Federal Ministry
Republic of Austria
Finance

Austrian Stability Programme

(Update for the period 2022 to 2026)

Vienna, April 2023

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 2022 to 2026 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 2022, the medium-term economic forecast of the Austrian Institute of Economic Research (WIFO) from March 2023 as well as calculations and estimates of the Federal Ministry of Finance (BMF).

2 Economic Situation in Austria

2.1 Economic development (2022-2026)

The Austrian economy grew by 5.0 % in real terms in 2022. Economic growth was thus even slightly higher than in 2021. The development of the Austrian economy in the year 2022 can be seen as divided into two parts. In the first half of last year, the economy was characterised by the pandemic-related recovery process and performed better than originally expected. However, economic output has been stagnating since the middle of last year. Russia’s war of aggression against Ukraine is weighing on the global economy and has exacerbated inflationary pressures. As a result, the domestic economic sentiment has deteriorated over the course of the past year. Energy price-driven inflation, high uncertainty, and the weak international environment noticeably slowed Austria’s economic development in the second half of last year. Nevertheless, economic growth for the year as a whole was higher than had been forecast after the start of Russia’s war of aggression against Ukraine.

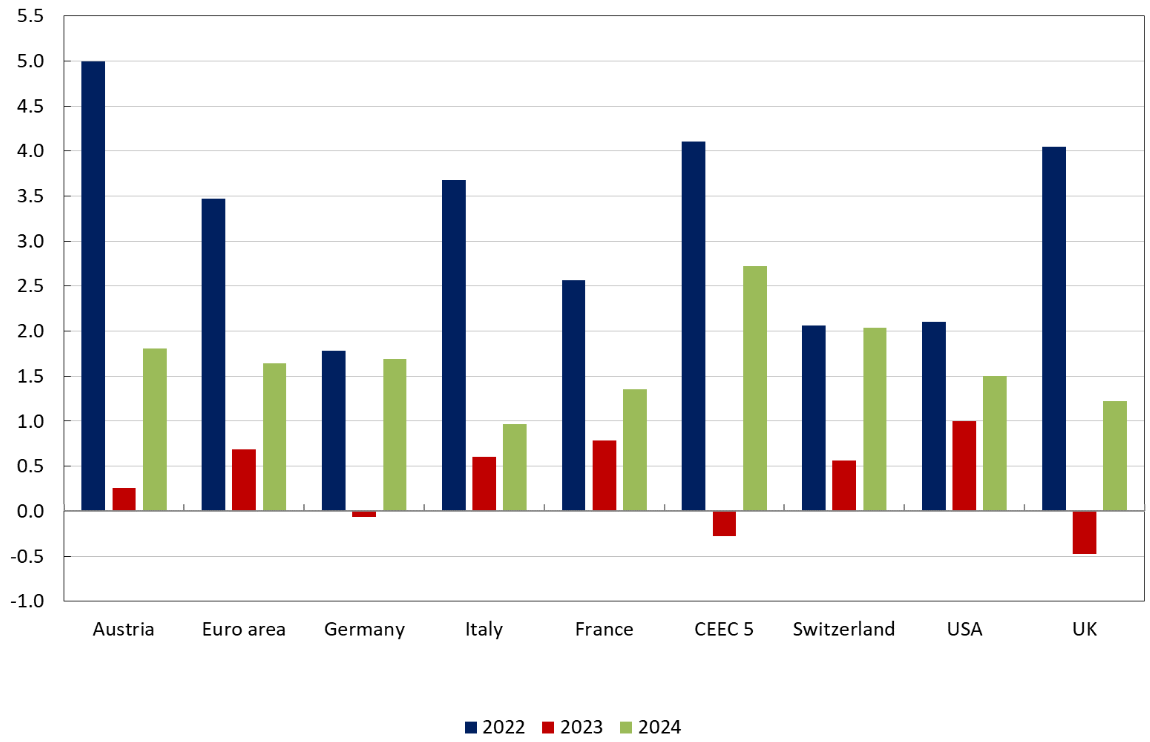
On the production side of GDP, the annual growth rate of 5.0 % can be attributed in large part to the services sector. In view of the overcoming of the pandemic, there were strong increases in gross value added in the “transport” and “accommodation and food services activities” sectors. The manufacturing sector also recorded an increase in gross value added of 3.5 %. Looking at the expenditure side of GDP, net exports made the largest contribution to last year’s growth rate. Exports of goods (+7.5 %) continued to grow strongly in 2022, and the revival of the tourism sector was associated with an increase in tourism exports of about +87 %. In addition to high total export growth (+11.1 %), private consumption in particular expanded strongly. Private consumption has been declining since the second quarter of 2022 due to inflation, but for last year as a whole, real private consumption grew by 4.1 %. Due to elevated uncertainty and tighter financing conditions, gross fixed capital formation declined by 0.9 % in real terms. Public consumption increased by 2.9 %.

The Austrian labour market developed very favourably in the last year. This is reflected in a significant increase in the number of employed persons (+115,900). The number of registered unemployed persons fell sharply compared to the previous year (-20.7 %), and the unemployment rate (Eurostat definition) decreased by 1.4 pp to 4.8 %. In the last year, an average of 206,500 jobs were unfilled, hence the number of vacancies reached the highest value ever recorded.

In the last year, inflation continued its rise that began in early 2021. Among other things, Russia's war of aggression against Ukraine triggered an energy price crisis, although the situation on the energy markets has eased noticeably since last autumn. The inflation rate rose gradually over the course of last year (driven by energy prices) and reached its last year's peak in October. The annual average inflation rate climbed from 2.8 % in 2021 to 8.6 %. Moreover, inflation has become more broad-based over the past year. In addition to higher prices for household energy and fuels, there were also notable prices increases for food and in the category of restaurants and hotels. Accordingly, the core inflation rate (HICP all-items index excluding energy, food, alcohol and tobacco) has also increased to 5.1 % last year.

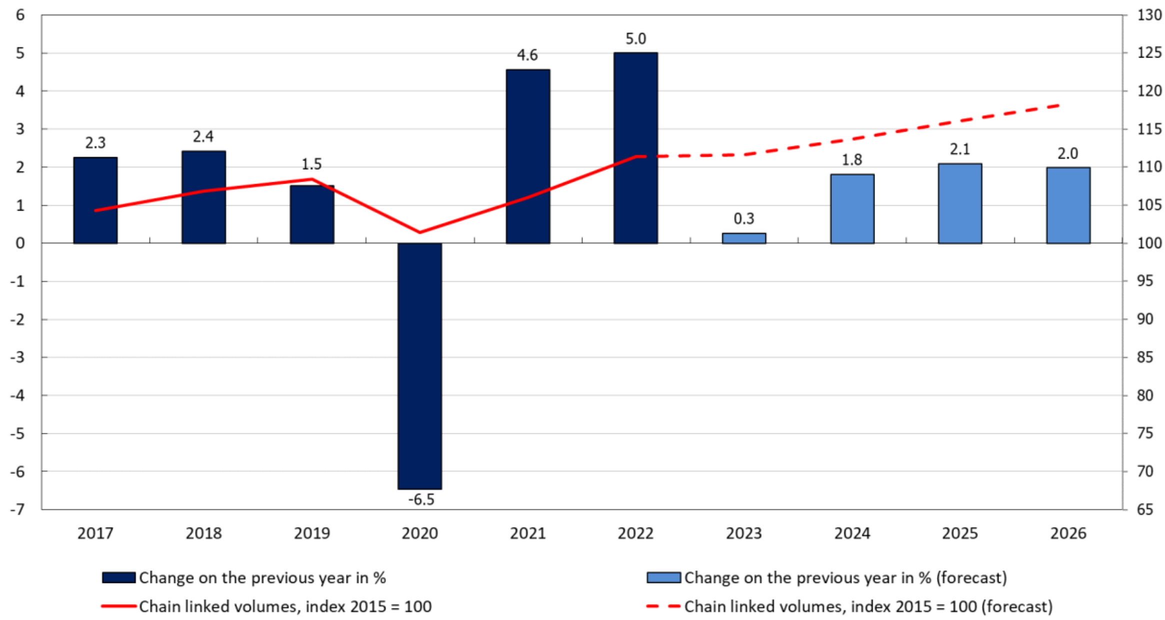
The global economy slowed down significantly over the course of last year in view of the Russian war of aggression against Ukraine and against the backdrop of elevated uncertainty, high energy prices and inflation as well as the tightening of monetary policy. Euro area economic output stagnated in the last quarter of 2022, but for the year as a whole, real GDP increased by 3.5 %. Germany, the largest economy in the EU and Austria's most important trading partner, grew by 1.8 % in the previous year.

Figure 1: International environment



Left axis: Change of real GDP on the previous year in %
CEEC 5: Central and Eastern European countries (Poland, Slovakia, Slovenia, Czech Republic and Hungary)
Sources: BMF, WIFO (March 2023 forecast)

Figure 2: Real GDP growth in Austria



Left axis: Change on the previous year in %
Right axis: Chain linked volumes, index 2015 = 100
Sources: BMF, STAT, WIFO

Short- and medium-term economic outlook

In March 2023, the WIFO conducted a short- and medium-term economic forecast, which served as the basis for the update of the Austrian Stability Programme for the period 2022 to 2026.

The external environment of the Austrian economy is characterised by a weak global economy. The high energy prices responsible for this have been declining since last autumn, but according to the WIFO, core inflation remains more persistent than previously thought. The consequently expected stronger increase in key interest rates dampens the international economic outlook.

It is expected that international economic growth will remain weak in the first half of this year, but the WIFO expects it to pick up from the middle of the current year. This view is supported by several factors, such as the gradual recovery of consumer confidence and business sentiment. In addition, robust labour markets indicate that firms consider the ongoing phase of economic weakness to be only temporary.

According to the WIFO's economic forecast, the Euro area economy is projected to grow by 0.7 % in 2023, and in the following year, growth is expected to accelerate to 1.6 %. The real GDP of Germany is forecast to grow by 1.7 % in 2024 after a contraction of 0.1 % this year.

