Federal Ministry
Republic of Austria
Finance

Austrian Stability Programme

(Update for the period 2020 to 2024)

Vienna, April 2021

Contents

1 Introduction

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

The update of the Austrian Stability Programme for the period 2020 to 2024 follows the requirements of the Code of Conduct in terms of content and form.

At the same time, this programme represents the national medium-term budgetary plan to be transmitted according to Article 4 of the "Twopack" Regulation 473/2013.

The present update is based on national accounts data of Statistics Austria (STAT) until 2020, the medium-term economic forecast of the Austrian Institute of Economic Research (WIFO) from March 2021 as well as calculations and estimates of the Federal Ministry of Finance (BMF).

2 Economic Situation in Austria

2.1 Economic development (2020-2024)

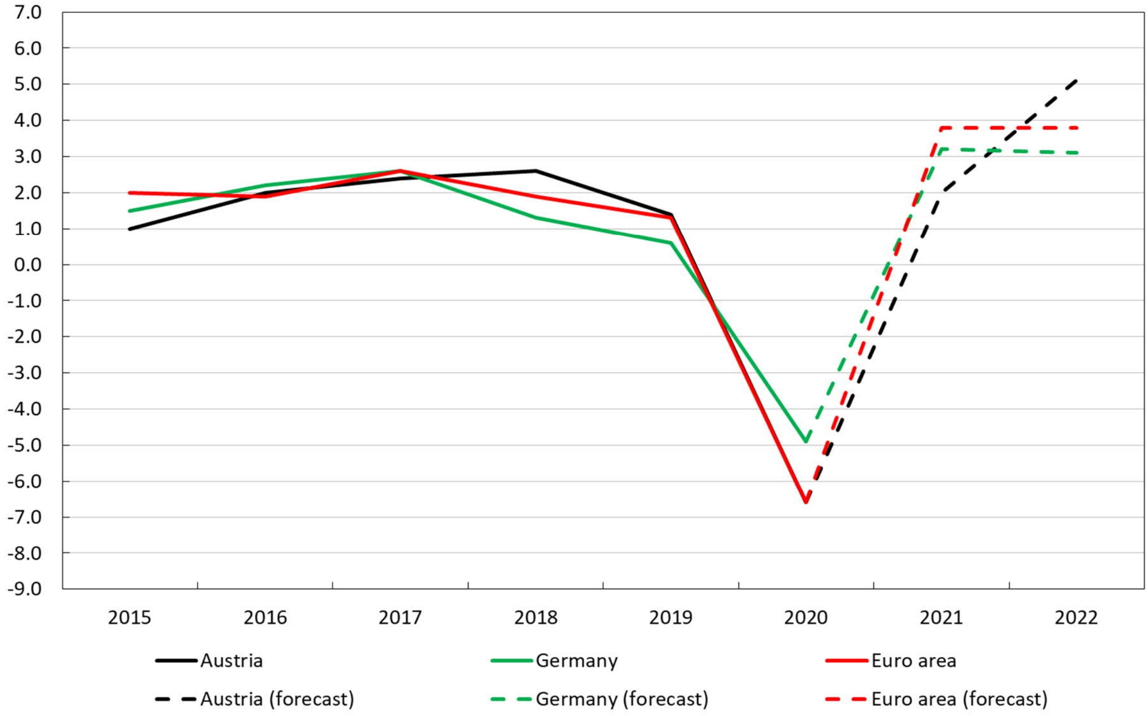
In 2020, the economic development in Austria was shaped by the global COVID-19 pandemic. According to STAT, real Austrian GDP declined by 6.6 % in the last year. Due to elevated uncertainty, containment measures by the authorities and voluntary social distancing by the population, real private consumption declined by 9.6 %. At -4.9 %, the decline in gross fixed capital formation was relatively robust. Real exports fell by 10.4 %, with tourism, in particular, suffering from the pandemic. Public consumption was the only component of aggregate demand that made a positive contribution to the previous year's growth rate.

The number of employed persons decreased by about 79,100 (-1.9 %) in 2020. Labour supply in Austria expanded by 29,200 persons. The unemployment rate – as defined by Eurostat – increased by 0.9 pp. and amounted to 5.4 %.

In 2020, consumer prices in Austria rose by 1.4 %. While the development of fuel prices (-12.5 %) dampened inflation, there were noticeable price increases in the category of housing, water, and electricity (+2.3 %). Within this category, actual rents (+4.1 %), maintenance and repair of the dwelling (+3.0 %) and electricity (+5.8 %) were important price drivers. Furthermore, the prices of food and non-alcoholic beverages increased by 2.3 %, and prices in the category of restaurants and accommodation services rose by 3.1 %.

In Germany, Austria's most important trading partner, real GDP declined by 4.9 % in 2020. The difference compared to the Austrian growth rate can be attributed to the higher importance of tourism-dependent services for the economy. The domestic real GDP growth rate corresponds to that one of the Eurozone (-6.6 %).

Figure 1: Real GDP growth (Austria, Germany and the Euro area)

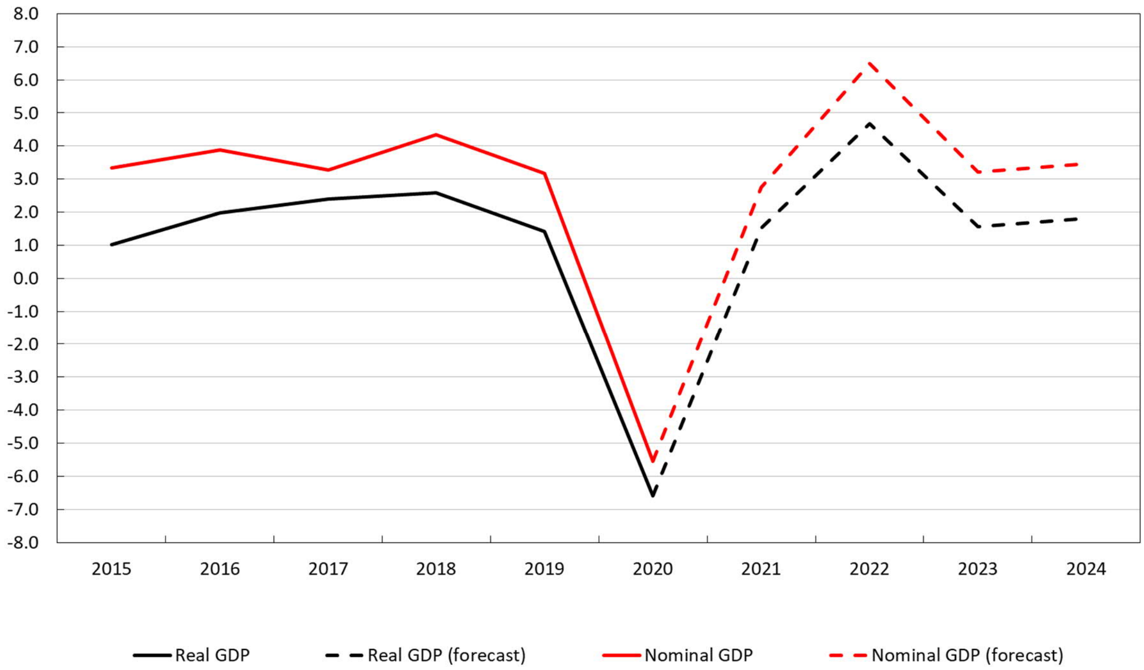


Left axis: Rate of change over previous year in %
2021 and 2022: European Economic Forecast, Winter 2021
Sources: EC, EUROSTAT

The WIFO published its short- and medium-term economic forecast on 26 March 2021. Due to the current above-average uncertainty, the WIFO created two different forecast scenarios. The Austrian Stability Programme is based on the more pessimistic “lockdown scenario”, which assumes a further closure of retail and personal services in April 2021.

In this scenario, the economic recovery is delayed because of the renewed lockdown in April. Containment measures would dampen private consumption, and economic activity in the areas of gastronomy, accommodation services and events will start to pick up in the summer of 2021. The economic recovery and catching-up process will therefore shift more towards 2022. According to the WIFO forecast, real GDP will increase by 1.5 % in 2021 and 4.7 % in 2022.

Figure 2: Real and nominal GDP growth

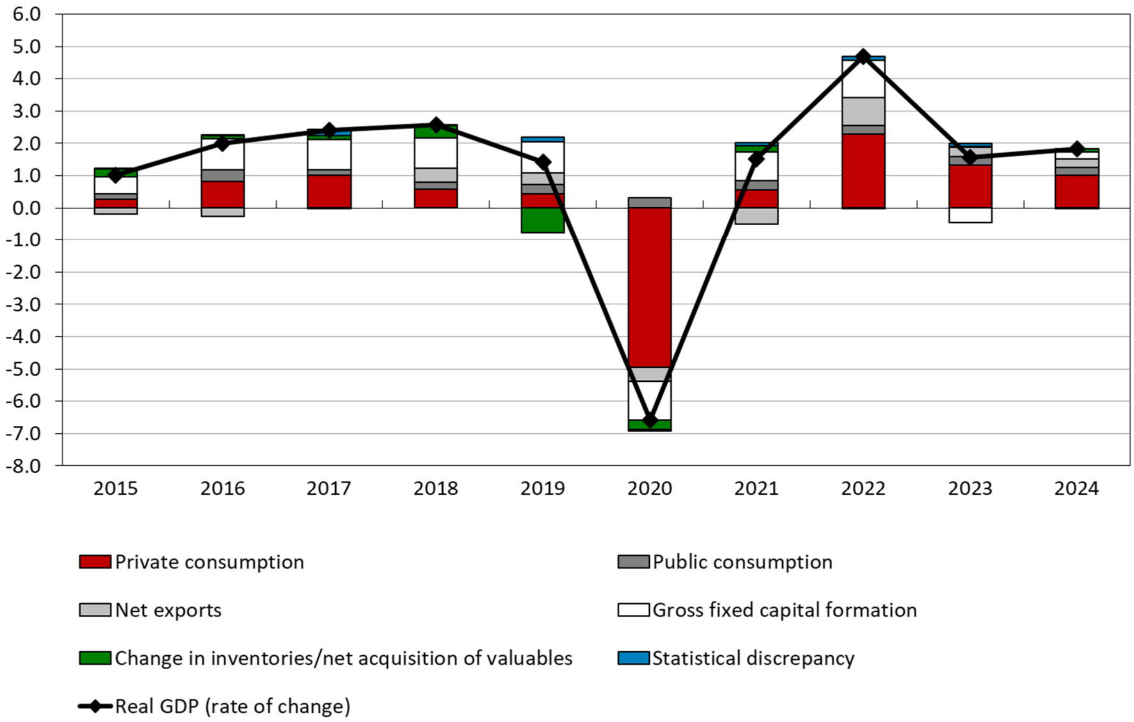


Left axis: Real and nominal GDP (rate of change over previous year in %)
Sources: BMF, STAT, WIFO

For the medium-term perspective (2021-2024), the WIFO estimates an average growth rate of potential output of 1.0 %, and real GDP growth averages to 2.4 % per year. After a sharp GDP increase in 2022, the growth rates in 2023 and 2024 will amount to 1.6 % and 1.8 %, respectively. The difference between potential growth and actual growth (output gap) will decrease noticeably in 2022 and will close in 2025 according to the EU method.

In the years 2021 to 2024, economic growth will be broad-based. Real consumption by private households will increase by an average rate of 2.6 % per year (2021-2024). With the exception of 2021, net exports should always make a positive contribution to the growth rate. Real gross fixed capital formation is expected to increase by an average rate of 1.8 % per year. However, in 2023, this component of aggregate demand is expected to make a negative contribution to the growth rate.

