the year 2020 and for 2021, has been necessary. This revision especially results from a decline in tax revenues due to changing macroeconomic factors. Overall, especially revenues from current taxes on income and wealth are assumed to be considerably lower.

In the figures of this update no measures to revive the economy are taken into account (measures effective 27 April 2020).

3.1 Budget implementation in 2019

The year 2019 turned out particularly well on the general government level. While 2018 witnessed the first positive Maastricht balance on the general government level since 1974 (+0.2 % of GDP), the surplus is even larger in 2019 and amounts to 0.7 % of GDP. A main reason is the first surplus in the administrative federal budget since 1954.

Net borrowing: According to current calculations of Statistics Austria a positive Maastricht balance of 0.7 % of GDP was achieved in 2019. In comparison to the year 2018 this implies an improvement of 0.5 percentage points of GDP, while the figure forecasted at the time of budget preparation was outperformed by 0.7 percentage points of GDP. The improvement is in particular attributable to distinct improvements in the central government sector.

Structural balance: Based on the output gap of the WIFO-forecast of December 2019 the structural balance turned out positive and amounts to roughly 0.2 % of GDP, meaning that the medium-term objective (MTO) is clearly met. In this case the structural balance would improve by 0.5 percentage points compared to the previous year and by 0.7 percentage points versus the forecasted figure at the time of budget preparation. However, the abrupt and drastic drop in economic activity in the year 2020 has an impact on the calculated output gap of 2019 as well, which would be considerably more positive. This would imply a distinctly worse structural balance. A final and reliable assessment is currently not yet possible (see chapter 3.5).

Public debt: After amounting to 74.0 % of GDP by end-2018, in 2019 the public debt ratio has dropped to 70.4 % of GDP according to first results of Statistics Austria. The public debt ratio thus is below the figure forecasted at the time of budget preparation (70.9 % of GDP). While 2.4 percentage points of this year-on-year reduction is attributable solely to the pure GDP-effect, nominal public debt has decreased markedly, too. By the end of 2018 public debt added up to 285.3 bn Euro, whereas in 2019 it amounted to 280.4 bn Euro according to a first assessment. On the one hand, federal government financial debt decreased by roughly

2.9 bn Euro. On the other hand, the steady deleveraging of bad banks has contributed to debt reduction in 2019 as well.

Revenue: Despite a further cooling economy during the year, revenue developed dynamically, in particular because of a stable labour market situation. The marked growth in wages and salaries of 4.3 % is reflected in a strong increase of current taxes on income and wealth (+4.3 % as well). Taxes on production and imports grew by 3.3 %, which is mainly attributable to a moderate development of the value added tax. An expected decline has been recorded in property income (-10.3 %), which is inter alia due to the low interest environment. In total, general government revenue grew by 3.6 % year-on-year.

Expenditure: The macroeconomic environment had also positive effects on expenditure. On the one hand, the decline in interest payments continued in 2019 and dropped by 9.7 % year-on-year to 5.7 bn Euro. At the end of 2019 the actual interest yield of the portfolio was marginally below 2 % for the first time ever. On the other hand, the stable labour market situation led to reduced payments from the federal budget. For example, the increase in the federal subsidy to the state pension scheme has been lower than budgeted. Furthermore, a strict budget execution on the federal level with an administrative expenditure increase of only 1.1 % also curbed expenditure dynamics on the general government level. In total, general government expenditure grew by 2.4 % compared to 2018, meaning that expenditure growth was lower than revenue growth and nominal GDP growth (3.3 %).

States and municipalities: States and municipalities have benefited from the increased tax revenue via higher income shares, especially from the above mentioned growth of the wage and income tax. In total, the states (without Vienna) were able to keep their positive result of 2018 and to achieve a Maastricht surplus of 0.2 % of GDP in 2019 as well. Regarding municipalities, it is noteworthy that Vienna as the largest municipality by far has achieved the first balanced administrative budget outcome since 2008. The Maastricht balance of the local government sector turned out slightly positive (0.0 % of GDP) in 2019.

Social security: Social security revenue also has increased considerably (+4.0 %) as a result of the good labour market situation, especially due to the strong growth of wages and salaries. In total, the Maastricht balance of the social security sector is somewhat smaller than 2018, but continues to be clearly positive (0.1 % of GDP).