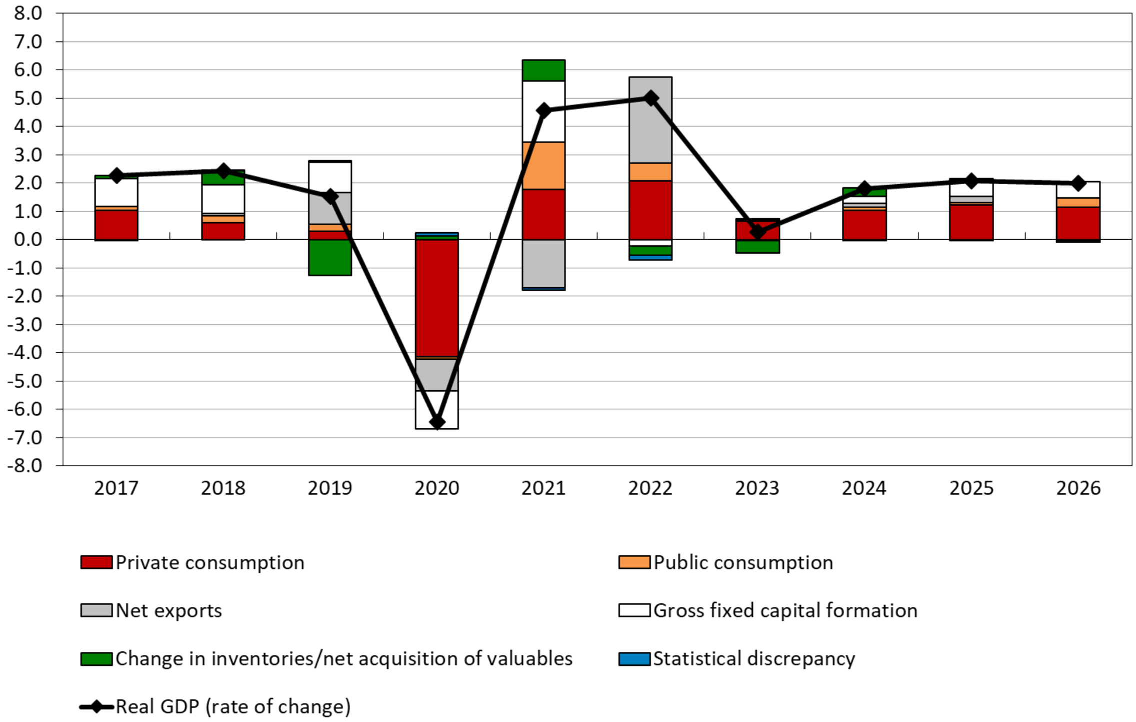
Economic output in the Central and Eastern European countries Poland, Slovakia, Slovenia, the Czech Republic and Hungary is also forecast to decline this year, but this group of countries is expected to grow by 2.7 % in 2024. For other important trading partners of Austria, such as Italy, the United States, Switzerland and France, growth rates in the range of 0.6 % and 1.0 % are projected for 2023.

The weakening of the global economy in the second half of 2022 weighed on the domestic economy, and according to the WIFO, this period of weakness will continue in the first half of 2023. In line with the evolution of the international economy, the Austrian economy is expected to return to a stable growth path from the middle of this year. The WIFO forecasts an increase in Austria's real GDP of 0.3 % in 2023.

The WIFO sees first indications of an upturn in export activity and expects a revival of domestic goods production from the middle of the current year. Exports of goods are forecast to grow only slightly this year, but improved prospects for services exports and the continuation of the recovery in tourism allow for a 2.0 % increase in total exports in 2023. Imports are projected to grow by 2.1 % this year. The gradual economic recovery is likely to include many economic sectors, with the construction sector being a noticeable exception due to high costs and tighter financing conditions. While gross fixed capital formation is set to stagnate in 2023, construction investment is expected to decline by 0.8 % in real terms. Private consumption is expected to grow by 1.3 % this year due to an increase in real household disposable income, a robust labour market, and a decline in the savings rate. Public consumption is projected increase slightly by 0.2 %.

For the medium-term perspective from 2023 to 2026, the WIFO projects an average growth rate of potential output of 1.4 % (European Commission method). The average annual growth rate of real GDP is forecast to be 1.5 %. Real economic growth is expected to accelerate to 1.8 % in 2024, and growth rates of 2.1 % and 2.0 % are projected for 2025 and 2026, respectively. The difference between potential output and actual economic output (output gap) was +1.2 % last year and is expected to remain slightly positive in 2023. The output gap is expected to remain positive throughout the horizon of the Austrian Stability Programme, and according to a technical assumption, the output gap will close in 2027.

Figure 3: Contribution to real GDP growth



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

Private consumption is forecast to grow by 2.0 % in 2024 due to rising real incomes. For the years 2023 to 2026, the WIFO expects an average annual increase in real private consumption of 2.0 %, thus private consumption will be main driver of economic growth in the next years – as can be seen in Figure 3. The average growth rate of public consumption is estimated at 0.7 %. Gross fixed capital formation is expected to show a subdued growth rate of only 1.0 % in 2024, mainly due to the negative outlook for construction investment. Overall, gross fixed capital formation is projected to grow by 1.4 % on average over the period 2023-2026. Real exports and imports are forecast to grow by an average of 2.9 % each over the horizon of the Austrian Stability Programme.

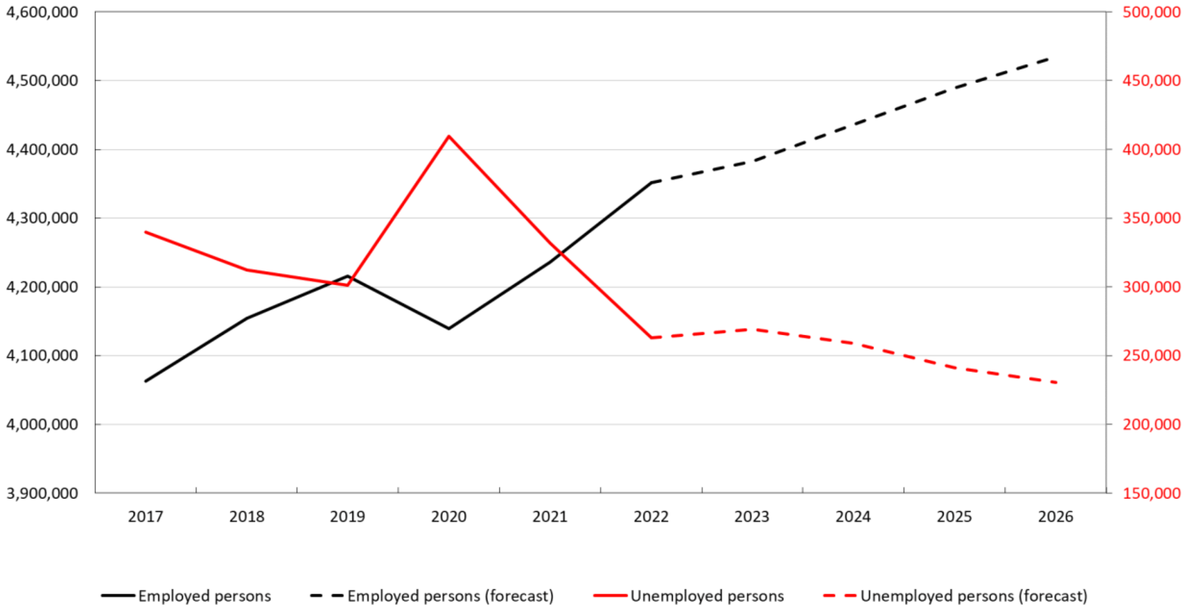
Despite the current weakness of the economy, unemployment fell again in March 2023. The unemployment rate - according to the national definition - was 6.2 %, down 0.2 pp compared to the same month in the previous year. According to the forecast of the WIFO, employment is expected to increase only slightly in 2023, in line with weak economic growth. The number of employed persons in Austria is set to increase by 31,000. Furthermore, the number of unemployed persons is expected to increase only slightly by 6,000 persons and to decrease again by 10,000 persons in 2024. The unemployment rate as defined by Eurostat is expected to decrease by 0.1 pp to 4.7 % in 2023 and to drop further to 4.5 % in 2024. Accordingly, this year’s economic weakness is leaving hardly any scars on the labour market. The unemployment rate is set to gradually decline to 4.3 % in 2026 – the lowest value since 2008 (4.1 %).

The consumer price inflation rate of Austria eased slightly in February, following an increase at the beginning of the year. According to STAT, the inflation rate declined to 9.2 % in March. The tense situation on the energy markets has calmed down noticeably since autumn last year, and wholesale prices for electricity and gas are likely to be lower this year than assumed by the WIFO at the end of last year. This favourable development dampens inflation in the forecast horizon, but these dampening effects are only expected to affect inflation from the second half of 2023 onwards. Moreover, core inflation is likely to prove more persistent than originally thought. This is also due to above-average wage growth compared with other EU member states. The WIFO expects a considerable slowdown in inflation dynamics in the second half of 2023. Consumer prices are forecast to increase by 7.1 % in 2023, which corresponds to a slight decline compared to 8.6 % in the previous year. In the following year 2024, inflation is forecast to decline significantly to 3.8 %. In 2025 and 2026, consumer prices are expected to rise by 3.0 % and 2.5 %, respectively.

Comparison of economic forecasts

The European Commission published its Winter Forecast on 13 February 2023. At +0.5 %, the European Commission’s experts expect slightly higher economic growth in 2023 than the WIFO. In 2024, economic output is expected to grow by 1.4 % in real terms. The spring forecast of the Institute for Advanced Studies (IHS) of 30 March 2023 also expects real growth rates of 0.5 % and 1.4 %, respectively. In December 2022, the Austrian National Bank (OeNB) published its economic forecast for Austria. Real GDP is expected to grow by 0.6 % in 2023. According to the March issue of the OeNB report “Konjunktur aktuell”, the growth estimate of 0.6 % for 2023 is still valid. In 2024, the Austrian economy is forecast to grow by 1.7 %. The International Monetary Fund (IMF) published the latest edition of the World Economic Outlook in April 2023. The Austrian economy is expected to grow by 1.1 % in 2024, following 0.4 % this year. The Organization for Economic Cooperation and Development (OECD) published an interim forecast in March 2023, which does not include a forecast for Austria. The growth forecast for the Euro area was raised to 0.8 % in 2023 (2024: 1.5 %).