Figure 3: Contribution to real GDP growth



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

After a decline in the number of employed persons in the previous year (-1.9 %), this number should increase by 33,000 persons (+0.8 %) in 2021. After a further increase of 84,000 persons (+2.0 %) in 2022, the level of 2019 will be reached. The number of unemployed is expected to fall continuously to about 329,000 persons by 2024. In 2021, the unemployment rate (according to the Eurostat definition) will decrease by 0.3 pp. to 5.1 %. The unemployment rate is estimated to reach its pre-crisis level of 2019 (4.5 %) in 2024.

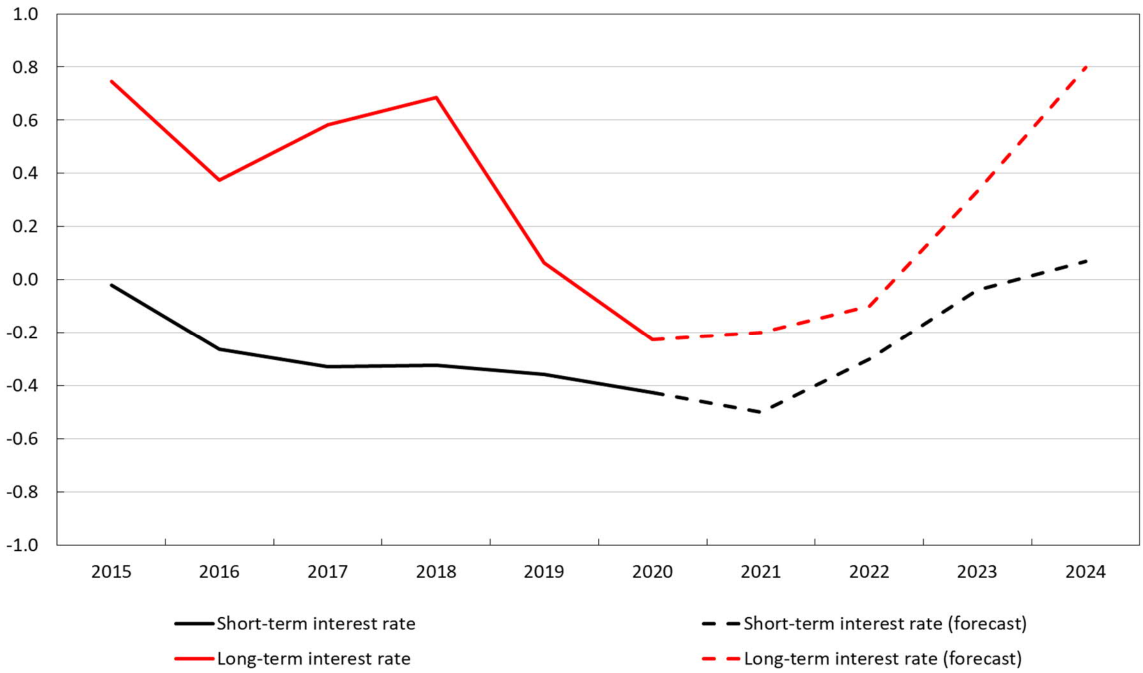
According to the WIFO, consumer prices will rise by 1.8 % in both 2021 and 2022. While the evolution of nominal wages will remain weak in 2021, rising commodity prices are expected in 2021. In 2022, slightly higher nominal wage increases will be offset by a smaller increase in global commodity prices. From 2023 onwards, the annual inflation rate will amount to 1.7 %.

Figure 4: Employed and unemployed persons

Left axis: Employed persons
Right axis: Registered unemployed persons
Sources: AMS, BMSGPK, BMF, WIFO

Short-term and long-term interest rates in Austria have been on a downward trend since 2008. This is due to the measures taken by the European Central Bank (ECB) and the excellent creditworthiness of the Republic of Austria. Short-term interest rates have been negative since 2015, and negative rates are also expected for 2021 and 2022. The short-term interest rate is expected to rise to 0.1 % by 2024. Long-term interest rates fell continuously until 2016, and in 2017 and 2018, the yield curve showed a slight upward trend. In 2019, the long-term interest rate turned negative, but its annual average was 0.1 %. After a decrease to -0.2 % in 2020, the WIFO expects a negative long-term interest rate of -0.2 % and -0.1 % in 2021 and 2022, respectively. The long-term interest will rise to 0.8 % by 2024.

Figure 5: Development of short- and long-term interest rates



Left axis: Annual average (in %)
Sources: BMF, WIFO

In addition to the "lockdown scenario" discussed above, the WIFO has also created a more optimistic scenario for Austria. In the "opening scenario", real economic output will increase by 2.3 % in 2021 and by 4.3 % in 2022. The EC published its winter forecast on 11 February 2021, which estimates real GDP growth rates of 2.0 % and 5.1 %. On 26 March 2021, the Institute for Advanced Studies (IHS) published its latest economic forecast, which expects the Austrian economy to grow by 2.6 % in 2021 and 4.3 % in 2022. A forecast of the Austrian National Bank (OeNB) from 11 December 2020 estimates economic output to increase by 3.6 % in 2021 and 4.0 % in 2022. According to the April 2021 forecast from the International Monetary Fund (IMF), Austrian GDP should increase by 3.5 % in 2021 and 4.0 % in 2022. On 9 March 2021, the OECD published its interim forecast. Compared to the OECD forecast of December 2020, the growth forecast for the Euro area has been revised upwards. In 2021, Euro area GDP is expected to grow by 3.9 % and in 2022 by 3.8 %. The OECD has not conducted a forecast for Austria.

In both WIFO scenarios, only about a third of the Recovery and Resilience Plan (RRP) has been taken into account.

2.2 Financial sector developments

The global economy already showed signs of weakening in 2019. The year 2020 was marked by the COVID pandemic. In spring of 2020 a sharp economic downturn took place due to the COVID pandemic and the financial markets also reacted with severe asset price losses in February and March 2020.

After an economic recovery in the third quarter of 2020 there was another decline in economic activity in the Euro area and in Austria in the fourth quarter of 2020 as the pandemic easing measures had to be withdrawn. For the first quarter of 2021, a GDP decline compared to the previous quarter must be expected for the Euro area, as business closings continued in many euro countries in parallel with a renewed increase in the number of COVID infections in the EU in March 2021. The industrial sector has shown strong resilience in recent months and played an important role in stabilising the economy.

Despite the severe economic upheaval, the financial markets were relatively resilient and only at the beginning of the COVID pandemic significant asset price losses occurred. Strongly expansionary monetary and fiscal policy measures supported the financial market development, and in the course of 2020 hope for the rapid availability of COVID vaccines prevailed.

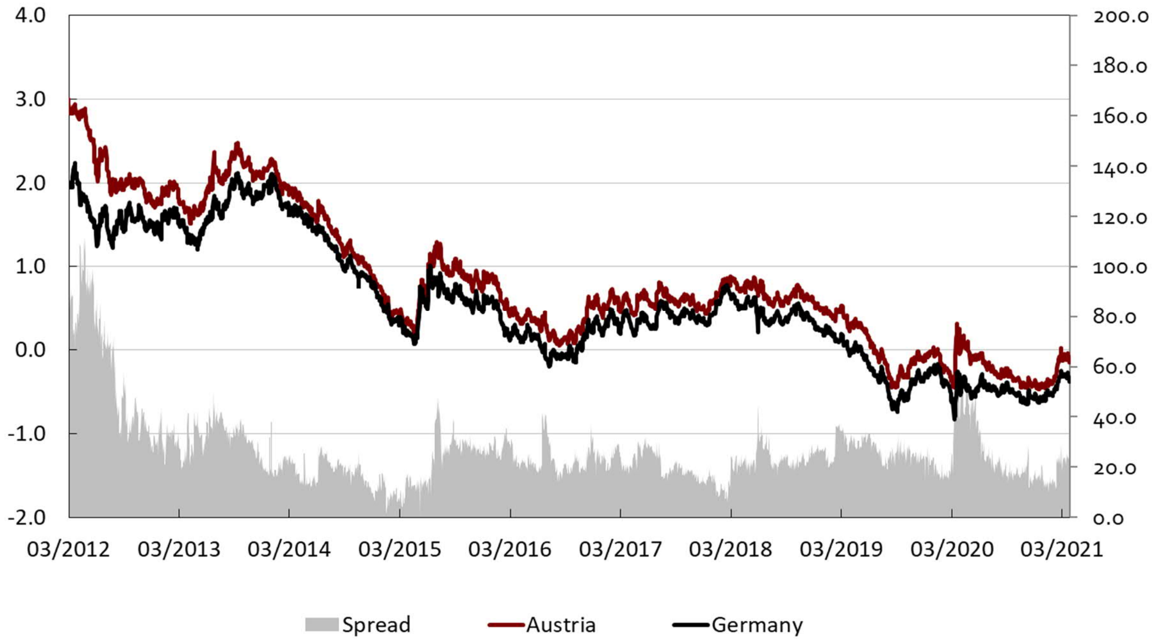
Negative economic and stability risks include further waves of COVID infections and virus mutations, increasing debt in the private and public sectors, disruptions in global supply chains, permanent rise in the unemployment rate, possible inflation risks, corrections to overvalued assets and trade frictions.

2.2.1 Long-term interest rates

The long-term Austrian interest rates (10-year government bond yield) were between -0.3 % and -0.4 % in autumn 2020. From mid-February 2021, Austrian long-term interest rates rose due to improved economic expectations, and for a short time they were slightly positive at the end of February 2021. In March 2021, however, Austrian long-term interest rates fell slightly again and the 10-year yield of government bonds averaged -0.1 %.

The spread of the 10-year Austrian yield to the 10-year German yield on government bonds (without maturity adjustment) has shown a relatively volatile movement since the beginning of the COVID crisis and fluctuated between 30-60 basis points at the first peak of the pandemic from March 2020. From June 2020, the economic and financial situation calmed down due to economic policy countermeasures. The 10-year spread to Germany has fluctuated between 15-25 basis points since October 2020.

Figure 6: Long-term interest rates and spread



Left axis: Long-term interest rates in %
Right axis: Spread in basis points
Sources: BMF, Macrobond (25 March 2021)

2.2.2 Equity market

The Austrian stock market (ATX) has moved in line with the Euro-Stoxx-50 index in recent years, but the ATX slump in March 2020 was stronger than that of the Euro-Stoxx-50.

In February and March 2020, a significant downward correction set in on the stock markets, triggered by the COVID pandemic, which adversely affected global production chains and international trade. There were production interruptions and a sharp decline in international travel. From mid-February 2020 to mid-March 2020, the ATX collapsed by around 50 %, after which a recovery phase began simultaneously with a brighter global outlook. In 2020, the ATX recorded an overall loss of -13 %.

A recovery on the Austrian stock market began as early as mid-March 2020, and from November 2020 there were more significant gains due to economic and vaccination optimism. At the end of March 2021 the ATX has again reached roughly the level of February 2020.

Figure 7: Equity market performance

Left axis: Index
Sources: BMF, Macrobond (25 March 2021)

2.3 Assessment by the rating agencies

The three largest rating agencies continue to assess the creditworthiness of the Republic of Austria at the second-best grade AA+ (Standard & Poor's, Fitch), and Aa1 (Moody's) respectively. The outlook is considered stable by all three agencies.

Positive factors according to the rating agencies' assessment are the strong political and social institutions, high wealth, the diversified, competitive and export-oriented economy and moderate indebtedness of the private sector. The structure of public debt is favourable, with an average residual maturity of about 10 years and an average interest rate below 2 %, and there are no foreign currency risks. Banking sector liabilities acquired by the public sector in the course of the financial and economic crisis of 2009 have been reduced significantly, and solid budgetary policy prior to the COVID-19 crisis has allowed comprehensive support measures for affected sectors.

Compared to "AAA"-rated countries, the public debt stock was high even before the COVID-10 crisis. In addition, high and rising pension expenditure and structural weaknesses (rigidities in the service sector, high tax burden, low employment rate of older workers) are assessed as negative factors. In the aftermath of the current health and economic crisis, the medium-term path of public debt reduction and the structural reform agenda will be the key rating determinants.