3.2 Budget 2020

Budget execution 2020 is shaped by the budgetary effects of the COVID-19-pandemic. While general government expenditure rises massively, there are marked declines in tax revenue and social security contributions on the revenue side. In sum, this results in a strongly negative general government Maastricht balance and a rising public debt ratio.

Net borrowing: Taking into account the currently foreseeable effects of COVID-19 on public finances, a general government balance of -30,5 bn Euro or -8.0 % of GDP is expected. In comparison to the assessment at the beginning of March, when the economic forecast was considerably more optimistic and only a preliminary precautionary fund of 4 bn Euro as well as revenue losses of 1.1 bn Euro have been factored in, this is a deterioration of 26.3 bn Euro or -7.0 percentage points of GDP.

Structural balance: Based on current estimates of the COVID-19-pandemic and its effects on GDP growth and public finances, the structural balance would amount to -6.2 % of GDP in 2020. Since both, the forecast on the depth of the recession and thus of the output gap as well as the budgetary effects of the crisis, are highly uncertain, this figure can only be a first, preliminary estimate.

Public debt: The COVID-19-pandemic puts the longstanding decline in nominal public debt and the public debt ratio to an abrupt end. On the one hand, due to high net borrowing nominal debt increases by about 31 bn Euro to 311.4 bn Euro. This represents an increase of 30.7 bn Euro compared to the assumed value in March 2020. On the other hand, the forecasted drop in GDP of -5.2 % contributes to a marked increase in the public debt ratio. Altogether, a first estimate based on the currently assessable budgetary costs and the current economic forecast assumes a public debt ratio of 81.4 % by the end of 2020. Hence, in this case the public debt ratio would remain below its peak in 2015 (84.9 % of GDP).

Revenue: Indirect budgetary effects of the crisis, especially automatic stabilisers that kick in due to the drop in economic activity, lead to a considerable decline in revenue. This decline concerns current taxes on income and wealth, taxes on production and imports, social contributions, property income as well as sales from production. First estimates envisage a decline in revenue of -3.5 % compared to 2019. In comparison to the assessment of March 2020 (+1.9 %) this means a revision by -5.4 percentage points. The public revenue ratio will amount to 49.2 % of GDP and change only marginally compared to 2019 as both, revenue and GDP, decrease.

Expenditure: The comprehensive “Corona aid package” causes a strong temporary increase in general government expenditure in the year 2020. Additionally, also on the expenditure side automatic stabilisers kick in due to the drop in economic activity. This concerns in particular risen expenditure for unemployment insurance including emergency aid. In sum, the current planning assumes a general government expenditure of 218.7 bn Euro in 2020. Compared to 2019, this is an increase of 26.5 bn Euro or 13.8 % and implies an expenditure growth that is higher by 8.2 percentage points as expected in March 2020 (5.5 %).

States, municipalities und social security: The repercussions of the COVID-19-pandemic also put a strain on public finances of other levels of government. States and municipalities are affected directly via income shares by lower tax revenue and tax deferrals. On the local government level lower revenue from the municipal tax is assumed to be lower, but short-time labour is stabilising as it prevents higher unemployment figures and thus a stronger decline. On the expenditure side states, Vienna and larger municipalities have announced accompanying aid measures to the ones of the federal government as well as various investment projects to boost the economy. Social security providers are primarily affected by lower social insurance contributions, although also in this case federal measures to overcome the crisis are stabilising.