Figure 4: Employed and unemployed persons

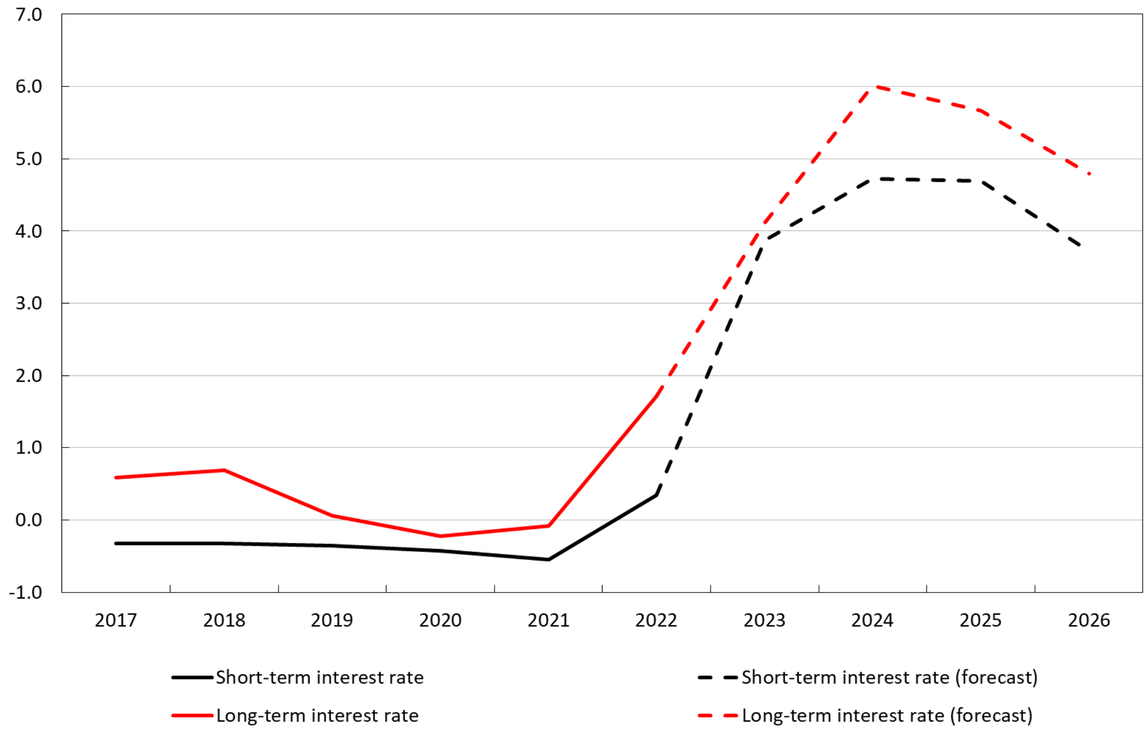


Left axis: Employed persons

Right axis: Registered unemployed persons

Source: WIFO

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



Left axis: Annual average (in %)

Source: WIFO

2.2 Financial sector developments

Following Russia’s war of aggression against Ukraine a significant rise in energy and commodity prices took place. In the meantime, however, commodity prices have weakened again, but are partially still at a relatively high level.

From the beginning of 2022, there was an increase in interest rate hike expectations for the Euro area and the US, with negative effects on the stock markets. The inflation rate in the Euro area proved more persistent than expected in 2022. The ECB (European Central Bank) began raising policy interest rates in July 2022, and the US Federal Reserve as early as March 2022. The ECB raised the key interest rate by 350 basis points by March 2023.

In the fourth quarter of 2022, the Euro area economy roughly stagnated compared to the previous quarter, and a recession has so far been avoided despite sharp interest rate increases. The unemployment rate of the Euro area is persistently stable and remained close to its record low at the beginning of 2023. The euro was trading at a 20-year low against the US dollar in September 2022, but has since recovered. Interest rate and inflation expectations are decisive factors for the further development of the euro exchange rate.

Negative economic and stability risks include an extension of the war, financial market stability risks, stagflation, a loss of price competitiveness, supply constraints due to labour shortages, persistently high energy and food prices as well as high household, government and corporate debt ratios.

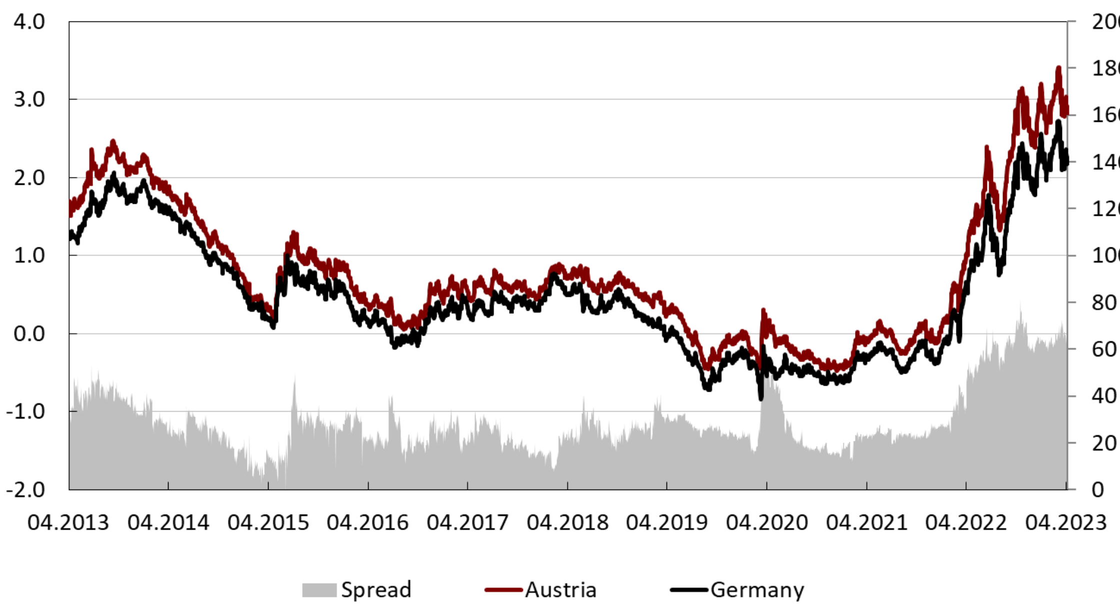
2.2.1 Short and long-term interest rates

Short-term interest rates in Austria were negative from 2015 to 2021, and last year the short-term interest rate rose to an annual average of 0.3 %. It is expected to rise to 3.9 % in 2023. After 4.7 % in both 2024 and 2025, the short-term interest rate is expected to fall back to 3.7 % in 2026.

Long-term Austrian interest rates (10-year government bond yields) fell steadily until 2016, and in 2017 and 2018 the yield curve showed a slight upward movement. In 2019, long-term interest rates moved into negative territory, but the annual average was 0.1 %. The annual average long-term interest rate was slightly negative in 2020 and 2021. Starting in March 2022, long-term interest rates were clearly on the rise as inflation expectations in the Euro area increased. Persistently high inflation and significant ECB interest rate increases caused the 10-year Austrian yield to rise well above 3 % at the end of 2022 and in March 2023, at times reaching its highest level since early 2012. In the first two weeks of April 2023, the 10-year Austrian yield was just below 3 %. For 2023 as a whole, a long-term interest rate of 4.1 % is expected. For 2024, a further increase to 6.0 % is expected, and by 2026 the long-term interest rate of Austria is expected to fall back to 4.8 %.

The spread of the 10-year Austrian yield to the 10-year German government bond yield (without maturity adjustment) fluctuated between 15-30 basis points during the year 2021 and showed only relatively low volatility. However, due to the war in Ukraine, Austria's interest rate spread to Germany started to rise in February 2022, as Austria is relatively dependent on Russian energy supplies. Since autumn 2022, the long-term Austrian interest rate spread to Germany has fluctuated between 60-70 basis points, with the average interest rate spread since 2011 at around 35 basis points.

Figure 6: Long-term interest rates and spread



Left axis: Long-term interest rates in %
Right axis: Spread in basis points
Sources: BMF, Macrobond (6 April 2023)

2.2.2 Equity market

European stock markets showed losses almost across the board in 2022, but started 2023 relatively well. In recent years, the Austrian stock market (ATX) has mostly moved in line with the Euro-Stoxx-50 index. In February 2022, the ATX initially rose to its highest level since June 2008, only to lose up to 20 % temporarily due to the war in Ukraine. Thereafter, there was strong volatility due to the persistently high global uncertainties. After an initially positive development in the summer of 2022, a downward movement set in again in mid-August 2022 due to rising energy prices, higher long-term interest rates and increasing fears of a significant economic slowdown.

Since autumn 2022, however, the ATX has shown a clear upward trend, also due to good corporate results, and in March 2023 temporarily rose to its highest level since the outbreak of the war in Ukraine. In mid-March 2023, however, the ATX experienced a sharper decline due to increasing uncertainties about possible risks in the banking sector.

Figure 7: Equity market performance

Left axis: Index
Sources: BMF, Macrobond (6 April 2023)

2.3 Assessment of 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. As a consequence of Russia's war of aggression against Ukraine, two agencies have lowered the rating outlook: Standard & Poor's in August 2022 from "positive" to "stable", Fitch in October 2022 from "stable" to "negative". Moody's kept the outlook at "stable". The outlook informs about possible rating changes within the next 18-24 months.

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 almost 11 years and an average interest rate of 1.2 %, and there are no foreign currency risks. Responsible budgetary policy prior to the COVID-19 crisis allowed comprehensive support to preserve the productive potential and purchasing power during the pandemic and the energy crisis. Potential energy supply bottlenecks, a major threat in autumn 2022, have been averted and the situation for the coming winter is significantly better than expected a few months ago.

Compared to „AAA"-rated countries, the public debt stock was too high even before the COVID-19 and the energy crises. In addition, high and rising pension expenditure and structural weaknesses (rigidities in the service sector, high tax burden, low employment rate of older workers) exert pressure on the rating. In the short to medium term, the resilience of the economy against the deteriorating macroeconomic environment (increase in prices and financing costs, slowdown in global demand), progress with the reduction of public debt and the structural reform agenda will determine the rating. In addition, the rating agencies will closely follow advancements regarding energy independence and the green transition, as well as the economic and budgetary risks of climate change.