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

For more than a year, social life and economic development worldwide and in Austria have been shaped by the COVID-19-pandemic. In order to cushion the impact on citizens and businesses as best as possible, the federal government implemented a series of health, social and economic policy support measures. For example, economic aid provides affected companies with necessary liquidity and equity strengthening to survive the crisis and hence secures numerous jobs. The primary economic policy goal and guiding principle of all economic support measures is to maintain the production potential of the Austrian economy.[1]

Although Austria has been and still is affected above average by the effects of the pandemic, in particular due to the economic importance of the tourism sector and personal services, the aids have stabilising effects. This can be seen, for example, in the Corona short-time work scheme, which secured up to 1.2 m jobs in 2020. Accordingly, compared to the GDP decline the drop in aggregate wages and salaries, which is relevant from a budget perspective, was moderate at -1.8 % vs. 2019. Likewise, in 2020 the number of corporate insolvencies was also very low – according to preliminary figures from STAT, there was a decline of just under 38 % compared to 2019. In addition, further economic and social policy measures such as the reduction of the first stage of the income tax, the child bonus, the two one-off payments supporting the unemployed or the Corona family hardship compensation counteracted the slump in disposable income of private households (according to the WIFO forecast of March 2021 -2.2 % in real terms in 2020).

The following chapter presents an overview of the main support measures to address the COVID-19-crisis. Regarding expenditure for the various aid instruments, it should be noted that according to the European System of Accounts (ESA), the accrual-based allocation is

[1] The budgetary effects of the crisis are reported to the Parliament on a monthly basis. The reports are available on the homepage of the Ministry of Finance at https://www.bmf.gv.at/themen/budget/das-budget/budget-2021.html (in German only).

made to the year of the economic loss, causing differences to expenditure according to the administrative budget of the federal government.

- Corona short-time work scheme: Despite an expected improvement in the health and thus economic situation in the second quarter of 2021, the Corona short-time work has been extended by another three months from the end of March to the end of June 2021. Phase 4 from April to June 2021 maintains the net replacement rate of 80 % to 90 %, as well as additionally a minimum working time of 30 % as a rule, which, however, can be lower in individual cases. If the health and economic situation allows it, a gradual phase-out of the Corona short-time work scheme is planned from July 2021.
- Tax breaks and deferrals: As early as March 2020, far-reaching possibilities for deferring taxes and reducing advance payments of income and corporate tax were created in order to secure the liquidity of Austrian companies. According to the current decree, tax deferrals will continue until 30 June 2021.
- Guarantees: The state has also significantly expanded its volume of assumed liabilities in the wake of the COVID-19-crisis, largely through specially created COVID-19-guarantee instruments. The various COVID-19-guarantees cover the needs of different sectors and companies. There are, for example, guarantees specifically for small and medium-sized firms, large (export-oriented) enterprises, businesses in the tourism industry or for travel service providers. The guarantee rate for many of these instruments is 80 %, 90 % or 100 % of the corresponding loan amount.
- Fixed-cost subsidy I (FCS I): Companies that have suffered turnover losses of at least 40 % due to the measures to contain the spread of SARS-CoV-2 can apply for the FCS I since 20 May 2020. The FCS I covers up to 75 % of the fixed costs, depending on the loss of turnover, and amounts to a maximum of 90 m Euro per company. The period under consideration runs from 16 March to 15 September 2020. Within this period, the company can freely choose a continuous period of one to three months for the calculation of the loss of turnover and the fixed costs.
- Fixed-cost subsidy 800.000 (FCS 800.000): In order to support businesses in those sectors that continue to be affected by COVID-19-restrictions, a new version of the fixed-cost subsidy up to 800,000 Euro was presented in autumn 2020. The FCS 800,000 can be applied for up to ten consecutive observation periods between 16 September 2020 and 30 June 2021, whereby two blocks of consecutive periods are also possible. In contrast to the FCS I, application for the FCS 800,000 requires only a revenue shortfall of 30 % and is based on the percentage of the specific revenue shortfall instead of a gradual scale. In addition, the list of eligible fixed costs was expanded (especially depreciation for wear and tear). With the recent increase in the state aid framework, the previous upper limit of the FCS 800,000 has been raised to 1.8 m Euro.

- Loss replacement: As an alternative to the FCS 800.000, companies can apply for a loss replacement. Likewise, it can be applied for up to ten consecutive periods between 16 September 2020 and 30 June 2021, with the exception of a gap due to a turnover substitute. The minimum loss in turnover required for the application is also only 30 % in case of the loss replacement. In contrast to FCS 800.000, however, it is not fixed costs that are reimbursed, but rather the loss that the applicant suffers due to its domestic operational activities in the corresponding period under consideration. The compensation amounts to 70 % of the determined loss for medium-sized and larger enterprises and 90 % for small and micro enterprises. With the recent increase in the state aid framework, the previous upper limit for the loss replacement has been raised from 3 m Euro to 10 m Euro.
- Lockdown turnover substitute November and December: In order to support businesses directly affected by the restrictions during the lockdowns in November and December 2020 by means of quick and unbureaucratic liquidity assistance, the instrument of the lockdown turnover substitute has been created. Application for the November lockdown turnover substitute was possible for the observation period 6 November 2020 (e.g. food and accommodation services) or 23 November 2020 (e.g. trade, close contact services), respectively, until 6 December 2020, and for the December lockdown turnover substitute for the period 7 December 2020 until 31 December 2020 (or until 23 December 2020 in case of cable and rack railways that could reopen on 24 December 2020). The replacement rate for the November turnover substitute was generally 80 % of comparable sales in 2019 and, based on objective criteria, 20 %, 40 % or 60 % in case of retail and wholesale trading companies. For the December turnover substitute, the replacement rate was generally 50 % and 12.5 %, 25 % or 37.5 % for retail and wholesale trading companies.

  For indirectly affected companies the possibility was created to retroactively apply for a turnover replacement for November and December 2020 as of 16 February 2021 ("Lockdown turnover substitute II"). Indirectly affected companies are those that generated at least 50 % of their turnover in November or December 2019 with companies that were directly affected by the lockdown in November or December 2020. The year-on-year 2019/2020 turnover loss in these months has to be more than 40 %. Based on the turnover substitute for directly affected businesses, the industry-specific substitute rates for November 2020 are 20 %, 40 % or 60 % and those for December 2020 are 12.5 %, 25 % or 37.5 %. Applications for the lockdown turnover substitute II are possible until 30 June 2021.

  An essential prerequisite for granting of the lockdown turnover substitute was and is the preservation of jobs. Beneficiary companies are therefore not allowed to lay off employees during the period under consideration.

- Loss bonus: In addition to the existing instruments, the loss bonus was created with the aim of creating more financial predictability for companies until the end of the COVID-19-pandemic and to provide timely and unbureaucratic liquidity assistance. The loss bonus can be applied for each calendar month in the period from November 2020 to June 2021. Companies that have suffered a monthly loss of turnover of at least 40 % are eligible to apply. The loss bonus amounts to 30 % of the loss of turnover in the selected period under consideration and consists of half (15 %) of a bonus and half (15 %) of an optional advance payment on the FCS 800,000. The bonus and the advance payment are each capped at 30,000 Euro per month. The total loss bonus can thus amount to a maximum of 60,000 Euro per month. Against the background of delayed opening steps, among others in the gastronomy sector, an increased replacement rate and a higher cap on the bonus part of the loss bonus are in place for March and April 2021 (replacement rate of 30 % and cap of 50,000 Euro, hence a total replacement rate of 45 % and a total cap of 80,000 Euro).
- Hardship fund: The Hardship fund acts as a safety net for hardship cases as a result of the COVID-19-pandemic for one-person businesses, freelancers and micro enterprises (processed by the Austrian Federal Economic Chamber, WKO) as well as for agricultural and forestry enterprises and private room renters (processed by Agrarmarkt Austria, AMA). The aim is to bridge liquidity problems and to avert a situation that threatens the existence of businesses as a result of massive income losses or higher costs related to the COVID-19-pandemic. According to the current legal provision, the hardship fund will run until mid-June 2021.
- Securing local public services and investment activity: In order to support municipalities in coping with the COVID-19-crisis, in addition to the Municipal Investment Act 2020 (KIG 2020) with 1 bn Euro, a second municipal package with additional funds in the amount of 1.5 bn Euro in 2021 has been passed. The KIG 2020 has been very well received: By mid-April 2021, 1,500 municipalities have currently obtained more than 600 m Euro in grants in 2020 and 2021, promoting investments in the municipalities of almost 2 bn Euro. The second municipal package provides 400 m Euro for an increase in revenue shares in 2021, 1 bn Euro for special advance payments on revenue shares and 100 m Euro for an increase in the structural fund for structurally weak municipalities. The repayment of the special advance payments will start in 2023 at the earliest, still ensuring a minimum increase in the municipalities' revenue shares. Both packages are important to secure local investment activities and public services and provide planning security for the municipalities.
- Supporting families, artists and non-profit organisations: Apart from companies, many other social groups are also affected by the impact of the COVID-19-pandemic and the associated restrictions. In order to alleviate the consequences, various forms of aid have therefore been extended and the necessary funds have been made available. These

include the NPO support fund, the Corona family hardship compensation, the bridging funding for self-employed artists, the sports league fund or a protective umbrella for the event industry.
- Health crisis management: In addition to vaccinations, Austria relies on a comprehensive testing strategy to contain infection dynamics. Pharmacies as well as companies receive cost reimbursements for carrying out tests and making them available free of charge, respectively.

2.5 Recovery and Resilience Facility

The Austrian Recovery and Resilience Plan (ARP) will be approved and submitted to the EU by 30 April 2021. The plan encompasses around 4.5 bn Euro, with a distinct focus on green and digital transformations, it surpasses the minimum of green and digital tagging set out in the EU Regulation 2021/241. Emphasis will also be on education/sciences, innovative international projects in the sphere of hydrogen and microelectronics, health and regional development.

Table 22 indicates which expenses, split according to the ESA transaction classes, are financed by the newly established EU Recovery Fund instrument. The Institute for Advanced Studies (IHS) conducted an economic impact assessment of the ARP and confirmed sustainable growth of GDP, employment and a positive impact on public finances as a result. Since the ARP is only partially covered in the base scenario of the WIFO forecast, the ARP's additional investments will likely yield a more positive economic outlook.

3 Economic and budgetary challenges, goals and strategy

Besides the ongoing immediate management of the manifold effects of the current crisis, it is also necessary to create medium-term perspectives for the way out of the crisis. Once the acute health crisis has been overcome, the transition from crisis management measures outlined in chapter 2.4 to economic stimulus measures has to be smooth and orderly. The experiences of the years following the global financial and economic crisis 2008/09 and the subsequent European debt crisis should show the way. There is a need for an economic and budgetary strategy that pursues a return to sound public finances in accordance with ongoing stimulus measures until the economic recovery proves to be solid and self-sustaining.

Basically, there will always be evaluations and careful considerations before the various aid measures expire. This applies in particular to tax deferrals and the Corona short-time work scheme, where a gradual reduction of both instruments with possible exceptions for particularly hard-hit sectors will be useful. On the one hand, it is important to prevent a wave of insolvencies caused by the crisis that would also affect fundamentally healthy and solvent companies, while on the other hand the danger of over-subsidisation needs to be avoided. As a result of the aforementioned sharp decline in corporate insolvencies in 2020 (around -38 % compared to 2019), it is clear that even a return to the normal level of 2019 in 2021 would result in a strong increase in corporate insolvencies.