3.3 Development of public budgets in **2021**

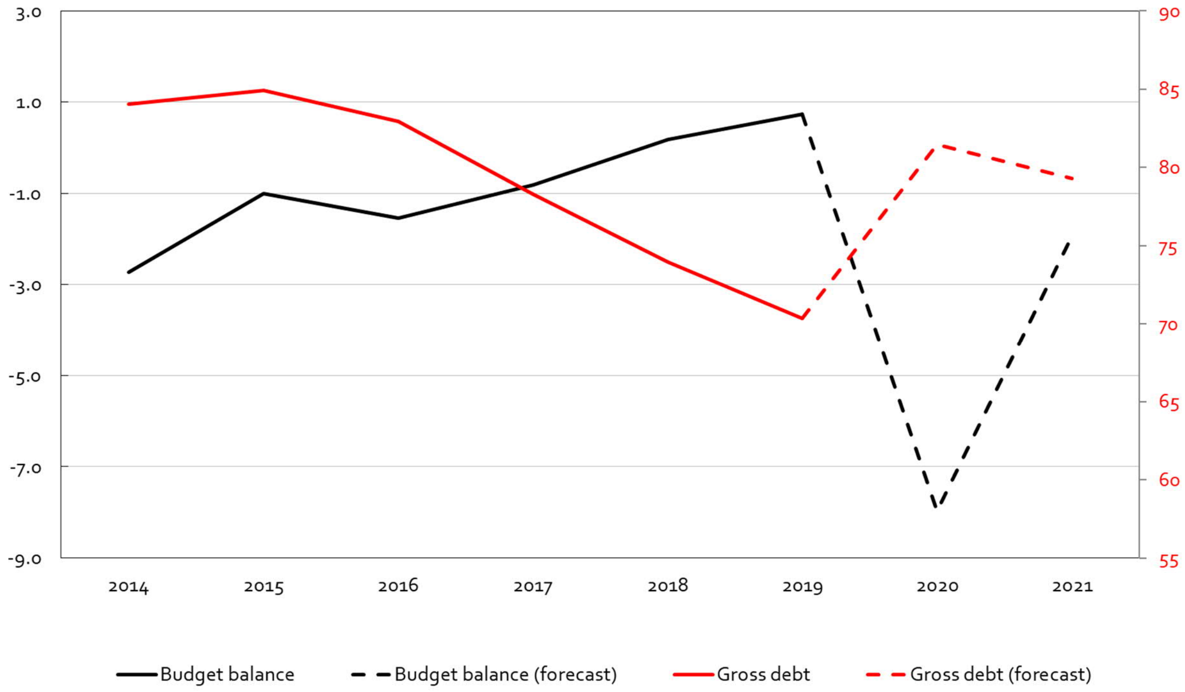
The assessment of the development of public finances in the year 2021 is based on current assumptions on the macroeconomic development, which foresees a marked recovery in the next year. Even though this will relieve the burden on public finances, budgetary follow-up effects of the COVID-19-pandemic will continue to have an effect in 2021.

The forecast on the revenue side factors in a permanent level effect that will find expression in 2021. Hence, current taxes on income and wealth as well as taxes on production and income will turn out to be clearly lower as expected in March 2020. Likewise, revenue from social insurance contributions in the year 2021 is expected to be lower than in the forecast from March 2020, resulting from a smaller number of employees and thus related lower wages and salaries.

In addition, in comparison to the assessment in March 2020 transfers for unemployment benefits including emergency aid will be higher. As a consequence, monetary social benefits will be higher due to the crisis than originally assumed.

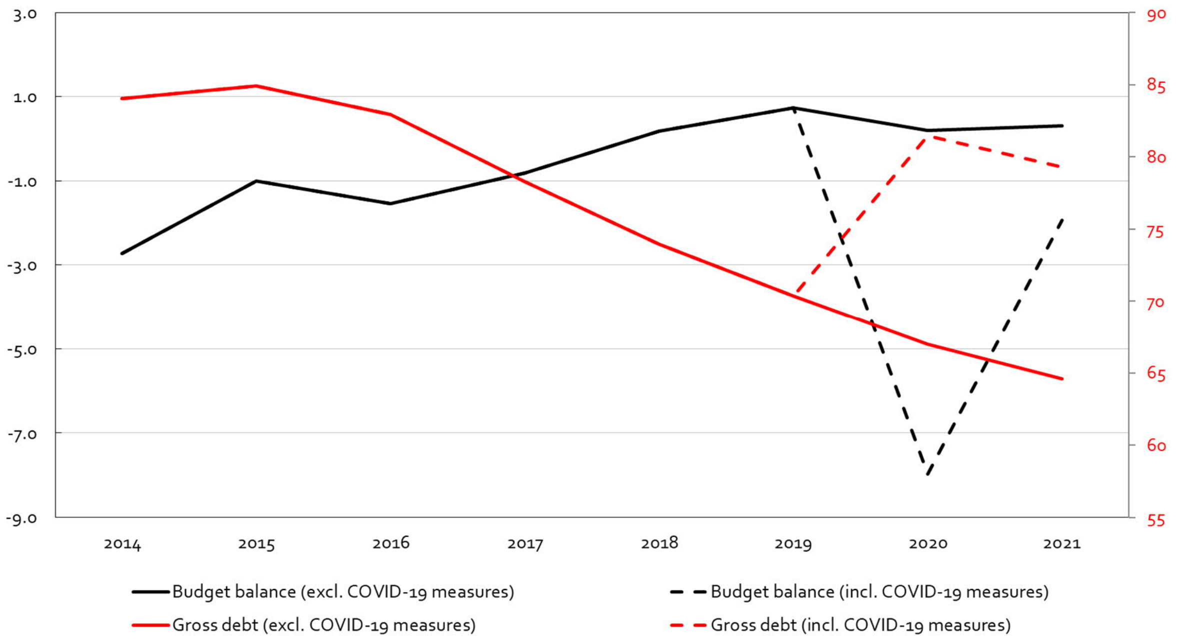
In total, also in 2021 a clearly negative Maastricht balance on the general government level is expected, even though it will be considerably restored compared to the year 2020. Based on this assessment as well as on the forecast for nominal GDP, the public debt ratio will fall below 80 % of GDP by 2021.