2.4 Qualitative description of economic policy measures and their effects

After the enormous costs associated with the COVID-19-pandemic, substantial federal support measures were again required to cushion the effects of the subsequently following energy crisis. The Federal Government reacted comprehensively and adopted extensive measures to support the purchasing power of private households and the competitiveness of the Austrian economy. The permanent loss of growth feared by some has not manifested itself so far and a gas shortage has also not occurred. On the contrary, the economic outlook has stabilised in the meantime, and inflation is also expected to decline in the coming months. In budgetary terms, however, these measures have left distinctive marks.

The design of the temporary energy/anti-inflationary measures follows the premise of supporting households and businesses, but not directly intervening in market mechanisms in the form of price or quantity regulations. Price signals, especially with regard to fossil fuels, are intended to have a free effect and provide incentives to save. The most important temporary expenditure-side measures in 2022 and 2023 are explained below.

Most important temporary expenditure-side measures in 2022:

- **Energy cost compensation:** The energy cost compensation was chronologically one of the first support measures in the form of a 150-euro voucher for the electricity bill. Single-person households with an income up to the ASVG maximum contribution basis and multi-person households with an income up to twice the ASVG maximum contribution basis, respectively, were eligible, in each case for the main residence. [1] The volume of the measure amounts to a maximum of 0.6 bn euros, but ultimately depends on the vouchers actually redeemed. By 31 March 2023, payments totalled 0.4 bn euros and in line with ESA 2010 the accrual-based expenditure relates to the year 2022.

- **Increased climate bonus and anti-inflation bonus:** In order to compensate the broad population for inflation (abolition of the bracket creep and electricity cost brake take effect in 2023), the regional climate bonus was increased to a flat rate of 250 euros in 2022 and supplemented by an anti-inflation bonus of 250 euros. The anti-inflation bonus is subject to income tax for higher incomes (from 90,000 euros) and is therefore reduced. A total of 4.1 bn euros was paid out, of which 2.8 billion euros can be attributed to the pure increase of the climate bonus and the anti-inflation bonus.

- **One-off payments:** In 2022, various particularly affected population groups received additional aid in the form of one-off payments. These include 0.5 bn euros for pensioners (extraordinary one-off payment), a total of 0.4 bn euros for vulnerable persons, a special family allowance in the amount of 0.3 bn euros, as well as an extraordinary credit in the amount of 0.1 bn euros for self-employed persons within the framework of social insurance (credited to the beneficiary's account at the Social Insurance of the Self-Employed (Sozialversicherung der Selbständigen, SVS), which the SVS will be reimbursed by the Federal Government only in 2023).

- **Energy cost subsidy 1 (ECS 1) and lump-sum subsidy model 2022 for firms:** In order to cushion the increased prices for electricity, natural gas and fuels, companies and commercial associations are entitled to the ECS 1 for the year 2022. The ECS 1 is intended to support the competitiveness of Austrian companies and thus to secure the business location. Originally in effect for the period 1 February 2022 to 30 September 2022, the ECS 1 was later extended to the fourth quarter of 2022. The design of the measure is based on the European Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia (2022/C 131 I/01).

[1] The relevant year was 2021, in which the maximum contribution basis according to the General Social Insurance Act (Allgemeines Sozialversicherungsgesetz, ASVG) was 5,550 euros per month.

Accordingly, the ECS 1 distinguishes between four funding levels with different entry criteria, subsidy limits and differences in the subsidised consumption quantity (1st level: additional costs compared to 2021, 2nd-4th level: 70 % of the consumption quantity in 2021). The subsidy intensity is 30 % for non-energy-intensive companies and up to a maximum of 70 % for energy-intensive[2] companies, depending on the specific stage. The ECS 1 is administered by the Austrian Promotional Bank (Austria Wirtschaftsservice GmbH, aws). For the period from 1 February 2022 to 30 September 2022, more than 11,000 applications with a volume of around 0.4 bn euros have been submitted. For the period 1 October 2022 to 31 December 2022, applications can be submitted from 17 April 2023 up to and including 3 July 2023. A lump-sum subsidy model is available for micro and small enterprises that do not meet the funding floor of ECS 1. The relevant guideline is currently being coordinated. It should be possible to apply from May 2023, and the Austrian Research Promotion Agency (Österreichische Forschungsförderungsgesellschaft mbH, FFG) will administer the application. The total volume for ECS 1 and the lump-sum subsidy model in 2022 is currently estimated at 1.0 bn euros.

- **Contribution to securing agricultural supply:** In 2022, an inflation compensation of 0.1 bn euros was provided to domestic farmers to partially compensate for cost increases and to ensure production. The subsidy is calculated on the basis of an area-related and an animal-related component and amounts to an average of about 1,000 euros per farm. The measure is administered by AgrarMarkt Austria (AMA).

Most important temporary expenditure-side measures in 2023:

- **Electricity cost subsidy (incl. electricity cost supplement subsidy and grid cost subsidy) for private households:** The electricity cost subsidy ("electricity cost brake") aims to ensure an affordable electricity supply for private households in the amount of a basic requirement and covers the observation period from 1 December 2022 to 30 June 2024. The basic requirement corresponds to roughly 80 % of the average consumption of Austrian households and amounts to 2,900 kWh per year. For this basic quota, the difference between a pre-crisis reference price of 10 cents per kWh and the electricity price according to the supplier contract is subsidised up to a maximum of 40 cents per kWh. [3] Any electricity consumption above the basic quota is not subsidised, which means that energy-saving incentives and market price effects continue to exist. For households with more than three persons, there is an additional "electricity cost supplement subsidy" of 105 euros per year per additionally registered person, and for low-income households

[2] Companies are considered energy-intensive if their annual energy costs amount to at least 3 % of production costs.

[3] Relevant is the kilowatt-hour rate (working price) excluding value added tax.

there is a “grid cost subsidy” of 75 % of the system utilisation fees charged by the grid operator or a maximum of 200 euros per year, respectively (in each case, aliquot cap for shorter periods). The total volume of the measure amounts to 3.8 bn euros, of which 2.7 bn euros relate to 2023 and the rest to 2024, but the final volume depends on the further development of electricity prices for households. It is not necessary to apply for a subsidy as it is administered directly by the respective electricity supply companies.

- **Compensation grid loss costs:** The sharp increase in the electricity wholesale price since the last quarter of 2021 has also led to substantially higher costs related to physically induced grid losses. These grid loss costs are charged by the grid operators to end consumers via the grid loss charge, which means that private households and companies are affected by a further additional burden in addition to the consumption-based costs. The Federal Government has therefore decided to compensate 80 % of the additional costs for the grid loss charge for the entire year 2023. Currently, a volume of 0.6 bn euros is included in the planning for the compensation for grid loss costs, but this is dependent on the further development of the electricity wholesale price.

- **Housing and heating cost subsidy:** Besides the two relief measures related to the increased electricity price, the Federal Government provides 0.7 bn euros for a housing and heating grant for low-income households in 2023. Specifically, this is a special-purpose grant from the Federal Government to the states which can use it either to expand existing initiatives pursuing same purposes or to launch new support schemes. The grant is intended to ensure a socially targeted cushioning of the increased housing costs, which also takes into account differences in the Austrian housing market.

- **Direct payment for pensioners:** Part of the pension adjustment 2023 was an additional relief in the form of a direct payment for pensioners with small and medium pension benefits. The amount of the payment is determined by the total pension income, with a maximum limit for eligibility of 2,500 euros per month. The payment was mainly made in March 2023; additional payments will follow in June 2023. The total volume of the direct payment amounts to 0.6 billion euros.

- **Protection against eviction (“Housing shield”):** The housing shield serves as a protection against inflation-related eviction for vulnerable groups and is intended to avoid special cases of hardship, especially homelessness. In total, the housing shield is endowed with

140.0 million euros for the period 2022 to 2026, of which 45.0 million euros are allocated to 2023.[4]

- **Energy cost subsidy 2 (ECS 2) and lump-sum subsidy model 2023 for firms:** The ECS 2 represents an extension and expansion of the ECS 1 (observation period 1 February 2022-31 December 2022) and is the primary support for firms in 2023 (observation period 1 January 2023-31 December 2023). The main objective is to ensure the international competitiveness of Austrian companies and thus to maintain the level playing field, especially in relation to Austria's main trading partner Germany. The guideline of the ECS 2 is currently still being drafted, but will be based on the extended and amended Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia (2022/C 426/01). Compared to the ECS 1, it allows in principle for higher subsidies and subsidy intensities in the individual stages and makes additional types of energy eligible for subsidies. As in 2022, there will be also a lump-sum subsidy model in 2023 for micro and small enterprises whose support is below the lower funding limit of the ECS 2. The relevant guideline is also being drafted. The volume of the ECS 2 and the lump-sum subsidy model will ultimately depend on the design of the guidelines as well as the further development of energy prices. In total, budgetary means 2022-2023 for the ECS 1, ECS 2 and the lump-sum subsidy model amounts to a maximum of 7.0 bn euros.

- **Electricity price compensation[5]:** The electricity price compensation provides for a proportional reimbursement of the "indirect CO_2 costs" that result for companies from passing on the actual CO_2 costs of the electricity suppliers. The amount of the electricity price compensation is limited to 75 % of the "indirect CO_2 costs". The budgetary resources are limited to 75 % of the equivalent of the auction proceeds of EU emissions trading in 2021, which corresponds to 0.2 bn euros.

- **Electricity subsidy for agriculture:** The electricity subsidy for agriculture is intended to cushion the burden on farmers resulting from the increased electricity costs in a targeted and unbureaucratic manner as well as to secure the supply of domestic food. The support covers the entire agricultural primary production as well as agricultural side business and is paid out in two stages. In the first stage, a flat-rate subsidy with reference to area and

[4] In the context of the COVID 19 Poverty Act, for the years 2021 to 2024 budgetary means in the amount of 24.0 mn euros have already been provided for preventing COVID-19-related evictions and for securing housing. Taking these budgetary means into account, the total volume amounts to 164.0 mn euros, of which 61.0 mn euros are for the year 2023.

[5] The electricity price compensation was adopted in the Council of Ministers on 2 November 2022 and is currently being dealt with in Parliament. The legislative decision is pending.

animals is paid, while the subsidy in the second stage is dependent on consumption. The measure is administered by AMA and amounts to a volume of 0.1 bn euros.