As the epidemiological situation improves, in the coming months increased attention will be paid to economic stimulus and active labour market policy measures. The aim of these measures is not only a rapid and strong recovery from the COVID-19-crisis, but especially to promote the structural change in the Austrian economy and, overall, to strengthen its resilience and make it more attractive as a business location. In line with the guidelines of the “Next Generation EU” package, the “Comeback Plan for Austria” is based on three pillars:

- Climate protection: sustainable business location policy and climate-friendly transition of the Austrian economy, investments in a decarbonised public transport system, in thermal renovation and renewable energies, promoting the circular economy
- Digitalisation: expansion of broadband, promoting digitalisation steps in SME, digitalisation initiatives in schools the public administration
- Labour market: Corona Job Campaign, promoting employment and tackling long-term unemployment

The specific economic policy strategy will therefore focus in particular on incentives for private-sector investments as well as public investments in the future areas of climate protection and digitalisation. Regarding the recovery of private consumption, it is useful to watch how much of the strong increase in the savings rate of private households can be attributed to lockdown-related forced saving versus precautionary saving due to a crisis-related increase in uncertainty. This will determine whether further incentives, financial support or tax relief are needed in addition to measures already implemented in the previous year, such as the reduction in the marginal rate of the first bracket of the income tax.

As far as incentives for private-sector investments are concerned, first and foremost the investment premium, which is particularly attractive in terms of application numbers, should be mentioned. The investment premium promotes tangible and intangible new investments (to be capitalised) in the fixed assets of a company at Austrian locations. While the standard rate is 7 % of the new investment, this increases to 14 % for new investments in the innovative areas of greening, digitalisation, health and life sciences. Investments that are harmful to the climate are not eligible for funding. From an economic policy perspective, the investment premium will contribute to strong growth in gross fixed capital formation, especially in 2021 and 2022. Further liquidity-enhancing measures that have already been implemented and will stabilise the volume of private investments are the declining-balance depreciation and the accelerated depreciation of buildings as well as the possibility of tax loss carry-backs. An essential element of industrial policy to promote the green and digital transformation and thus to maintain and expand the competitiveness of the Austrian economy are the Important Projects of Common European Interest (IPCEI). Austria is already participating in the IPCEI Batteries and the recently launched IPCEI Microelectronics initiatives and is also seeking to participate in the IPCEI initiatives in the areas of hydrogen and microelectronics II that are currently being developed at the European level.

The focus of public investments in the coming years will primarily be on climate protection and renewable energies, public transport and digitalisation. More funds were made available for the expansion of public transport and a decarbonised transport infrastructure, specifically for the expansion of regional railways and the improvement of transport services or for electromobility aready in the current medium-term expenditure framework 2021-2024. There were also significant increases in the budget for domestic environmental protection, the thermal renovation campaign including the “Get out of oil bonus” or for the expansion of renewable energies. In order to achieve the energy and climate policy goal of converting the electricity supply to 100 % electricity from renewable energy sources (national balance) by 2030, the Renewable Energy Expansion Act (EAG) is pivotal. In total, investment subsidies of 1 bn Euro per year will be allocated until 2030, including a total of 500 m Euro for hydrogen and electrolysis plants in the domestic industry. This means that the Renewable Energy

Expansion Act will not only be an essential part of Austria's path towards climate neutrality, but will also provide significant economic stimuli. As with the predecessor of the Renewable Energy Expansion Act, the Green Electricity Act, it will be covered primarily by the renewable lump-sum subsidy and the renewable subsidy contributions and should not lead to a heavy additional burden on private households. In addition to climate protection, the digitalisation of the economy, schools, administration and the health system is a key item on the federal government's agenda. First and foremost, the acceleration of broadband expansion, the 8-point plan for digital learning in schools, the digitalisation fund for the public administration and various promoting instruments to support digitalisation in companies (e.g. KMU.DIGITAL and KMU.E-COMMERCE) can be cited. Some of the measures mentioned, but also numerous other projects, are financed with funds from the Recovery and Resilience Facility (RRF) of the European Commission. These projects are explained in more detail in the Austrian Recovery Plan.

All these measures will contribute decisively to the economic upswing after the end of the acute phase of the COVID-19-pandemic and strengthen the Austrian economy in terms of competitiveness, sustainability and innovative strength. However, in order to proactively counteract the negative effects of the COVID-19-crisis on the labour market as well as the increased structural change associated with it, accompanying active labour market policy measures are needed. In view of high unemployment numbers and many employees on short-time work, the federal government's declared goal is to bring 500,000 people back into full employment in the next twelve months. To this end, the Corona-Job Initiative has already been implemented, for which an additional 700 m Euro will be provided to the existing subsidies of the Public Employment Service Austria (AMS) in the period from 2020 to 2022. The aim is to qualify 100,000 unemployed persons by 2022, with particular emphasis on the areas of environment/sustainability, electronics/digital technology and long-term care. For young people and young adults, sufficient places in supra-company apprenticeship training will be made available within the framework of the training guarantee scheme for those persons who cannot find an apprentice position. In addition, further measures are planned to promote employment and combat long-term unemployment. Furthermore, there are some structural projects already formulated in the government programme whose implementation has been delayed by the prevalence of the COVID-19-crisis, but which are still important. Regarding the tax system and the subsidy system, work is being done on both carbon pricing and on a reform of climate-damaging subsidies. Likewise, in view of the demographic development, in particular a reform of long-term care remains on the agenda of the federal government.

The budgetary costs of the measures to cope with the COVID-19-pandemic and its effects are undoubtedly large. In 2021, too, the various measures to overcome the crisis will again result in a strongly negative Maastricht balance at the general government level and a further increase in the debt ratio. However, Austria benefits from the fiscal leeway gained in the years before the COVID-19-crisis. Hence, according to current planning, at its peak at the end of 2021 the debt ratio will be above the previous peak of 84.9 % of GDP at the end of 2015, but still below 90 % of GDP. Regardless of negative general government Maastricht balances, a return to a path of a continuously declining debt ratio will be targeted from 2022 onwards. The decline in the debt ratio will be driven primarily by the economic upswing in the coming years. In addition, the interest burden will remain low: The effective interest rate on Austrian financial debt was 1.47 % at the end of 2020 and the average yield on newly issued debt in 2020 was even negative at -0.32 %. This low market interest rate environment, mainly as a result of the ECB's continued strongly expansionary monetary policy, is a key difference compared to the years following the financial and economic crisis of 2008/09 and facilitates the return to a sustainable budget policy. The robust economic recovery and low interest burden shall be used to recreate fiscal space for the future and to confirm the still high confidence of international investors in Austria's debt sustainability.

3.1 Budget execution in 2020

Before the outbreak of the COVID-19-pandemic, Austria planned to achieve a general government surplus in 2020, too, after 2018 and 2019. However, the crisis not only required high additional expenditures in the area of health and social policy, but it was also necessary to mitigate the economic effects of the steps taken to contain the infection dynamics by means of aid for companies and economic stimulus measures. The sound budgetary policy of the past years created the fiscal leeway that could be used to cope with the COVID-19-crisis. Relative to its economic output, Austria belongs to the EU countries that have implemented the largest and most comprehensive support package for the economy. Despite the high budgetary costs, the debt ratio at the end of 2020 remained below the peak level in 2015.

Net lending/borrowing: According to the March notification from STAT, the general government Maastricht balance amounts to -33.2 bn Euro in 2020, or -8.9 % of GDP. In a historical view the deficit is thus significantly higher than during the 2009 financial crisis (-5.3 % of GDP). This is due to both high crisis-related revenue shortfalls in 2020 and comprehensive discretionary spending measures. Expenditures increase by 24.4 bn Euro compared to 2019 (6.5 % of 2020 GDP), of which 4.6 % of GDP are related to temporary expenditure-side crisis management measures according to ESA (see table 19). On the revenue side, a total decline of 11.3 bn Euro is recorded compared to 2019, of which 9.8 bn Euros are attributable to lower taxes and levies including social security contributions (2.6 % of 2020 GDP). Short-time work has not only stabilized employment and wages, but also payroll taxes and social security contributions. Production revenues of state-owned enterprises (public railways - ÖBB, theatres, museums, provincial museums) were lower by 0.3 % of GDP compared to the 2019 level.

Structural balance: When computing the structural balance, the unfavourable economic situation leads to a relatively high positive cyclical effect[2]. The structural balance is nevertheless -6.4 % of GDP due to the strongly negative Maastricht result. As the general escape clause of the European Stability and Growth Pact was activated by the EU finance ministers in the light of the crisis at the end of March 2020, member states are allowed to temporarily deviate from the usually applicable budgetary requirements, such as a medium-term target of -0.5 % of GDP for the structural balance as well as a Maastricht deficit of max. 3 % of GDP.

Debt level: In the crisis year 2020, Austria was able to use the fiscal leeway it had built up in previous years to counteract the crisis with an anticyclical budget policy without acutely jeopardizing its credit rating. Despite the high budgetary costs and the massive slump in GDP, the public debt ratio at the end of 2020 was 83.9 % of GDP, below the year-end peak of 2015 (84.9 % of GDP). Compared with the end-2019 level of 70.5% of GDP, the debt ratio thus increased by 13.4 pp. Of this increase, 4.1 pp are attributable to the decline in GDP (denominator effect) and 9.3 percentage points (in relation to 2020 GDP) to the increase in debt. In absolute terms, debt increased by 34.8 bn Euro (+12.4 %) from EUR 280.3 bn at the end of 2019 to around 315.2 bn Euro at the end of 2020. In addition to the high general government Maastricht deficit of 33.2 bn Euro, non-deficit effective tax deferrals and a liquidity build-up also contributed to this increase. As in recent years, the reduction in debt of defeasance structures (bad banks) had an offsetting and thus debt-reducing effect, but this effect is steadily diminishing.

Revenues: In total, general government revenues declined by 5.8 % compared to 2019. However, due to the slump in nominal GDP, the government revenue ratio fell by only 0.2 pp to 49 % of GDP. General government revenues are down sharply in 2020, because of the crisis-related revenue shortfall but also the comprehensive relief measures taken by the federal government to support particularly hard-hit sectors, families and low-income earners. In addition to the reductions in advance payments of income and corporate tax, the most important measures were the reduction of the first bracket of the wage and income tax with a

[2] The cyclical effect (-0.571*output gap) corrects for the impact of the business cycle on the balance. The output gap is the difference between GDP and potential GDP (in % of potential GDP).

retroactive effect from January 1, 2020, including the increase in the social security refund, the loss carry-back and the mainly temporary tax relief in the catering sector.

Compared with 2019, there was a decrease of 9.7 bn Euro in taxes and levies. Including social security contributions, the decrease amounts to 9.8 bn Euro (2.6 % of GDP). According to ESA deferrals do not reduce tax revenues. However, deferrals are reduced by write-offs of taxes and social security contributions (negative capital transfer receipts). Production revenues of state-owned enterprises were also lower than in 2019 by 1.0 bn Euro (0.3 % of GDP).

Expenditures: Compared with 2019, general government spending grew by around 12.6 %. As nominal GDP also declined sharply in 2020, the government expenditure ratio rises by 9.3 pp to 57.9 % in 2020 (partly due to declining nominal GDP). The numerous rescue and stimulus packages to cope with the COVID-19 crisis include, in particular, temporary measures such as the Corona short-time work scheme, fixed cost subsidy I and 800,000 as well as lockdown-turnover substitute November and December, the hardship fund, the child bonus, the NPO support fund, one-off payments to the unemployed or expenditures for medical expenses cause a strong but temporary increase of 4.6 % of GDP. In addition, there is an effect of the automatic stabilizers as a result of the slump in economic activity, which entails in particular increased disbursements for unemployment insurance and unemployment assistance (+0.4 % of GDP) compared with 2019.

State, local government and social security funds: State and local governments also had large Maastricht deficits in 2020 as a result of the impact of the COVID-19 crisis. According to STAT, the Maastricht balance at the state level amounted to EUR -1.9 bn (-0.5 % of GDP) and at the municipal level to EUR -1.7 bn (-0.5 % of GDP). Here, too, there was a crisis-induced decline in revenues (state level -3.6 %, municipal level -2.9 % compared with 2019), while the increase in expenditures was in line with the long-term average or even slightly below it. The revenue decline, in turn, resulted in particular from lower revenue shares in public levies. The development of social security institutions is also affected by the COVID 19 crisis, although in particular the federal government's expenses for short-time work dampened the decline in social insurance contribution revenues. Overall, the social security sector therefore shows a small Maastricht deficit of 0.1 % of GDP in 2020.