Figure 3: General government net lending/net borrowing and gross debt



Left axis: General government net lending/net borrowing (in % of GDP)
Right axis: Gross debt (in % of GDP)
Sources: BMF, STAT, WIFO

Figure 4: Budget balance and gross debt (comparison with/without COVID-19 measures)



Left axis: General government net lending/net borrowing (in % of GDP)
Right axis: Gross debt (in % of GDP)
Sources: BMF, STAT, WIFO

3.4 Assessment with respect to -7.5 % GDP growth in 2020

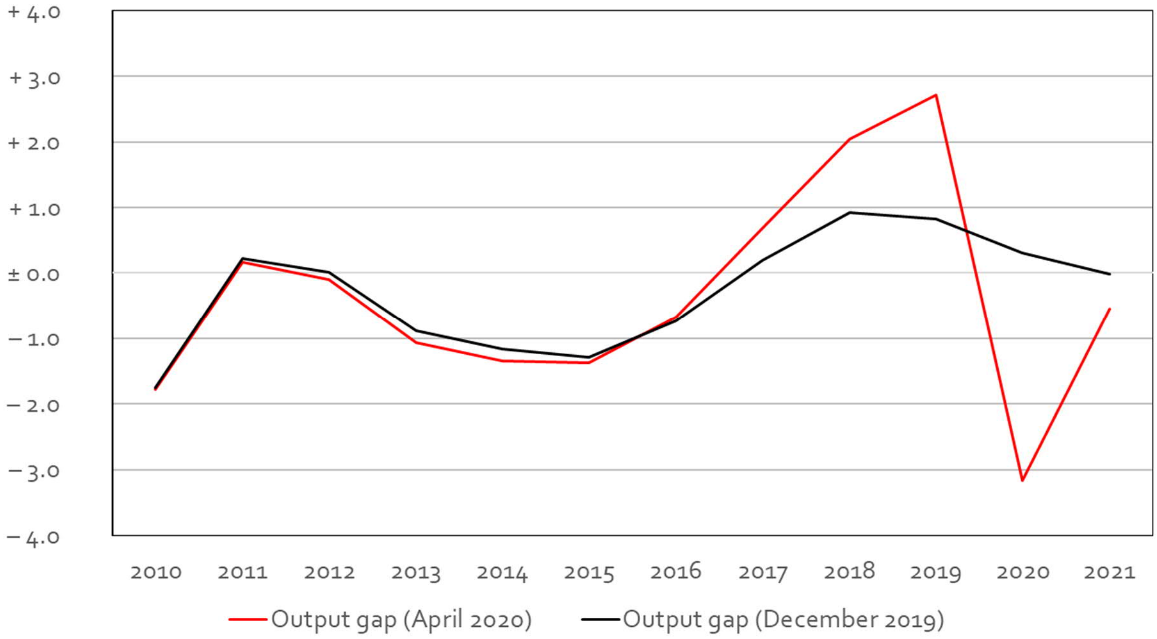
Alongside the WIFO base case scenario several other forecasts exist with a range of -4.6 % to -9 % GDP growth for 2020. In a pessimistic scenario WIFO has assumed a stronger downturn of the global economic activity. Under the assumption of an extension of the supporting measures WIFO expects a GDP decline of 7.5 % and a decrease of employment by 2.5 %. The budget deficit would increase to 10 % of GDP in that scenario.

According to the assessment of the Austrian Ministry of Finance this scenario is still compatible with the 38 bn Euro support package, but a larger part will raise the deficit than in the base scenario. The debt ratio would reach around 85 % of GDP matching the previous peak of the year 2015.