Besides these temporary aids, structural measures that will lead to a noticeable relief and strengthen the real purchasing power of private households will have an effect from 2023 onwards: the indexation of social benefits and the abolition of the bracket creep, which ensures that the generally high wage increases are passed on to employees’ pockets. In addition, the employer's contributions to the Family Burden Equalisation Fund (Familienlastenausgleichsfonds, FLAF) and to the Accident Insurance were reduced, which will lead to a reduction in non-wage labour costs from 2023 onwards.

Energy crisis contribution

On the initiative of the European Commission, the European Council decided on measures with the aim of firstly capping the revenues of electricity producers and secondly absorbing the high profits of oil and gas companies at the end of September 2022. In this way, energy companies that have profited from the strongly increased prices are to make a solidarity contribution. The revenue from the solidarity contribution thus partially cover the expenditure for measures to cushion the effects of the high energy prices on companies and private households. In Austria, the regulation was implemented by the Federal Act on the Energy Crisis Contribution-Electricity and the Federal Act on the Energy Crisis Contribution-Fossil Fuels in December 2022.

The **energy crisis contribution-electricity** (hereinafter ECC-E) caps the proceeds from electricity generated domestically and sold in the EU by electricity producers at 140 euros per MWh. This applies to the sale of domestically generated electricity from wind energy, solar energy (solar thermal energy and photovoltaics), geothermal energy, hydropower, waste, lignite, hard coal, petroleum products, peat and biomass fuels with the exception of biomethane. The maximum revenue increases to 180 euros per MWh, if investments in renewable energies are made in 2022 and 2023. Moreover, if direct investment and operating costs of energy production exceeding the cap are proven, these costs plus a surcharge of 20 % can be claimed in the calculation of the cap. The ECC-E amounts to 90 % of the surplus revenue and applies from 1 December 2022 to 31 December 2023. The ECC-E will be due on 30 September 2023 for the period 1 December 2022 to 30 June 2023 and on 31 March 2024 for the period 1 July 2023 to 31 December 2023.

The **energy crisis contribution-fossil fuels** (hereinafter ECC-F) taxes the crisis-related profits of oil and gas companies in the second half of 2022 and in the entire year 2023. The average profit of the years 2018 to 2021 is used as a comparison period. If the current profit is more than 20 % above this average, 40 % of it will be skimmed off. In order to support investments in renewable energies and energy efficiency, a tax credit is provided, which reduces the tax rate to 33 %.[6] Advance payments for the ECC-F are to be made in June 2023 and June 2024.

Based on current data and estimates, revenues of 2.0 bn euros are expected from the two energy crisis contributions. The greater part results from the ECC-E. The estimate of revenues from the ECC-E is based on assumptions about the functioning of the electricity market and the formation of electricity prices on the wholesale market. A large part of the electricity sold by electricity producers in 2023 was already contracted at the end of 2022, as the electricity producers sell a large part of the electricity in advance. Hence, the futures market and the prices for futures contracts with a delivery date in 2023 observed in the past months and years, respectively, play a significant role. However, the historically high price volatility on the wholesale market in 2022 represents an uncertainty factor, firstly because average values could be distorted by extreme price peaks and secondly because the usual behaviour patterns could have changed. In the meantime, electricity prices have eased, partly as a result of the significant decline in gas prices (keyword: merit order market mechanism). Prices on the spot market were almost consistently below 180 euros per MWh in 2023.

2.5 Recovery and Resilience Facility

With the Recovery and Resilience Facility, a 724 bn Euro instrument was established at EU level to support the economic recovery following the COVID-19 crisis, promote the green and digital transition, mitigate the social impact of the crisis and increase the resilience of Member States. During the period 2020-2026, 338 bn Euro in grants and close to 386 bn Euro in loans will be made available to Member States.

The funds provided by the Facility will be used in accordance with the Recovery and Resilience Plans adopted by the Council. Austria submitted its Recovery and Resilience Plan (ARP) on 30 April 2021. The Commission's positive assessment was released on 21 June 2021. On 13 July 2021, the Plan was adopted by the ECOFIN Council. The ARP contains 27 reforms and 32 investments, at a total volume of 4.5 bn Euro. Grants from the Recovery and Resilience Facility will finance 3.75 bn Euro[7], the remainder will be financed from the national budget. A loan

[6] Investments generally have to be made between 1 January 2022 and 31 December 2023. If they are made after that date, the tax credit can also be claimed on the partial amounts of the acquisition or production costs that have already been capitalised before 31 December 2023.

[7] The value corresponds to the final allocation calculated in June 2022 based on GDP development during 2020-2021, while the currently valid Council Implementing Decision of July 2021 still contains the amount of 3.46 bn

from the Facility has not been requested, due to the favourable financing conditions of the Republic.

The ARP contains reforms and investments in four areas: green transition, digital transition, knowledge-based transition and just transition. It is exemplary in several respects: 46 % of the funds will be used to support climate objectives, 41 % to support digital objectives, thus significantly exceeding the minimum requirements. The ARP is also very ambitious as regards the implementation of the country-specific recommendations.

The ARP's main investment projects in terms of their volume are the broadband expansion, environment-friendly mobility, digitalisation and greening of firms, education/research/innovation, circular economy and the renovation of buildings. Key reforms in the Plan are i.a. the eco-social tax reform, the pension splitting, the Green Finance Agenda, the Renewables Expansion Law, the Renewable Heat Act, the climate check, the Waste Management Act, the start-up package, measures to strengthen equity capital, the further development of long-term care and spending reviews.

By including measures into the ARP, their implementation becomes mandatory, as non-compliance would entail financial disadvantages for the Republic. This also applies to reforms, which typically do not require funding from the Facility, but are a key element of the Commission's positive assessment of the ARP. The Recovery and Resilience Facility establishes, for the first time and in a big way, a link between funding from the EU budget and reforms at the national level, to make EU Member States stronger, more resilient, greener, more digitalised and fairer. As a small open economy, Austria can be expected to benefit significantly from the expected spillover effects, e.g. via award of contracts to Austrian (construction) firms and exports of green products and technologies.

The implementation of the measures in the ARP is the responsibility of the competent ministries. In addition to the timely implementation of the milestones and targets, the ministries have to comply with comprehensive reporting and audit requirements. The Ministry of Finance (BMF) assumes a coordinating role, in particular with respect to the communication with the Commission and the budgetary resources. All measures in the ARP will be reflected in the federal government budget, so that the responsible line ministries do not depend on the pay-outs by the Commission for the implementation and financing of the measures.

Following the signing of the Financing Agreement, a pre-financing of 450 m Euro was paid out in late September 2021. Further pay-outs will take place in tranches, following the fulfilment

Euro based on the 2020 Autumn Forecast. The Council Implementing Decision will be updated as part of the adoption of the REPowerEU chapter.

of the milestones and targets agreed for the specific period. The first payment request was submitted on 22 December 2022 and assessed positively on 13 April 2023, following consultation with Member States. On 20 April 2023, a financial contribution of 700 m Euro was paid out. The first ARP Annual Conference was held on 23 March 2023, with high-level participants from the Commission and the federal government, social partners and stakeholders.

In response to Russia’s war of aggression against Ukraine, EU Member States agreed to reduce their dependency on fossil energies from Russia significantly before 2030 (“REPowerEU-Plan”). On 1 March 2023, Regulation (EU) 2023/435 concerning REPowerEU Chapters in Recovery and Resilience Plans entered into force. It will make available an additional 20 m Euro in grants for investments and reforms in the following areas: 1. Energy infrastructure and security of supply; 2. Energy efficiency, decarbonisation, renewable energies; 3. Transmission bottlenecks and zero-emission transport; 4. Requalification and value chains; 5. Energy poverty and reduction of demand. Austria’s share in the REPowerEU grants is 210 m Euro.

3 Economic and budgetary challenges, goals and strategy

The multiple crises of recent years have significantly changed the political, economic and budgetary circumstances. The COVID-19 pandemic, the Russian war of aggression against Ukraine and the highest inflation rates for 70 years – as a result of supply chain problems and energy price shocks – all this seemed inconceivable beforehand and now poses enormous challenges to us all. The measures taken by the Federal Government have maintained the production potential of the Austrian economy during the COVID-19 lockdowns and are supporting the purchasing power of private households and the competitiveness of the Austrian economy in the current inflation crisis (see chapter 2.4).

In budgetary terms, though, these measures have left striking marks. After general government Maastricht surpluses were achieved in 2018 and 2019, a deficit of -8.0 % of GDP was recorded in the first COVID-19 crisis year 2020. Since then, the Maastricht balance improved from -5.8 % of GDP to -3.2 % of GDP in 2022, with the debt ratio rising from 70.6 % of GDP in 2019 to 82.9 % of GDP in 2020 and falling to 78.4 % of GDP in 2022.

However, the measures taken in the past years are proof of Austria's institutional strength and fiscal leeway to overcome crises and at the same time to increase the resilience of the entire business location and to enable the cushioning of social hardships on the Austrian population. This should also give confidence in view of the considerable challenges posed by climate change and the demographic development. It is clear, however, that the extensive relief measures and the management of the crises as a whole were only possible due to the sustainability-oriented budget policy in the years before the outbreak of the COVID-19 pandemic. A return to a sustainable budget policy to regain fiscal leeway is therefore essential to be prepared for acute crises in the future as well as medium- to long-term challenges.

3.1 Budget execution in 2022

The fiscal year 2022 was characterised by strong revenue growth, such as in 2021. Revenues developed dynamically due to the economic recovery in the first half of the year, the stable situation on the labour market, but also as a result of the high inflation rate with growth of 8.6 %. Income and wealth taxes as well as taxes on production and imports recorded strong increases, which were dampened against inflation by measures of the eco-social tax reform (tariff reduction, increase in negative taxes) and relief measures on the payment side. The strong growth of the real estate acquisition tax in recent years has slowed down significantly in 2022.

Despite a marked decline in spending to cope with the COVID-19 crisis, government spending increased by 3.7 % in 2022. This is mainly due to the energy relief packages as well as other measures taken by the federal government to cushion the price shock for households and companies and to strengthen Austria's energy independence. In particular, other current transfers (including climate and anti-inflation bonuses) and gross investments (procurement of the strategic gas reserve) grew significantly.