3.2 Budget 2021

In 2021, it is important to accomplish an orderly transition from immediate crisis management measures to future-oriented economic stimulus measures. The specific process will depend on the further course of the health crisis. In the first half of the year, the focus remains on support measures for particularly hard hit sectors in the economy and society. For example, the possibility for tax deferral and the Corona short-time work with the currently valid guidelines were extended until the end of June 2021 and the hardship fund until mid-June. In addition, by means of the loss bonus an instrument has been created that grants a monthly turnover substitute up to and including June 2021 as well. Some other support measures, such as the FCS 800,000 or the loss replacement, also have a consideration period running until June 2021. As soon as the acute health crisis has been overcome by a sufficient vaccination rate, this aid will be gradually reduced and replaced by economic stimulus measures. As far as the labour market is concerned, the focus will then be shifted from short-time work to active labour market policy. The budgetary costs of all these measures will again lead to a high deficit in 2021, but the debt ratio will remain below 90 % of GDP according to current forecasts.

Net borrowing: With many temporary measures in the wake of the COVID-19 crisis, such as the FCS 800,000, loss replacement, loss carry-back, or the VAT tax relief for the catering sector, and a difficult economic environment continuing to take effect in 2021, the general government balance will remain significantly negative. Furthermore, testing capacity in pharmacies and companies has been expanded and also funds for the immunization program and for medical protective equipment have been topped up. Based on the current estimate of the utilization and exhaustion of support measures, a general government balance of -32.3 bn Euro or -8.4 % of GDP is expected for 2021. This calculation is based on the lockdown scenario of the WIFO economic forecast of March 2021. With regard to the forecast of the Maastricht balance in 2021, there are notable uncertainties arising from imponderables about the further course of the COVID-19-pandemic and the resulting economic and budgetary effects.

Structural balance: The WIFO forecast assumes an ongoing recovery from May/June 2021 onward, which, however, will only show moderately strong real growth in the first half of 2021, leading to an annual growth of + 1.5 % compared with 2020. Thus, the output gap, as in 2020, still remains clearly negative. For the structural balance, this results in a value of -6.3 % of GDP in 2021.

Debt: The former increase in the general government debt ratio in 2020 will continue at a slower pace in 2021, resulting in a new high of 89.6 % of GDP, replacing the previous peak in 2015. However, thanks to accelerating growth, the debt ratio will fall steadily again from the following year.

Revenues: The development of revenues in 2021 will be shaped primarily by three factors. Firstly, the forecasted moderate economic recovery will have only a slight improving effect on the revenue situation. In addition, there are relief measures to stimulate the economy in place. Some are temporary measures which expire at the end of 2021 or in subsequent years. These include, for example, the loss carry-back, tax relief in the catering sector and the option of declining-balance depreciation. The third factor is a permanent reduction of the first tax bracket of the wage and income tax and an increase in the social security refund, both of which have already been introduced retroactively as of January 1, 2020. Compared to 2020, general government revenue growth is expected to be 1.6 %. The general government revenue ratio will amount to 48.5 % of GDP.

Expenditures: Many expenditure-side support and stimulus measures to cope with the COVID-19-crisis were already provided with budgetary resources in the fall of 2020 in anticipation of the budget preparation for 2021. In the course of the budget amendment law 2021, which was presented in Parliament on April 20, the budget for some measures will be expanded. In addition to existing instruments, fixed cost subsidy 800,000, loss replacement, and guarantees for companies the loss bonus was created with the aim of creating more financial predictability for companies until the end of the COVID-19-pandemic and to provide timely and non-bureaucratic liquidity assistance. Moreover, the employment-stabilizing instrument of short-time work was adapted and substantially increased; among other things, a vacation bonus was created to cover vacation entitlements in the accommodation and food service sectors. Additional funds were allocated, among others, for the hardship fund, the NPO support fund, the family hardship compensation and support for artists and cultural institutions. Also the state governments receive further cost reimbursements under the Special Purpose Grants Act related to medical expenses. The investment premium to promote non-climate-damaging corporate investments will be significantly expanded due to high application numbers. In the labour market area, a larger budget will be available for active labour market policies as part of the Corona job program. Compared with the crisis year 2020, which included high spending on the Corona short-time work scheme, general government spending will rise 0.9 % above the high level of 2020 according to current estimates. The government spending ratio will fall by 1.0 pp compared with 2020 and will stand at 56.9 % of GDP.

State governments, municipalities and social security funds: For the state level in particular, a Maastricht deficit similar to 2020 is expected in 2021 (-0.4 % of GDP). While the federal government is reimbursing the state governments for various expenditure associated with the health policy response to the COVID-19-pandemic, the decline in tax revenues is also affecting the state government level. To support municipal services and investment, Government adopted a second aid package for municipalities. A revival of the economy in the second half of the year, including rising employment, is expected to have stabilizing effects on the municipal tax revenues. A somewhat lower Maastricht deficit is therefore expected for the municipal level compared to 2020 (-0.2 % of GDP). The social security funds will show a slightly improved balance in 2021 (-0.0 % of GDP).

3.3 Development of public budgets 2022 to 2024

In the years 2022-2024 the focus lies on returning to a solid and sustainable budget path, which is supported by the forecasted economic developments. The economic recovery will also be strengthened by various investment measures of the public sector. These include not only the expanded investment premium, but also numerous new projects covered by the RRF. The focus lies on investments in climate protection, public transport and the digitization of administration and school infrastructure. These investment projects are flanked by active labour market policies aimed at creating employment and combating long-term unemployment in a targeted manner. Apart from the measures to stimulate the economy, some projects already outlined in the Government program remain on the political agenda. These include, for example, carbon pricing, the greening of the subsidy system and a reform of long-term care. In addition, some pension measures have been adopted such as the early starter bonus or the abolition of the discount-free pension, which will increase the effective retirement age. Interest expenditure will remain low.

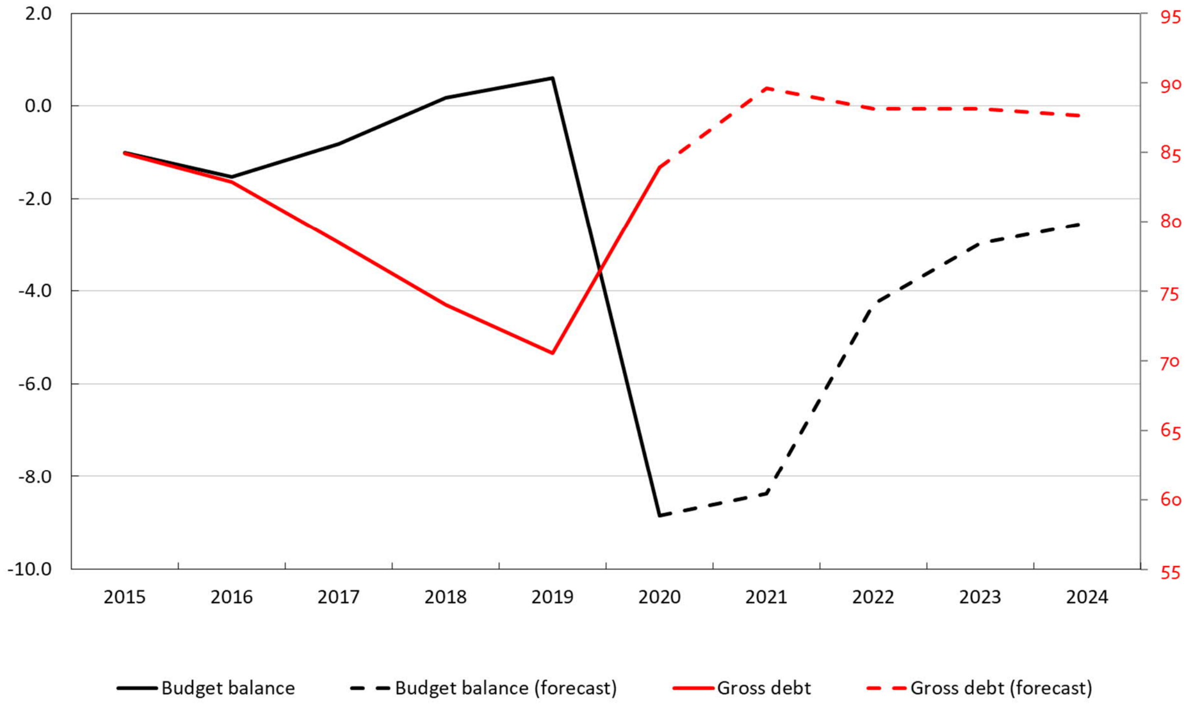
Supported by extremely strong economic growth of 4.7 % in real terms and the recovery on the labour market and within private consumption, the budgetary situation will improve substantially in 2022. In particular, developments on the labour market and also in private consumption are of high importance for the public revenues. While the debt ratio of 88.1 % of GDP will start declining in 2022, the general government Maastricht balance is still expected to amount to -4.3 % of GDP. Normalizing growth, strong private consumption and a sustained recovery on the labour market will help stabilize public finances from 2023. The forecast of the Maastricht balance is -3.0 % of GDP and the debt level will improve slightly to 88.1 % of GDP. In 2024, the balance will further improve to -2.5 % of GDP and the debt ratio will fall to 87.6 % of GDP.

The Maastricht balance at the federal level will improve steadily from 2022 onward, but will remain negative as a result of the numerous measures to support the economy and the climate-friendly and digital transformation of the economy. The state and municipal levels, as well as the social security sector will gradually return to the balances achieved before the COVID-19 crisis.

From 2022 onward, a stable revenue trend is expected. Both tax revenues and social security contributions develop well due to the recovering labour market. Sales tax revenues also improve due to catching-up of private consumption. In the case of corporate income tax, there is a normalization of an advance effect due to the loss carry-back. The low market revenues of state-owned enterprises in 2020 and 2021 will exceed the 2019 level again from 2022.

Expenditures decline in 2022 and then rise slightly from 2023 onward to pre-COVID-19 growth in 2024. In 2022 and 2023, there is a downward trend and thus a normalization of previously sharply elevated levels in subsidies, which include the fixed cost subsidy, lockdown turnover substitute, and short-time work scheme, among other business subsidies. A drop in spending levels also takes place in 2022 and 2023 for intermediate inputs (additional costs for protective medical supplies, testing equipment, vaccinations). Renovation subsidies, such as the thermal renovation of buildings or the "get-out-of-oil bonus", as well as the investment premium, lead to a high level of capital transfer expenditure up to and including 2022. Thereafter these transfers decline again, also because spending on the investment premium drops. Additional spending on investment in public transport and other measures such as the expansion of bicycle routes leads to a high level of investment over the entire forecast period.

Figure 8: 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

3.4 Macroeconomic and budgetary forecasts in accordance with EU law

The Council Directive 2011/85/EU on requirements for budgetary frameworks of the member states provides that the macroeconomic and budgetary projections are to be compared with the most recent forecasts of the European Commission and, where appropriate, with those of other independent bodies.

Table 23 in the annex presents this comparison.

In addition, macroeconomic forecasts and budgetary projections shall be regularly subject to an unbiased assessment based on objective criteria and including an ex-post evaluation. In October 2018 such an evaluation was last carried out by the Office of the Fiscal Advisory Council on behalf of the Fiscal Advisory Council for the period 2005 to 2017.[3] The next evaluation is scheduled to take place in autumn 2021.