3.5 Excursus: COVID-19 effects on the structural budget balance

The adjustment of the random elements by economic growth plays an important role in the budget assessment. In this way, random effects of economic growth on public finances should be distinguished from sustained effects. The method used in the EU framework smoothes the course of actual economic growth in such a way that the data from the past are also changed. While this has little effect in a normal economic cycle, it significantly changes the assessment in the event of an abrupt fall in growth.

Figure 5: Output gap (calculation from April 2020 vs. December 2019)



Left axis: Output gap (real, in % of trend output)
Sources: BMF, WIFO

Figure 5 shows that the output gaps for the years 2017 to 2019 would be much more positive if the economic slump in 2020 were to materialize according to WIFO forecasts. If these figures are used to calculate the structural budget balance, Austria would not have reached its medium-term budgetary objective in 2019. However, as the actual depth of the recession is still unclear, a reliable statement on the structural budget balance for 2019 is not yet possible.

4 Annex

Table 1: Macroeconomic prospects

		2019	2019	2020	2021
	ESA Code	in bn €	rate of change		
1. Real GDP	B1*g	374.7	1.6	-5.2	3.5
2. Potential GDP		-	0.9	0.5	0.8
3. Nominal GDP	B1*g	398.5	3.3	-4.1	4.2
			Components of real GDP		
4. Private final consumption expenditure	P.3	191.7	1.4	-2.9	3.1
5. Government final consumption expenditure	P.3	71.3	0.9	5.3	-1.0
6. Gross fixed capital formation	P.51g	90.4	2.9	-8.7	4.5
7. Changes in inventories and net acquisition of valuables (in % of GDP)	P.52 + P.53	-	1.1	0.2	0.2
8. Exports of goods and services	P.6	215.2	2.7	-12.0	8.8
9. Imports of goods and services	P.7	198.8	2.8	-9.7	6.9
			Contributions to real GDP growth		
10. Final domestic demand			1.6	-2.6	2.5
11. Changes in inventories[1)]	P.52 + P.53		-0.1	-1.0	0.0
12. External balance of goods and services	B.11		0.1	-1.6	1.1

1) incl. net acquisition of valuables and statistical discrepancy

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 2: Price developments

	2019	2020	2021
			rate of change
1. GDP deflator	1.7	1.2	0.6
2. Private consumption deflator	1.6	0.9	1.3
3. CPI	1.5	0.9	1.3
4. Public consumption deflator	2.4	2.1	0.3
5. Investment deflator	2.1	1.2	-0.5
6. Export price deflator (goods and services)	0.4	-1.6	-1.7
7. Import price deflator (goods and services)	0.6	-1.7	-1.8

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 3: Labour market developments

		2019	2019	2020	2021
	ESA Code	Level			rate of change
1. Employment, persons		4,215,640	1.3	-1.7	1.3
2. Employment, hours worked (in m)		7,315.9	1.1	-5.2	3.5
3. Unemployment rate, EUROSTAT definition		-	4.5	5.5	5.0
4. Labour productivity, persons		88,883.8	0.2	-3.6	2.2
5. Labour productivity, hours worked		51.2	0.5	-0.1	0.1
6. Compensation of employees (in m €)	D.1	193,126.0	4.3	-0.8	3.6
7. Compensation per employee		45,811.8	2.9	0.9	2.3

Positions may not sum up due to rounding errors.

Sources: BMF, EUROSTAT, STAT, WIFO

Table 4: Budgetary targets

	ESA Code	2019	2020	2021
		in % of GDP		
		Net lending/net borrowing by sub-sector		
1. General government	S.13	0.7	-8.0	-1.9
2. Central government	S.1311	-	-	-
3. State governments (excl. Vienna)	S.1312	-	-	-
4. Local governments (incl. Vienna)	S.1313	-	-	-
5. Social security funds	S.1314	-	-	-
6. Interest expenditure	D.41	1.4	1.4	1.3
7. Primary balance		2.2	-6.5	-0.7
8. One-off and other temporary measures		0.0	0.0	0.0
9. Real GDP growth		1.6	-5.2	3.5
10. Potential GDP growth		0.9	0.5	0.8
11. Output gap		2.7	-3.2	-0.5
12. Cyclical budgetary component		1.6	-1.8	-0.3
13. Cyclically-adjusted balance		-0.8	-6.2	-1.6
14. Cyclically-adjusted primary balance		0.6	-4.7	-0.3
15. Structural balance		-0.8	-6.2	-1.6