Net lending/borrowing: According to the March notification of Statistics Austria, the general government Maastricht balance improved by 9.2 bn Euro in 2022 compared to 2021, from 23.5 bn Euro to 14.3 bn Euro, or by 2.6 pp from -5.8 % to -3.2 % of GDP. The year-on-year decline in the deficit was thus larger in 2022 than in 2021, reflecting dynamic revenue performance and declining expenditure on COVID-19 crisis management, but offset by high expenditure on measures to cushion the 2022 sharp rise in energy prices or inflation in general. Despite the effects of the Russian war against Ukraine and the associated sanctions as well as the energy relief packages, the Maastricht limit of -3.0 % will thus only be narrowly missed in 2022.

Structural balance: Due to the strong economic recovery, the output gap in 2022 is positive (+1.2 % of trend output) on the basis of the current WIFO economic forecast. Consequently, the cyclical component amounts to -0.7 % of GDP, which means that the structural balance of -3.9 % of GDP is significantly more negative than the general government Maastricht balance of -3.2 % of GDP. Compared to 2021, there is nevertheless an improvement of 0.6 pp of GDP as a result of the significantly lower Maastricht deficit. Also in 2022, the General Escape Clause of the European Stability and Growth Pact (SGP) was in force, which allows member states to deviate from the normally applicable budgetary requirements.

Debt: The Maastricht debt ratio decreased in 2022 despite the general government deficit, and stood at 78.4% of GDP, which is 4.0 pp lower than the comparable figure for 2021. The decline in the debt ratio thus continued in 2022. The reason for this was the very high nominal GDP growth of 10.2 %, which caused the debt ratio to fall despite an increase in the absolute debt level. In absolute terms, however, the debt level rose by 16.4 bn Euro from 334.3 bn Euro to 350.8 bn Euro in 2022. This increase in the debt level is higher than the absolute general government Maastricht deficit as a result of stock-flow adjustments (in particular as a result of disagios or refinancing costs, which are allocated on an accrual basis in the deficit calculation, as well as payments for COVID-19 grants, which are economically allocated to the economic periods 2020 and 2021, the entitlement period for the aid payments).

Revenues: General government revenues continued to develop very dynamically in 2022, growth compared to 2021 amounted to remarkable 8.6 %. The development of revenues in 2022 was mainly shaped by the following factors:

- A particularly dynamic development of taxes on production and imports (especially VAT revenues), supported by strong nominal growth in private consumption.
- Social security contributions developed well due to the increase of employment.
- State-owned enterprises (especially public railways - ÖBB[8], theatres and museums) achieved significantly higher utilisation than in the years affected by COVID-19 lockdowns 2020 and 2021.
- The tax measures of the eco-social tax reform and energy crisis measures, which took effect in 2022, had an overall dampening effect on revenues. Although national carbon pricing already leads to the first revenues in the second half of 2022, the relief measures predominate.

Expenditure: General government expenditure increased by 3.7 % to a value of 236.0 bn Euro in 2022. Nevertheless, the government expenditure ratio declined significantly due to strong nominal GDP growth, falling by 3.3 pp from 56.1 % of GDP in 2021 to 52.7 % of GDP in 2022.

The very extensive expenditure-side support measures related to the COVID-19 crisis, such as the COFAG business subsidies and short-time work subsidies, declined significantly. In contrast, the Federal Government adopted extensive energy and anti-inflation measures to cushion the negative effects of the energy crisis and high inflation. The disbursements for the increased climate and anti-inflation bonus led to strong growth in other current transfers. Due to the ongoing investments in the railway infrastructure, gross fixed capital formation is at a high level. Furthermore, there were additional costs for displaced persons from Ukraine in 2022 and strong increases in capital transfers due to the investment premium.

States (Länder), municipalities and social security funds: The states level improved its Maastricht result most significantly in 2022 compared to 2021 (-2.1 bn Euro or -0.5 % of GDP), recording its highest surplus since Austria joined the EU in 1995 with a balance of +1.9 bn Euro (+0.4 % of GDP). The states benefited from very strong revenue growth (+13.4 %), which was offset by much lower expenditure growth (+2.9 %). The high revenue growth is partly due to settlement modalities in the intergovernmental fiscal relations act (IFRA) in the year 2022 as

[8] ÖBB = Austrian Federal Railways

well as to one-off special-purpose subsidies from the Federal Government, e.g. for hospital financing and investments.

The municipal level improved its balance by 1.2 bn Euro compared to 2021 to a surplus of 1.0 bn Euro (+0.2 % of GDP), which is also the best Maastricht balance since 1995 and is largely due to Vienna. Revenues grew at 10.1 % more strongly than expenditures at 6.8 %. The municipalities already benefited from higher revenue shares in 2021 due to the 2nd municipal financing package, and the very good revenue development continued in 2022. The development of gross investments at the municipal level continues to be robust, which, after strong growth in 2021 (7.8 %), increased even more strongly in 2022 with 13.7 %, to which the Municipal Investment Act 2020 also contributed.

The social security funds recorded a Maastricht deficit of 0.3 bn Euro in 2022 (- 0.1 % of GDP). Despite positive developments on the labour market, the growth in revenues (+5.0 %) was lower than that of expenditures (+5.6 %), one reason being a one-off budgetary effect of -0.2 bn Euro at the Insolvency Remuneration Fund.

3.2 Budget in 2023

In autumn 2022, budgetary planning for 2023 was characterised by a significant weakening of the economy, with a stagnating real growth rate and continued high inflation (stagflation). Currently, the economic situation and real growth are estimated to be slightly better at +0.3 % (+0.1 % pp), as the growth losses due to the very high energy prices and the gloomy economic outlook for Austria's trading partners continue. However, the labour market, private consumption and also tourism exports are expected to show a very good development. This is reflected in employment and a dynamic development of the gross wage bill.

In budgetary terms, the abolition of the bracket creep is beginning to show its effect on the revenue side. On the expenditure side, comprehensive measures are being taken to ensure an affordable energy supply, which will noticeably relieve the burden on companies and private households.

Net lending/borrowing: According to the current budget planning, the general government Maastricht balance will amount to -15.4 bn Euro or -3.2 % of GDP in 2023. The last forecast in the 2023 budget planning overview from October 2022 is thus revised downwards by 0.3 pp of GDP. Thus, based on the 2022 balance, due to comprehensive energy relief measures and despite further declining COVID-19 measures, the deficit is expected to remain at the 2022 level of -3.2 % of GDP.

Structural balance: The significant decline in real GDP growth to projected 0.3 % in 2023 closes the positive output gap. Thus, the structural balance is almost equal to the Maastricht balance at -3.2 % of GDP. According to the ongoing geopolitical uncertainty, the general escape clause remains activated in 2023.

Debt ratio: The decline in the debt ratio, which already started in 2021, continues in 2023. The consistently high nominal GDP growth of 7.4 % continues to have positive effects on the decline of the debt ratio despite an increase in the absolute debt level. Thus, the debt ratio is expected to decline from 78.4 % of GDP in 2022 to 77.0 % of GDP in 2023. In absolute terms, however, the debt level is projected to increase from 350.8 bn Euro in 2022 to a projected value of 369.9 bn Euro.

Revenues: A high general government revenue growth of 6.5 % is expected to continue in 2023. This dynamic development is due to strong consumption, as well as inflation-related higher wage settlements and the good employment situation on the labour market in 2023. In addition, extraordinary dividend income and solidarity contributions from energy companies are expected for the public budget.

- Taxes on production and imports, especially VAT revenues, continue to perform well due to nominal private consumption being supported by strong wage settlements and government relief measures. Taking into account the solidarity contributions from energy companies, growth of taxes on production and imports stand at 11%.
- Social security contributions also show a dynamic development due to high employment.
- Additional property income, for example special dividends, strengthen the revenue development in 2023.
- Revenues from state-owned enterprises also continue to make a solid contribution to revenue growth.
- Only income and property taxes stagnate with growth of only 0.4 %. The extremely positive year 2022, in which catch-up effects in connection with the COVID-19 crisis were recorded for corporate and personal income taxes as well as capital gains taxes, has a dampening effect in 2023. The abolition of the bracket creep, the full reduction of the second tax bracket and the reduction of the third tax bracket as of mid-2023 (mixed rate as of 1 January) as well as the cost-of-living deduction also have a dampening effect.

Expenditure: Government spending in 2023 will again gain momentum compared to 2022, growing by 6.6 % to a value of 251.5 bn Euro. The reasons for this are the delayed effects of inflation on the expenditure side and a change in the dynamics of interest expenditure, as well as comprehensive energy relief measures and existing measures from the 2021 economic stimulus package. COVID-19 expenditure, on the other hand, continues to decline significantly:

- Compensation of public employees and monetary social benefits (including pensions) are rising more strongly due to previous inflation rates.
- Interest expenditure, which has been falling steadily in absolute terms since 2012, is changing its dynamics and will show double-digit growth rates from 2023 onwards, which are related to the ECB's key interest rate increases, higher risk premiums and also a higher absolute debt level after the COVID-19 crisis. Despite good nominal economic growth, this leads to steadily rising interest expenditure (in % of GDP) and thus creates a certain pressure to government spending.
- The investment premium being part of the 2021 stimulus package and increasing funds for the green transformation also lead to comparatively strong growth in spending on capital transfers in 2023.

Another important factor for the strong spending momentum in 2023 are the energy relief packages adopted, these are reflected in the development of the following ESA transaction classes:

- Expenditure on subsidies shows a strong increase of 50 %. One main reason for this is the introduction of the comprehensive ECS II for enterprises. For micro enterprises, the lump-sum subsidy model from 2022 is continued. The maximum total framework 2022-2023 for ECS 1&2 and flat-rate subsidy models is 7.0 bn Euro. Another reason for the increase in subsidies is the introduction of an electricity cost subsidy, which limits electricity prices for households and leads to budgetary effects of 2.7 billion euros in 2023. Compensation for increased costs for grid losses for end customers has a budgetary impact of 0.6 bn Euro.
- Direct payments for pensioners as well as housing and heating allowances are paid out as monetary transfers.

The investment level remains high in 2023 due to the military package and the Municipal Investment Programme 2023; the care reform is reflected in current transfer expenditure.

3.3 Development of government budgets 2024 to 2026

The years 2024-2026 will be supported by a solid economic development with real growth rates of about 2 %. The European interest rate policy to combat high inflation will lead to rising interest expenditure, which will increasingly burden the budget from now on. Supported by stable real economic growth, high employment and private consumption, the budgetary situation will continue to improve in 2024.