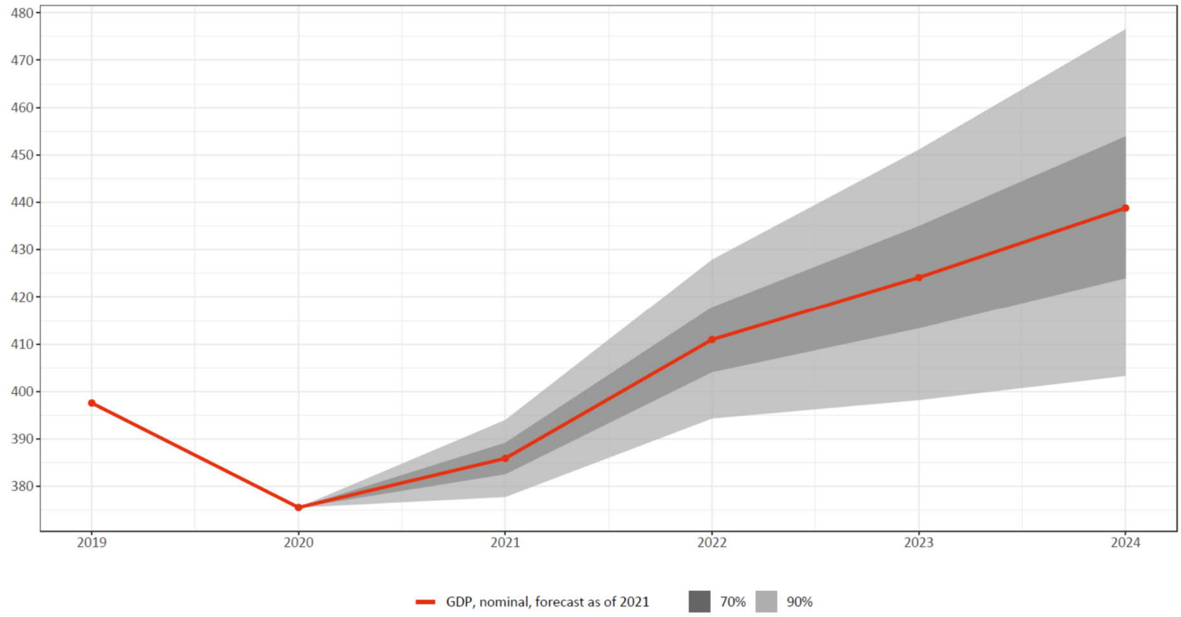
[3] "Evaluation of economic forecasts for Austria for the years 2005 to 2017": https://www.fiskalrat.at/Publikationen/Sonstige.html, October 2018

4 Sensitivity scenarios

Directive 2011/85/EU of the EU requires that, when sensitivity analyses are carried out in macroeconomic and budgetary projections, the development of the main fiscal variables be examined on the basis of different assumed growth rates and interest rates. The range of alternative assumptions used in macroeconomic and budgetary projections should be based on the reliability of previous forecasts and, where possible, take into account specific risk scenarios.

It should be noted that the base scenario of the independent WIFO and the winter forecast of the EC of February 2021 for the years 2021 and 2022 are very similar. The growth impact of the RRP has only been taken partly into account by the WIFO. As a small open economy, Austria is closely linked to international developments. This also applies to the COVID-19 pandemic. However, the growth potential depends mainly on the national framework conditions.

Figure 9: GDP scenarios based on historical GDP growth rates until 2024



Left axis: GDP in bn Euro
Sources: BMF (own calculations), STAT, WIFO

In the following, two extreme budget scenarios based on no-policy change (but with equal shares of public investments and subsidies in GDP) are presented. Based on the experience of the past 20 years, the probability of these or even more extreme growth paths can be estimated at less than 10 % each.

In the optimistic scenario 1 (GDP at the upper end of the upper light-grey area in Figure 9), the pandemic will be overcome during 2021. The world economy remains free of economic tensions. The G20 countries implement their growth strategy, the Western Balkan countries pursue a clear EU accession preparation strategy, Austria gains market shares in global trade and tourism, and corporate investment activity increases. The integration of refugees into the labour market is continuing, and the additional demand for labour can be met mainly by registered unemployed people. Accordingly, the inflation rate develops in line with the base scenario. The public debt ratio would fall below 75 % of GDP as early as 2024, and the public budget would return to a surplus.

In the pessimistic scenario 2 (GDP at the bottom of the lower light-grey area in Figure 9), the pandemic and its effects on the economy will continue throughout 2021. After a rebound in 2022, because of the release of pent-up consumer demand, risks are triggered, economic tensions unfold in the global economy and Europe, a wave of corporate insolvencies triggers a medium-sized banking crisis, while political tensions build up, which will reduce world trade and drive up commodity prices. Political turbulence and corrections on the asset markets reduce household confidence, and companies hold back on investments because of rising insolvencies. Despite weak demand, the inflation rate is higher than in the baseline scenario, and market interest rates adjust accordingly. After a continued recession in 2021 and a rebound in 2022, there would be another 2 years of recession. The public debt ratio would continue to increase until 2024, and the public balance would remain below -6 % of GDP.

5 Sustainability of public finances

At the EU level, long-term projections of age-related expenditure (pension, health care, long-term care and education) are prepared every three years as part of the "Ageing Report". In May 2018, "The 2018 Ageing Report" (AR 2018) was published.[4]

In January 2019, the EC published the Fiscal Sustainability Report 2018.[5] According to this report, Austria has a low sustainability risk in the short and medium term and a medium risk in the long term. In terms of medium-term risk, there was an improvement by one level compared with the 2016 report.

The 2021 Ageing Report is scheduled for publication in early May 2021. A rough overview of the results is given in Table 16.

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[4] https://ec.europa.eu/info/publications/economy-finance/2018-ageing-report-economic-and-budgetary-projections-eu-member-states-2016-2070_en

[5] https://ec.europa.eu/info/publications/economy-finance/fiscal-sustainability-report-2018_en

6 Institutional framework

6.1 Comprehensive fiscal rules

One of the key elements to safeguard the pace of fiscal consolidation is the Austrian Internal Stability Pact (ASP), stipulating multiple fiscal rules for all levels of government (Public Law Gazette I No. 30/2013). The agreement covers the following key issues:

- Rule on a structurally balanced general government budget ("debt brake"), with the structurally balanced budget defined as a structural general government deficit not below -0.45 % of GDP
- Rule on the allowed annual expenditure growth (expenditure brake)
- Rule on public debt reduction as defined in ESA terms (adjustment of the debt ratio)
- Rule on ceilings for public guarantees, whose implementation was harmonised in the course of the negotiations on intergovernmental fiscal relations in 2017. From 2019, the maximum amount of guarantees by the Central Government and the states is limited to 175 % of the revenues of the entity, while for municipalities it is limited to 75 % of revenues
- Rules to strengthen budgetary coordination and medium-term budgetary planning of all governments, mutual exchange of information and transparency

Compliance with the fiscal rules is ensured by adequate sanctions.

The Federal Government thereby combines fiscal stability and responsibility towards future generations. With its budget policy, the Federal Government pursues economic, ecological and social goals. European and international obligations, in particular the Paris Agreement, also serve as the basis for action.

The Austrian Fiscal Advisory Council was legally entrusted to monitor compliance with the European fiscal rules in Austria. It monitors the budget targets in accordance with European guidelines, makes recommendations and, if necessary, points out adjustment paths. The Federal Government, the social partners, the Intergovernmental Fiscal Relations Partners, the Austrian National Bank and the budget service of the National Council appoint members to the council who are adequately skilled and autonomous. With respect to fiscal surveillance, the Austrian Fiscal Advisory Council plays an essential role in strengthening budgetary discipline in the Federal Government, in the federal states and in the municipalities.

According to article 11 ASP 2020, the general escape clause of the Stability and Growth Pact is applicable to the ASP.

6.2 Medium-term budgetary planning

The Federal Constitutional Law (B-VG) and the Federal Budget Law (BHG) provide for legally binding multiannual budgetary planning at the federal level via the Federal Financial Framework Law (BFRG) and the Strategy Report. The BFRG sets binding ceilings over the next four years for five spending categories ("Rubriken"), representing the Federal Government's main expenditure areas. The Strategy Report contains political declarations of intent as well as annotations, inter alia regarding revenues.

6.3 Role of the Stability Programme

Within the framework of the Stability and Growth Pact (SGP), an annual update of the Austrian Stability Programme is submitted. This document is a central component of the European Semester and is adopted by the Federal Government in accordance with the Austrian Stability Pact (ÖStP), taking into account national budgetary coordination. Like the National Reform Programme (NRP), the Stability Programme is submitted to the Council of the EU, the EC, the Austrian Parliament as well as the Fiscal Equalisation and Social Partners.

7 Annex

Table 1: Basic assumptions

	2020	2021	2022	2023	2024
Short-term interest rate (annual average)	-0.4	-0.5	-0.3	0.0	0.1
Long-term interest rate (annual average)	-0.2	-0.2	-0.1	0.3	0.8
USD/€ exchange rate (annual average)	1.2	1.2	1.2	1.2	1.3
Nominal effective exchange rate	1.8	0.9	0.3	-	-
Real GDP growth (World excluding EU)	-3.2	6.4	4.2	2.9	2.9
Real GDP growth (EU)	-6.2	3.8	4.2	2.3	1.8
Growth of relevant Austrian foreign markets	-6.5	6.0	5.0	-	-
Import volumes (World excluding EU)	-	-	-	-	-
Oil prices (Brent, USD/barrel)	41.7	63.0	59.0	56.5	55.0

Positions may not sum up due to rounding errors.

Source: WIFO

Table 2: Macroeconomic prospects

	ESA Code	2020 in bn €	2020	2021	2022	2023	2024
							rate of change
1. Real GDP	B1*g	349.4	-6.6	1.5	4.7	1.6	1.8
2. Potential GDP		-	0.6	0.9	1.1	1.1	1.2
3. Nominal GDP	B1*g	375.6	-5.5	2.7	6.5	3.2	3.5
							Components of real GDP
4. Private final consumption expenditure	P.3	173.1	-9.6	1.1	4.6	2.7	2.0
5. Government final consumption expenditure	P.3	72.9	1.6	1.4	1.2	1.2	1.2
6. Gross fixed capital formation	P.51g	87.2	-4.9	3.5	4.4	-1.7	0.9
7. Changes in inventories and net acquisition of valuables (in % of GDP)	P.52 + P.53	-	-0.1	0.1	0.1	0.1	0.2
8. Exports of goods and services	P.6	192.3	-10.4	2.3	7.8	4.9	4.5
9. Imports of goods and services	P.7	179.3	-10.2	3.5	6.5	4.7	4.4
							Contributions to real GDP growth
10. Final domestic demand			-5.8	1.7	3.7	1.1	1.5
11. Changes in inventories[1)]	P.52 + P.53		-0.3	0.3	0.1	0.1	0.1
12. External balance of goods and services	B.11		-0.4	-0.5	0.9	0.3	0.3

1) incl. net acquisition of valuables and statistical discrepancy

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 3: Price developments

	2020	2021	2022	2023	2024
					rate of change
1. GDP deflator	1.1	1.2	1.7	1.6	1.6
2. Private consumption deflator	1.1	1.4	1.6	1.7	1.7
3. CPI	1.4	1.8	1.8	1.7	1.7
4. Public consumption deflator	1.9	1.9	1.8	1.5	1.7
5. Investment deflator	1.7	1.9	1.6	1.4	1.4
6. Export price deflator (goods and services)	-0.2	1.1	0.7	0.6	0.6
7. Import price deflator (goods and services)	-1.5	2.0	0.4	0.4	0.5

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 4: Labour market developments

	ESA Code	2020 Level	2020	2021	2022	2023	2024
			rate of change				
1. Employment, persons		4,137,033	-1.9	0.8	2.0	1.0	1.0
2. Employment, hours worked (in m)		6,708.9	-8.8	3.3	4.0	1.0	0.9
3. Unemployment rate, EUROSTAT definition		-	5.4	5.1	4.8	4.6	4.5
4. Labour productivity, persons		84,457.0	-4.8	0.7	2.6	0.5	0.8
5. Labour productivity, hours worked		52.1	2.4	-1.7	0.7	0.5	0.9
6. Compensation of employees (in m €)	D.1	189,408.4	-1.8	1.7	3.7	2.7	2.9
7. Compensation per employee		45,783.6	0.1	0.9	1.7	1.7	1.9

Positions may not sum up due to rounding errors.