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 5: General government debt developments

		2019	2020	2021
	ESA Code			in % of GDP
1. Gross debt		70.4	81.4	79.3
2. Change in gross debt ratio (in percentage points)		-3.6	11.1	-2.2
		Contributions to changes in gross debt		
3. Primary balance		2.2	-6.5	-0.7
4. Interest expenditure	D.41	1.4	1.4	1.3
5. Stock-flow adjustment		-0.5	0.1	-0.8
p.m.: Implicit interest rate on debt		2.0	1.7	1.6

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 6: Budgetary prospects

		2019	2020	2021
	ESA Code	in % of GDP		
		General government		
1. Total revenue	TR	49.0	49.2	49.4
1.1. Taxes on production and imports	D.2	13.9	13.9	13.8
1.2. Current taxes on income, wealth etc.	D.5	13.7	13.1	13.4
1.3. Capital taxes	D.91	0.0	0.0	0.0
1.4. Social contributions	D.61	15.3	16.0	15.9
1.5. Property income	D.4	0.7	0.6	0.6
1.6. Other		5.4	5.6	5.6
p.m.: Tax burden		43.0	43.2	43.4
2. Total expenditure	TE	48.2	57.2	51.4
2.1. Compensation of employees	D.1	10.4	11.2	11.0
2.2. Intermediate consumption	P.2	6.2	7.0	6.6
2.3. Social payments	D.62, D.632	21.8	24.0	23.6
of which: Unemployment benefits		-	-	-
2.4. Interest expenditure	D.41	1.4	1.4	1.3
2.5. Subsidies	D.3	1.5	5.9	1.6
2.6. Gross fixed capital formation	P.5	3.0	3.1	3.2
2.7. Capital transfers	D.9	0.6	0.9	0.7
2.8. Other		3.3	3.7	3.6

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 7: Impact of COVID-19 on the headline balance - breakdown by ESA 2010 categories

	2020
	in m €
1. Compensation of employees	10
2. Intermediate Consumtion	1,346
3. Social benefits	244
4. Subsidies	16,218
5. Gross fixed capital formation	-
6. Capital Transfers	800
7. Other	400
8. Revenue shortfalls	-11,500
9. Total impact on headline balance	30,518
10. Compensation from EU	18.2
11. Total impact on headline balance (net of EU compensation)	30,500
12. Total impact on headline balance (net of EU compensation) in % of GDP	8.0

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 8: Country-specific information - COVID-19 costs

	2020
	in m €
COVID-19 Crisis Management Fund (budgetary authorisation)	28,000
Emergency aid (e.g. Hardship fund)	4,000
CORONA Relief Fund (direct subsidies to companies and short-time labour)	15,000
Guarantees	9,000
Revenue shortfalls and tax deferrals	10,000
Total	38,000

Positions may not sum up due to rounding errors.

Source: BMF

Table 9: COVID-19 expenditure measures

	2020
	in m €
Compensation of employees	10
Personnel expenditure & surveillance measures at state police departments	10
Intermediate consumption	1,346
Procurement of medical products (and appliances)	1,222
Laptops for distance learning	5
Information campaigns	21
Repatriation flights	25
Hardship fund for cancellation of school events	13
Austrian Health Fund (ÖGK)	60
Subsidies	16,200
CORONA Relief Fund: direct subsidies to companies	7,200
Short-time labour	7,000
Subsidies related to the emergency aid:	2,000
Hardship case fund (part of 2 bilollion fund)	1,600
Reimbursement of wage costs of risk-groups and of employees with care responsibilities	303
Clinical research	25
Increase press subsidies	16
Transport services contracts with private railways	7
Start-up package (aws Start-up relief fund)	50
Social benefits	244
Endowment long-term care fund	100
Testing costs of the states	9
Endowment social insurance fund for artists	5
Social Assistance (temporary top-up to unemployment benefit)	80
Subsidy child poverty	50
Other current transfers	400
Hardship case fund subsidies to associations, NGOs	400
Capital transfers	800
Grants to big transportation companies	800
Total expenditure measures	19,000
in % of GDP	5.0

Positions may not sum up due to rounding errors.

Source: BMF

Tables

Figures

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