In terms of fiscal policy, the years 2024-2026 will be characterised by three long-term reform packages:

- Investments in the Green Transformation and the Digital Transformation, which will also be partly covered by funds from the Reconstruction and Resilience Facility (RRF). These include, for example, the decarbonisation and transformation of industry, the renovation campaign, support for photovoltaic installations in private households or broadband expansion.
- The national defence package adopted by the federal government in response to the changed geopolitical security situation as a result of the Russian war in Ukraine.
- The care reform adopted in 2022, which comprises of a large number of individual measures and addresses the most urgent challenges in the care sector.

In 2024, the Maastricht balance will be at -1.6 % well, and thereby well above the Maastricht threshold of -3.0 %, due to declining spending on mitigating the energy crisis. By 2026 the balance will improve to -1.3 % of GDP.

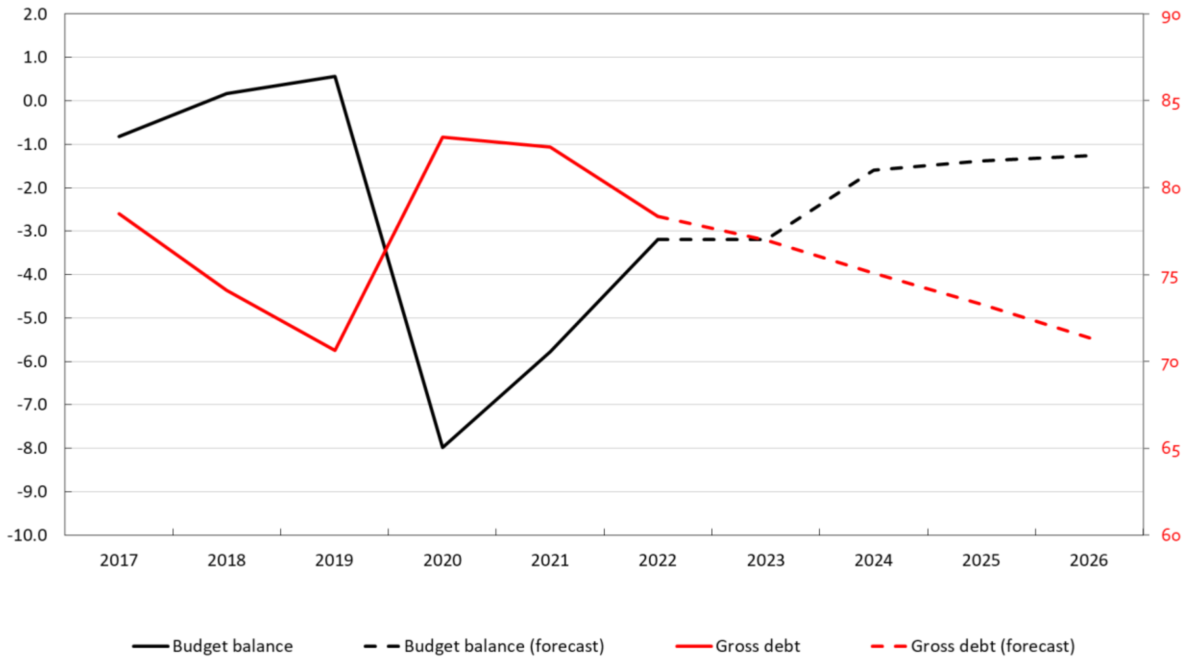
Due to the positive output gap in 2024, the structural balance remains more negative than the Maastricht balance. However, the structural balance improves steadily, from -1.8 % of GDP in 2024 to -1.3 % of GDP in 2026.

The debt ratio continues to decline to 75.1 % of GDP in 2024 due to high nominal GDP growth. At the end of 2026 it will be 71.4 % of GDP, according to the current forecast, and thus be only slightly higher than before the start of the COVID-19 crisis. According to the forecast, the absolute debt level will, on the other hand, rise to around 400 bn Euro by 2026.

From 2024 to 2026, revenues will remain stable at around 49 % of GDP. Both tax revenues and social security contributions develop well due to the stable situation on the labour market and private consumption. All other revenue categories develop steadily, as expected, with only property income remaining at a lower level than in 2023, which was marked by extraordinary dividend payments.

Expenditure continues to decline from 2024 to 2026, due to expiring energy relief measures and stimulus measures such as the investment premium. In 2024, the government expenditure ratio is still 50.6 % of GDP, in 2026 it will be 49.9 %.

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 24 in the annex presents this comparison.

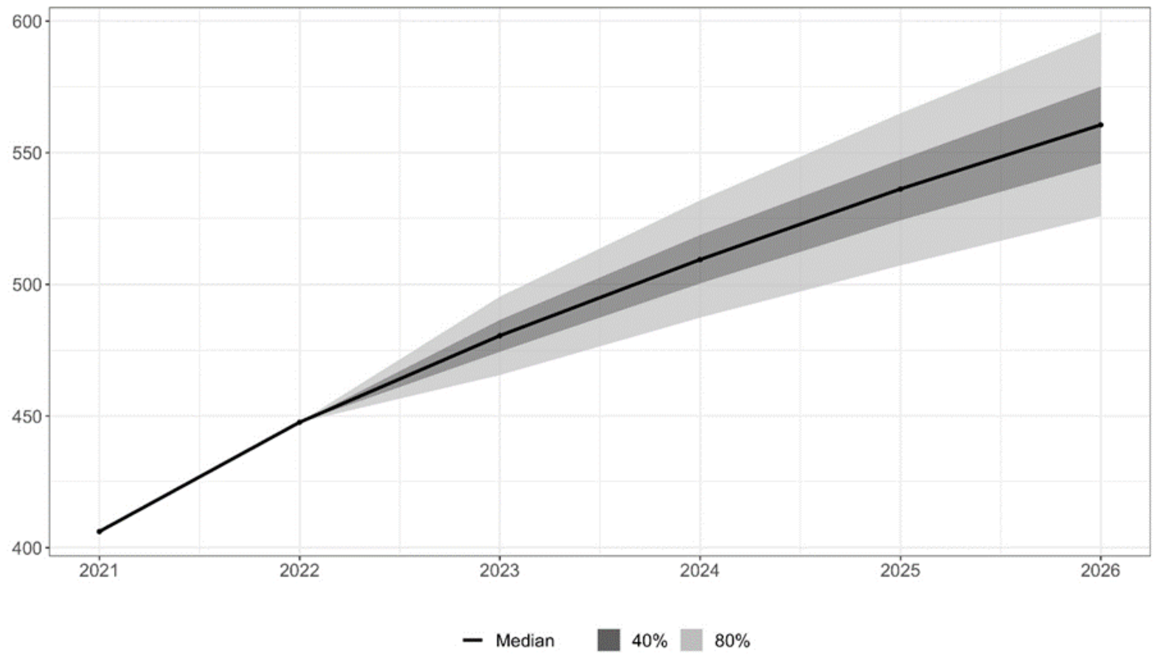
In addition, macroeconomic forecasts and budgetary projections shall be regularly subject to an unbiased assessment based on objective criteria and including an ex-post evaluation. In December 2021 such an evaluation was last carried out by the Office of the Fiscal Advisory Council on behalf of the Fiscal Advisory Council for the period 2005 to 2020.[9] The next evaluation is scheduled to take place in autumn 2024.

[9] "*Evaluation of economic forecasts for Austria – An update for the years 2005 to 2020*", December 2021: https://fiskalrat.at/publikationen/berichte/studien-im-auftrag-des-fiskalrates-uebersicht.html

4 Sensitivity scenarios

Directive 2011/85/EU requires the development of the most important financial policy variables to be examined on the basis of different assumed growth rates and interest rates when carrying out sensitivity analyses in macroeconomic forecasts and budgetary forecasts. The range of alternative assumptions used in macroeconomic and budgetary forecasts should be based on the reliability of previous forecasts and, where possible, take into account the specific risk scenarios.

Figure 9: GDP scenarios based on historical GDP growth rates until 2026



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

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

In the optimistic scenario 1 (GDP at the top of the upper light grey area in Figure 9), the war in Ukraine will soon end and energy prices will normalize. Second-round effects on the inflation rate fade away quickly. The global economy will recover in the course of 2023. The G20 countries are implementing their growth strategy, the Western Balkan countries are pursuing a clear strategy to prepare for EU membership, Austria is gaining market share in global trade and tourism and corporate investment activity remains high. The labour market integration of the refugees continues to function well and the additional demand for work can mainly be satisfied by the registered unemployed. Accordingly, the inflation rate develops more favourably than in the baseline scenario. The public debt ratio would fall below 60 % of GDP by 2026 and public finances would return to surplus.

In the pessimistic scenario 2 (GDP at the bottom of the lower light grey area in Figure 9), the war in Ukraine will continue throughout 2023. Energy prices are on the rise again and will remain high in 2023. A wave of insolvencies weakens the financial system, the labour market and investment activity, especially construction investment. Geopolitical tensions reduce world trade and commodity prices remain high. Corrections on the asset markets and lower household confidence are dampening private consumption. Despite weak demand, inflation is initially higher than the baseline as supply falls and market interest rates adjust accordingly. In 2023 Austria's economy will experience a recession and the recovery afterwards will be sluggish. The public debt ratio would increase in 2023-2026 and public deficits would be below -4 % of GDP from 2023 onwards.

There is also a separate scenario for different interest rate assumptions. While the baseline scenario assumes market expectations for issue yields for 10-year debt securities as of early April 2023, the ECB scenario and the Basel Committee stress scenario are used as an alternative. In principle, rising interest costs can be assumed in the forecast period. Due to the long average maturities of current debt, the more negative interest rate scenario will also have a relatively moderate impact on interest expenditure.

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 2021, "The 2021 Ageing Report" (AR 2021) was published.[10] A rough overview of the results is given in Table 16.

In April 2023, the European Commission published the latest edition of the Debt Sustainability Monitor. According to this report, Austria has a low sustainability risk in the short term and a medium risk in the medium and long term. The results remain unchanged compared to the Fiscal Sustainability Report 2021. The Fiscal Sustainability Report 2024 is expected to be published in the first half of 2025.

[10] https://ec.europa.eu/info/publications/2021-ageing-report-economic-and-budgetary-projections-eu-member-states-2019-2070_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, 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 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.