Sources: BMF, EUROSTAT, STAT, WIFO

Table 5: Sectoral balances

	ESA Code	2020	2021	2022	2023	2024
		in % of GDP				
1. Net lending/borrowing vis-à-vis the rest of the world	B.9	2.6	1.3	2.1	-	-
2. Net lending/borrowing of the private sector	B.9	11.5	9.7	6.4	-	-
3. Net lending/borrowing of the general government	B.9	-8.9	-8.4	-4.3	-3.0	-2.5
4. Statistical discrepancy		-0.3	-0.2	-0.1	0.0	0.0

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 6: Budgetary targets

	ESA Code	2020	2021	2022	2023	2024
						in % of GDP
		Net lending/net borrowing by sub-sector				
1. General government	S.13	-8.9	-8.4	-4.3	-3.0	-2.5
2. Central government	S.1311	-7.8	-7.7	-3.9	-2.8	-2.4
3. State governments (excl. Vienna)	S.1312	-0.5	-0.4	-0.2	0.0	0.0
4. Local governments (incl. Vienna)	S.1313	-0.5	-0.2	-0.1	-0.1	-0.1
5. Social security funds	S.1314	-0.1	0.0	0.0	0.0	0.0
6. Interest expenditure	D.41	1.3	1.2	1.1	1.0	0.9
7. Primary balance		-7.5	-7.1	-3.2	-2.0	-1.6
8. One-off and other temporary measures		0.0	0.0	0.0	0.0	0.0
9. Real GDP growth		-6.6	1.5	4.7	1.6	1.8
10. Potential GDP growth		0.6	0.9	1.1	1.1	1.2
11. Output gap		-4.2	-3.6	-0.2	-0.1	-0.1
12. Cyclical budgetary component		-2.4	-2.0	-0.1	-0.1	0.0
13. Cyclically-adjusted balance		-6.4	-6.3	-4.2	-2.9	-2.5
14. Cyclically-adjusted primary balance		-5.1	-5.1	-3.1	-1.9	-1.6
15. Structural balance		-6.4	-6.3	-4.2	-2.9	-2.5

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 7: General government debt developments

	ESA Code	2020	2021	2022	2023	2024
						in % of GDP
1. Gross debt		83.9	89.6	88.1	88.1	87.6
2. Change in gross debt ratio (in %)		13.4	5.7	-1.5	0.0	-0.5
		Contributions to changes in gross debt				
3. Primary balance		-7.5	-7.1	-3.2	-2.0	-1.6
4. Interest expenditure	D.41	1.3	1.2	1.1	1.0	0.9
5. Stock-flow adjustment		0.4	-0.4	-0.3	-0.3	-0.1
p.m.: Implicit interest rate on debt		1.6	1.4	1.2	1.1	1.0

Positions may not sum up due to rounding errors.

Source: BMF

Table 8: Contingent liabilities

	2018	2019	2020	2021
				in % of GDP
Public guarantees	15.8	16.1	19.0	18.2
of which: Central government[1)]	11.2	11.5	14.2	13.7
of which: linked to the financial sector[2)]	0.2	0.1	0.1	0.1
of which: State and Local governments	4.6	4.6	4.7	4.4
of which: linked to the financial sector[2)]	1.3	1.4	1.4	1.3

1) Guarantees for exports without double count of funding guarantees.

Without liabilities for EFSF as well as without liabilities for euro coins towards Austrian Mint. SURE and EGF included from 2020.

According to ESA 2010 liabilities for SchiG, ÖBB according to BFG as well as those of ÖBB Infrastruktur AG and ÖBB Personenverkehr AG according to EurofimaG are included in the public sector and will here not be included in order to avoid double count.

Forecasts are based mainly on statistical values resulting from percentage change in history and are not based on political decisions.

2) Without double count of liabilities for KA Finanz AG, HETA, immigion and Kärtner Ausgleichszahlungsfonds or bank deposit insurance.

Positions may not sum up due to rounding errors.

Sources: BMF, State governments, STAT, WIFO

Table 9: Budgetary prospects

	ESA Code	2020	2021	2022	2023	2024
		in % of GDP				
		General government				
1. Total revenue	TR	49.0	48.5	47.9	48.3	48.3
1.1. Taxes on production and imports	D.2	13.7	13.6	13.3	13.3	13.3
1.2. Current taxes on income, wealth etc.	D.5	12.9	12.5	12.4	13.0	13.2
1.3. Capital taxes	D.91	0.0	0.0	0.0	0.0	0.0
1.4. Social contributions	D.61	16.2	16.1	15.7	15.6	15.6
1.5. Property income	D.4	0.8	0.7	0.7	0.7	0.7
1.6. Other		5.4	5.6	5.7	5.7	5.5
p.m.: Tax burden		43.1	42.3	41.6	42.1	42.2
2. Total expenditure	TE	57.9	56.9	52.2	51.3	50.8
2.1. Compensation of employees	D.1	11.4	11.4	11.0	10.9	10.8
2.2. Intermediate consumption	P.2	6.8	7.2	6.6	6.4	6.3
2.3. Social payments	D.62, D.632	24.9	24.8	23.6	23.5	23.4
of which: Unemployment benefits		1.7	1.5	1.3	1.3	1.2
2.4. Interest expenditure	D.41	1.3	1.2	1.1	1.0	0.9
2.5. Subsidies	D.3	5.3	3.5	1.6	1.5	1.5
2.6. Gross fixed capital formation	P.51g	3.4	3.5	3.5	3.4	3.4
2.7. Capital transfers	D.9	0.7	1.4	1.3	1.1	1.0
2.8. Other		4.0	4.0	3.6	3.5	3.5

Positions may not sum up due to rounding errors.

Source: BMF

Table 10: Budgetary prospects (“no-policy change”-assumption)

	ESA Code	2020	2021	2022	2023	2024
		in % of GDP				
		General government				
1. Total revenue	TR	49.0	48.5	47.9	48.3	48.3
1.1. Taxes on production and imports	D.2	13.7	13.6	13.3	13.3	13.3
1.2. Current taxes on income, wealth etc.	D.5	12.9	12.5	12.5	13.0	13.3
1.3. Capital taxes	D.91	0.0	0.0	0.0	0.0	0.0
1.4. Social contributions	D.61	16.2	16.1	15.7	15.6	15.6
1.5. Property income	D.4	0.8	0.7	0.7	0.7	0.7
1.6. Other		5.4	5.6	5.7	5.7	5.5
p.m.: Tax burden		43.1	42.3	41.6	42.1	42.2
2. Total expenditure	TE	57.9	55.1	52.1	51.1	50.8
2.1. Compensation of employees	D.1	11.4	11.4	11.0	10.9	10.8
2.2. Intermediate consumption	P.2	6.8	6.7	6.6	6.4	6.3
2.3. Social payments	D.62, D.632	25.0	24.5	23.6	23.5	23.4
of which: Unemployment benefits		1.7	1.5	1.3	1.3	1.2
2.4. Interest expenditure	D.41	1.3	1.2	1.1	1.0	0.9
2.5. Subsidies	D.3	5.1	2.7	1.6	1.5	1.5
2.6. Gross fixed capital formation	P.51g	3.4	3.5	3.5	3.4	3.4
2.7. Capital transfers	D.9	0.8	1.2	1.2	0.9	1.0
2.8. Other		4.0	3.9	3.6	3.5	3.5

Positions may not sum up due to rounding errors.

Source: BMF

Table 11: Amounts to be excluded from the expenditure benchmark

	2020	2020	2021	2022	2023	2024
	in bn €	in % of GDP				
1. Expenditure on EU programmes fully matched by EU funds revenue	0.3	0.1	0.1	0.1	0.1	0.1
of which investments fully matched by EU funds revenue	0.1	0.0	0.0	0.0	0.0	0.0
2. Cyclical unemployment benefit expenditure at unchanged policies	0.8	0.2	0.1	0.0	0.0	-0.1
3. Effects of discretionary revenue measures	-5.1	-1.4	-0.6	0.4	0.5	0.0
4. Revenue increases mandated by law	0.0	0.0	0.0	0.0	0.0	0.0

Positions may not sum up due to rounding errors.

Cyclical expenditure defined as actual expenditure (COFOG 10.5) minus expenditure for NAWRU-unemployed.

Discretionary revenue measures are presented as incremental changes.

Sources: BMF, STAT, WIFO

Table 12: Divergence from the latest Draft Budgetary Plan (October 2020)

	ESA Code	2020	2021	2022	2023	2024
						in % of GDP
General government net lending/net borrowing	B.9					
DBP October 2020		-9.5	-6.3	-	-	-
SP April 2021		-8.9	-8.4	-4.3	-3.0	-2.5
Difference		*0.6*	*-2.1*	-	-	-
Structural balance	B.9					
DBP October 2020		-6.5	-5.3	-	-	-
SP April 2021		-6.4	-6.3	-4.2	-2.9	-2.5
Difference		*0.1*	*-1.0*	-	-	-
Gross debt						
DBP October 2020		84.0	84.8	-	-	-
SP April 2021		83.9	89.6	88.1	88.1	87.6
Difference		*0.0*	*4.8*	-	-	-

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 13: General government expenditure by function (in % of GDP)

	COFOG Code	2017	2018	2019	2020
1. General public services	1	6.0	5.9	5.7	6.1
2. Defence	2	0.6	0.6	0.6	0.6
3. Public order and safety	3	1.4	1.4	1.3	1.4
4. Economic affairs	4	5.9	5.9	5.8	10.1
5. Environmental protection	5	0.4	0.4	0.4	0.4
6. Housing and community amenities	6	0.3	0.3	0.3	0.3
7. Health	7	8.2	8.2	8.3	9.3
8. Recreation, culture and religion	8	1.2	1.2	1.2	1.3
9. Education	9	4.8	4.8	4.8	5.2
10. Social protection	10	20.6	20.2	20.1	23.1
11. Total expenditure	TE	49.3	48.7	48.6	57.9

Positions may not sum up due to rounding errors.

Source: STAT

Table 14: Economic growth and public finances in three scenarios

	2020	2021	2022	2023	2024
Baseline Scenario					
GDP, nominal, rate of change in %	-5.5	2.7	6.5	3.2	3.5
Dependent employment (in 1,000)	3,643.9	3,677.9	3,761.9	3,803.5	3,843.1
Unemployed (in 1,000)	409.6	384.6	355.6	342.2	329.2
Inflation (CPI, in %)	1.4	1.8	1.8	1.7	1.7
Private final consumption expenditure, real, rate of change in %	-9.6	1.1	4.6	2.7	2.0
Net lending/borrowing of general government in % of GDP	-8.9	-8.4	-4.3	-3.0	-2.5
Gross debt in % of GDP	83.9	89.6	88.1	88.1	87.6
Scenario 1					
GDP, nominal, rate of change in %	-5.5	4.9	8.6	5.4	5.6
Dependent employment (in 1,000)	3,643.9	3,725.4	3,848.2	3,950.5	4,039.9
Unemployed (in 1,000)	409.6	337.2	269.3	195.2	132.4
Inflation (CPI, in %)	1.4	1.8	1.8	1.7	1.7
Private final consumption expenditure, real, rate of change in %	-9.6	2.6	6.6	6.4	4.4
Net lending/borrowing of general government in % of GDP	-8.9	-7.8	-2.8	-0.5	0.8
Gross debt in % of GDP	83.9	87.3	83.0	79.1	74.1
Scenario 2					
GDP, nominal, rate of change in %	-5.5	0.6	4.4	1.0	1.3
Dependent employment (in 1,000)	3,643.9	3,630.6	3,676.8	3,660.3	3,653.5
Unemployed (in 1,000)	409.6	432.0	440.8	485.3	518.9
Inflation (CPI, in %)	1.4	2.1	2.8	2.2	1.7
Private final consumption expenditure, real, rate of change in %	-9.6	-0.4	2.6	-1.1	-0.4
Net lending/borrowing of general government in % of GDP	-8.9	-9.1	-6.2	-6.1	-6.9
Gross debt in % of GDP	83.9	92.1	94.1	99.2	104.8

Sources: BMF, STAT, WIFO

Table 15: Interest expenditure in three scenarios

	2020	2021	2022	2023	2024
				in % of GDP	
Baseline scenario	1.3	1.2	1.1	1.0	0.9
ECB scenario	1.3	1.2	1.0	0.9	0.9
Basler Ausschuss stress scenario	1.3	1.3	1.4	1.5	1.6

Sources: BMF, OeBFA

Table 16: Long-term sustainability of public finances (The 2021 Ageing Report)

	2019	2030	2040	2050	2060	2070
						in % of GDP
Total age-related expenditure	26.7	29.1	29.8	30.3	30.6	30.5
Pension	13.3	15.1	15.1	14.7	14.6	14.3
Health care	6.9	7.4	7.8	8.0	8.1	8.1
Long-term care	1.8	2.2	2.5	3.2	3.4	3.5
Education	4.7	4.5	4.4	4.4	4.5	4.5
Assumptions						
Real GDP growth	1.6	1.2	1.5	1.3	1.4	1.4
Labour productivity (change in %)	0.7	1.1	1.5	1.5	1.5	1.5
Employment rate males (aged 20-64)	81.2	80.4	81.3	80.9	81.2	81.1
Employment rate females (aged 20-64)	72.4	74.5	77.6	77.4	77.8	77.8
Total employment rate (aged 20-64)	76.8	77.5	79.5	79.2	79.5	79.5
Unemployment rate (aged 20-64, EUROSTAT definition)	4.4	4.1	4.1	4.1	4.1	4.1
Persons aged 65+ in % of total population (aged 20-64)	30.7	40.3	48.2	51.5	54.8	55.9

Positions may not sum up due to rounding errors.

Source: EC

Table 17: County specific recommendations

See: European Semester - Documents under the following link
https://www.bundeskanzleramt.gv.at/agenda/europapolitik/europaeisches_semester.html

Table 18: Targets set by the Union’s strategy for growth and jobs

See: European Semester - Documents under the following link
https://www.bundeskanzleramt.gv.at/agenda/europapolitik/europaeisches_semester.html

Table 19: Discretionary measures (in million Euro)

Measures[1)]	ESA Code	2020	2021	2022	2023	2024
						Budgetary impact
Temporary measures[2)]		20,682	16,411	2,286	-656	-680
COFAG (fixed-cost subsidy, turnover substitute, guarantees,…)[3)]	D.3 (D.9)	7,400	3,900	737	344	320
Short-time work scheme [4)]	D.3	6,177	2,973	-	-	-
Protective umbrella for organizers	D.3	-	199	-	-	-
Loss replacement (wine, pork and potatoes)	D.3	-	60	-	-	-
NPO support fund[4)]	D.7	242	595	-	-	-
Medical equipment, masks, tests	P.2	350	407	-	-	-
Special Purpose Grants Act (1450, Protective equipment, health infrastructure)	P.2	363	445	-	-	-
Vaccination programme	P.2	22	526	91	-	-
Austrian Health Insurance Fund	P.2	60				
Test strategy tourism, pharmacy testing, operational testing	P.2/D.3	44	546	-	-	-
Epidemic Law	P.2 (D.62)	100	426	-	-	-
Hardship fund[4)]	D.62	896	1,231	-	-	-
One-time payment for unemployed	D.62	365	-	-	-	-
Increase in unemployment assistance	D.62	90	60	-	-	-
Family hardship compensation	D.62	130	140	-	-	-
Child bonus	D.62	665	-	-	-	-
Leave of absence for pregnant women	D.62	-	30	-	-	-
Support for artists and cultural institutions	D.62	78	102	-	-	-
Long-term care fund/dedicated long-term care subsidy, dementia pilot projects, etc.	D.62/D.63	150	100	-	-	-
Municipal Investment Act	P.5	261	600	139	-	-
Other temporary expenditure-side measures	-	392	501	69	-	-
VAT reduction in the gastronomy, hotel industry, masks etc.	D.2 (Revenue)	630	1,570	250	-	-
Loss carry-back	D.5 (Revenue)	2,000	2,000	1,000	-1,000	-1,000
Other temporary revenue-side measures	D.2/D.5 (Revenue)	267	-	-	-	-
Longer-term measures[2)]		1,970	5,970	6,680	6,448	5,605
Investment premium	D.9	25	1,490	1,250	1,200	650
Domestic environmental subsidies and new renovation campaign	D.9	-	85	183	241	265
Expansion of renewable energies	D.9	77	82	62	60	60
Universities (increase of funds 2022-2024)	D.1/P.2	-	-	390	390	385
Pension decisions (early starter bonus, abolition of pension without deductions, …)	D.62	-	-	-47	-75	-103
Pension adjustment	D.62	0	303	303	303	303
Research institutions (ISTA, ÖAW, FWF, …)	D.7	0	70	80	90	100
Environmental protection, climate-friendly industries, rural development	D.7	100	180	186	57	44
Forestry Package/Forest Fund Act	D.3	88	158	70	35	-
Economic stimulus package: Expansion of public transport for federal, state and local gov	P.5	-	100	100	100	-
Other longer-term expenditure measures	-	187	1,031	765	449	482
Gastronomy package: tax exemption meal vouchers, flat rate for restaurants	D.2 (Revenue)	63	225	225	225	225
Introduction of declining-balance depreciation	D.5 (Revenue)	-	280	1,220	1,530	1,400
Wage tax: reduction of the first tax bracket from 25 % to 20 %	D.5 (Revenue)	1,375	1,825	1,700	1,700	1,700
Home office package	D.5 (Revenue)	50	100	150	100	50
Other longer-term revenue-side measures	D.2/D.5 (Revenue)	7	43	43	43	43
TOTAL		22,652	22,381	8,966	5,792	4,924
in % of GDP		6.0	5.8	2.2	1.4	1.1

1) Excluding measures financed by ARP funds. Table includes only federally funded measures.
2) In this table, temporary measures are those that do not have a budgetary impact of 0.1 % of GDP after 2022 (except for COFAG liabilities).
3) Due to ongoing application periods for 2020 for some COFAG crisis measures, adjustments regarding the impact between 2020 and 2021 will be necessary.
4) ESA values include time adjustments to assign payments according their timely economic impact, e.g. +677 mn. for short time labour in 2020, -677 in 2021.
Source: BMF

Table 20: Guarantees under COVID-19 (in million Euro)

	Liability framework[1)]	Assumed liabilities[2)]
aws SME Promotion Act (aws KMU-FG)	3,750	2,767
aws Guarantee Act 1977 (aws GG)	2,000	362
ÖHT SME Promotion Act (ÖHT KMU-FG)	1,625	1,006
ÖHT Authorized to perform travel services[3)]	300	32
OeKB Special Framework KRR (Kontrollbank Refinancing Framework)	3,000	1,806
OeKB 90 %	-	678
Total	10,675	6,651

1) Budgetary effects resulting from liabilities (write-downs) can be found in Table 19.

2) As of 15 March 2021

3) According to Section 7 (2b) of the Austrian SME Promotion Act (KMU-FG)

AWS - Austria Wirtschaftsservice, ÖHT - Österreichische Hotel- und Tourismusbank , OeKB - Österreichische Kontrollbank

Source: BMF

Table 21: Revenue from RRF grants (in million Euro)

	2020	2021	2022	2023	2024	2025	2026
RRF GRANTS as included in the revenue projections	-	525.3	1,034.7	1,133.6	705.1	-	-
Cash disbursements of RRF GRANTS from EU	-	525.3	1,034.7	1,133.6	705.1	-	-

Positions may not sum up due to rounding errors.

Source: BMF

Table 22: Expenditure financed by RRF grants (in million Euro)

	ESA Code	2020	2021	2022	2023	2024	2025	2026
Compensation of employees	D.1	0.0	105.3	46.7	15.8	15.8	0.0	0.0
Intermediate consumption	P.2	0.0	236.2	205.7	119.2	86.3	10.6	7.1
Social payments	D.62, D.632	0.0	5.5	30.0	32.0	22.5	20.0	5.0
Interest expenditure	D.41	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies, payable	D.3	7.0	25.0	145.0	154.0	109.0	82.0	60.0
Current transfers	D.7	0.0	0.0	27.5	32.5	5.0	0.0	0.0
TOTAL CURRENT EXPENDITURE		7.0	372.0	454.8	353.5	238.6	112.6	72.1
Gross fixed capital formation	P.51g	78.8	96.0	151.1	171.4	114.3	85.5	62.5
Capital transfers	D.9	0.0	57.3	428.7	608.7	352.2	363.7	318.5
TOTAL CAPITAL EXPENDITURE		78.8	153.3	579.9	780.2	466.5	449.2	381.0

Positions may not sum up due to rounding errors.

Source: BMF

Table 23: Comparison of macroeconomic and budgetary forecasts

	2020	2021	2022	2023	2024
					Real GDP growth
WIFO	-6.6	1.5	4.7	1.6	1.8
European Commission	-7.4	2.0	5.1	-	-
OeNB	-7.1	3.6	4.0	2.2	-
IHS	-6.6	2.6	4.3	-	-
Austrian Fiscal Advisory Council	-	-	-	-	-
					Inflation
WIFO (HICP)	1.4	1.8	1.8	1.7	1.7
European Commission (HICP)	1.4	1.7	1.7	-	-
OeNB (HICP)	1.3	1.4	1.7	1.7	-
IHS (HICP)	1.4	2.0	1.9	-	-
Austrian Fiscal Advisory Council	-	-	-	-	-
					Unemployment rate
WIFO	5.4	5.1	4.8	4.6	4.5
European Commission	5.5	5.1	4.9	-	-
OeNB	5.3	5.6	5.1	4.8	-
IHS	5.4	5.3	5.0	-	-
Austrian Fiscal Advisory Council	-	-	-	-	-
					General government net lending/net borrwing
BMF	-8.9	-8.4	-4.3	-3.0	-2.5
WIFO	-8.9	-7.7	-4.0	-3.4	-3.1
European Commission	-9.6	-6.4	-3.7	-	-
OeNB	-9.2	-6.3	-2.9	-1.4	-
IHS	-10.4	-6.6	-3.5	-	-
Austrian Fiscal Advisory Council	-10.1	-6.4	-	-	-
					Gross debt
BMF	83.9	89.6	88.1	88.1	87.6
WIFO	83.8	88.6	86.8	87.6	87.7
European Commission	84.2	85.2	85.1	-	-
OeNB	83.3	86.4	84.4	82.5	-
IHS	-	-	-	-	-
Austrian Fiscal Advisory Council	84.8	87.1	-	-	-

A direct comparability is not possible due to diverging definitions.

Sources:

BMF, April 2021

WIFO, March 2021

European Commission, Autumn 2020, Winter 2021 (GDP & HICP)

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Federal Ministry of Finance (BMF)

https://www.bmf.gv.at/

European Commission (EC)

https://ec.europa.eu/commission/index_de

EUROSTAT

http://ec.europa.eu/eurostat

Austrian Fiscal Advisory Council

http://www.fiskalrat.at/

Institute for Advanced Studies (IHS)

http://www.ihs.ac.at/vienna/

Macrobond

http://www.macrobondfinancial.com/

Austrian National Bank (OeNB)

http://www.oenb.at/

Austrian Treasury (OeBFA)

http://www.oebfa.co.at/

Financial Market Authority (FMA)

https://www.fma.gv.at/

Austrian Institute of Economic Research (WIFO)

http://www.wifo.at/

Austrian Parliament

http://www.parlament.gv.at/PD/HP/show.psp

Austrian Court of Audit (RH)

http://www.rechnungshof.gv.at/

Statistics Austria (STAT)

http://www.statistik.at/

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