According to article 11 of the Austrian Stability Pact (ASP 2012), exemptions approved by the European Union are to be analogously applicable to the ASP 2012.

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 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.

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, 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

	2022	2023	2024	2025	2026
Short-term interest rate (annual average)	0.3	3.9	4.7	4.7	3.7
Long-term interest rate (annual average)	1.7	4.1	6.0	5.7	4.8
USD/EUR exchange rate (annual average)	1.1	1.1	1.2	1.2	1.3
Nominal effective exchange rate	-1.5	1.9	1.2		
Real GDP growth (World excluding EU)	3.1	1.9	2.6	3.5	3.3
Real GDP growth (EU)	3.5	0.6	1.8	2.2	2.0
Growth of relevant Austrian foreign markets	5.6	0.6	3.7		
Import volumes (World excluding EU)					
Oil price (Brent, USD/barrel)	99	84	80	75	71
Natural gas price (Dutch TTF, €/MWh)	121	50	51	44	33
Electricity price, Austria (Base, €/MWh)	262	140	148	130	120
Electricity price, Austria (Peak, €/MWh)	276	160	177	161	149

Rounding differences may occur.

Source: WIFO

Table 2: Macroeconomic prospects

		2022	2022	2023	2024	2025	2026
	ESA Code	**in bn €**					**Rate of change in %**
1. Real GDP	B1*g	383.4	5.0	0.3	1.8	2.1	2.0
2. Potential GDP		379.0	1.4	1.4	1.5	1.3	1.2
3. Nominal GDP	B1*g	447.7	10.2	7.4	6.1	5.2	4.7
							Components of real GDP
4. Private final consumption expenditure	P.3	189.3	4.1	1.3	2.0	2.4	2.2
5. Government final consumption expenditure	P.3	79.1	2.9	0.2	0.6	0.5	1.6
6. Gross fixed capital formation	P.51g	94.5	-0.9	0.0	1.0	2.4	2.3
7. Changes in inventories and net acquisition of valuables	P.52 + P.53	2.8	-25.3	-26.2	23.9	-2.4	-0.5
8. Exports of goods and services	P.6	235.0	11.1	2.0	3.3	3.4	3.0
9. Imports of goods and services	P.7	217.7	5.7	2.1	3.2	3.1	3.3
							Contributions to real GDP growth
10. Final domestic demand			2.5	0.7	1.4	1.9	2.1
11. Changes in inventories[1)]	P.52 + P.53		-0.5	-0.4	0.3	0.0	0.0
12. External balance of goods and services	B.11		3.0	0.0	0.1	0.2	-0.1

1) incl. net acquisition of valuables and statistical discrepancy

Rounding differences may occur. Reference year 2015 for real values.

Sources: BMF, STAT, WIFO

Table 3: Price developments

	2022	2023	2024	2025	2026
					Rate of change in %
1. GDP deflator	5.0	7.1	4.2	3.1	2.6
2. Private consumption deflator	7.6	6.9	3.7	3.0	2.5
3. CPI	8.6	7.1	3.8	3.0	2.5
4. Public consumption deflator	1.2	5.0	4.9	3.6	3.3
5. Investment deflator	8.1	4.9	3.6	3.0	2.6
6. Export price deflator (goods and services)	7.9	0.8	0.5	0.8	1.6
7. Import price deflator (goods and services)	11.8	-1.1	-0.1	0.7	1.6

Rounding differences may occur.

Sources: BMF, STAT, WIFO

Table 4: Labour market developments

		2022	2022	2023	2024	2025	2026
	ESA Code	Level					Rate of change in %
1. Employment, persons		4,352,070	2.7	0.7	1.2	1.2	1.0
2. Employment, hours worked (in m)		7,235.4	2.9	0.4	1.0	0.8	0.6
3. Unemployment rate, EUROSTAT definition		221,100	4.8	4.7	4.5	4.4	4.3
4. Labour productivity, persons		88,096.7	2.2	-0.4	0.6	0.9	1.0
5. Labour productivity, hours worked		53.0	2.0	-0.1	0.8	1.3	1.4
6. Compensation of employees (in m €)	D.1	216,729.1	7.6	8.9	9.1	5.6	4.6
7. Compensation per employee		49,799.1	4.8	8.1	7.8	4.4	3.6

Rounding differences may occur.

Sources: BMF, EUROSTAT, STAT, WIFO

Table 5: Sectoral balances

	ESA Code	2022	2023	2024	2025	2026
	ESA Code					In % of GDP
1. Net lending/borrowing vis-à-vis the rest of the world	B.9	0.5	1.6	2.1		
2. Net lending/borrowing of the private sector	B.9	3.7	4.8	3.7		
3. Net lending/borrowing of the general government	B.9	-3.2	-3.2	-1.6	-1.4	-1.3
4. Statistical discrepancy		0.0	0.0	0.0		

Rounding differences may occur.

Sources: BMF, STAT, WIFO

Table 6: Budgetary targets

	ESA Code	2022	2023	2024	2025	2026
		In % of GDP				
		Net lending / net borrowing by sub-sector				
1. General government	S.13	-3.2	-3.2	-1.6	-1.4	-1.3
2. Central government	S.1311	-3.8	-3.4	-1.7	-1.5	-1.4
3. State governments (excl. Vienna)	S.1312	0.4	0.1	0.1	0.1	0.0
4. Local governments (incl. Vienna)	S.1313	0.2	0.0	0.0	0.0	0.0
5. Social security funds	S.1314	-0.1	0.0	0.0	0.1	0.1
6. Interest expenditure	D.41	0.9	1.2	1.4	1.5	1.6
7. Primary balance		-2.2	-2.0	-0.2	0.1	0.4
8. One-off and other temporary measures		0.0	0.0	0.0	0.0	0.0
9. Real GDP growth		5.0	0.3	1.8	2.1	2.0
10. Potential GDP growth		1.4	1.4	1.5	1.3	1.2
11. Output gap		1.2	0.0	0.4	0.3	0.1
12. Cyclical budgetary component		0.7	0.0	0.2	0.2	0.1
13. Cyclically-adjusted balance		-3.9	-3.2	-1.8	-1.5	-1.3
14. Cyclically-adjusted primary balance		-2.9	-2.0	-0.4	0.0	0.3
15. Structural balance		-3.9	-3.2	-1.8	-1.5	-1.3

Rounding differences may occur.

Sources: BMF, STAT, WIFO

Table 7: General government debt developments

	ESA Code	2022	2023	2024	2025	2026
		In % of GDP				
1. Gross debt		78.4	77.0	75.1	73.3	71.4
2. Change in gross debt ratio (in %)		-4.0	-1.4	-1.9	-1.8	-1.9
		Contributions to changes in gross debt				
3. Primary balance		-2.2	-2.0	-0.2	0.1	0.4
4. Interest expenditure	D.41	0.9	1.2	1.4	1.5	1.6
5. Stock-flow adjustment		0.5	0.8	0.9	0.6	0.1
p.m.: Implicit interest rate on debt		1.3	1.7	1.9	2.1	2.3

Rounding differences may occur.

Source: BMF

Table 8: Contingent liabilities

	2021	2022	2023
			In % of GDP
Public guarantees	17.0	14.9	14.0
of which: Central government[1)]	12.8	11.4	10.9
of which: linked to the financial sector[2)]	0.2	0.1	0.1
of which: State and Local governments	4.2	3.5	3.1
of which: linked to the financial sector[2)]	1.1	0.8	0.7

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.

Rounding differences may occur.

Sources: BMF, State governments, STAT, WIFO

Table 9: Budgetary prospects

		2022	2023	2024	2025	2026
	ESA Code					**In % of GDP**
						General government
1. Total revenue	**TR**	**49.5**	**49.1**	**49.0**	**48.8**	**48.6**
1.1. Taxes on production and imports	D.2	13.8	14.2	13.9	13.7	13.6
1.2. Current taxes on income, wealth etc.	D.5	14.4	13.5	13.7	13.6	13.8
1.3. Capital taxes	D.91	0.01	0.01	0.00	0.00	0.00
1.4. Social contributions	D.61	15.1	15.2	15.5	15.5	15.5
1.5. Property income	D.4	0.8	0.9	0.7	0.7	0.7
1.6. Other		5.4	5.4	5.3	5.2	5.1
p.m.: Tax burden		43.5	43.1	43.2	43.1	43.0
2. Total expenditure	**TE**	**52.7**	**52.3**	**50.6**	**50.1**	**49.9**
2.1. Compensation of employees	D.1	10.3	10.4	10.6	10.5	10.3
2.2. Intermediate consumption	P.2	7.2	6.6	6.4	6.3	6.2
2.3. Social payments	D.62, D.632	22.5	22.4	22.6	22.6	22.5
of which: Unemployment benefits		1.0	1.0	0.9	0.9	0.9
2.4. Interest expenditure	D.41	0.9	1.2	1.4	1.5	1.6
2.5. Subsidies	D.3	2.4	3.6	1.7	1.6	1.5
2.6. Gross fixed capital formation	P.51g	3.3	3.5	3.4	3.3	3.3
2.7. Capital transfers	D.9	0.9	1.1	1.0	1.0	1.0
2.8. Other		5.0	3.6	3.5	3.4	3.3

Rounding differences may occur.

Source: BMF

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

		2022	2023	2024	2025	2026
	ESA Code					**In % of GDP**
						General government
1. Total revenue	**TR**	**49.5**	**48.7**	**49.0**	**48.8**	**48.6**
1.1. Taxes on production and imports	D.2	13.8	13.8	13.9	13.7	13.6
1.2. Current taxes on income, wealth etc.	D.5	14.4	13.5	13.7	13.6	13.8
1.3. Capital taxes	D.91	0.0	0.0	0.0	0.0	0.0
1.4. Social contributions	D.61	15.1	15.2	15.5	15.5	15.5
1.5. Property income	D.4	0.8	0.9	0.7	0.7	0.7
1.6. Other		5.5	5.4	5.3	5.2	5.1
p.m.: Tax burden		43.5	42.7	43.2	43.1	43.0
2. Total expenditure	**TE**	**52.7**	**50.7**	**50.5**	**50.0**	**49.7**
2.1. Compensation of employees	D.1	10.3	10.4	10.6	10.5	10.3
2.2. Intermediate consumption	P.2	7.2	6.6	6.4	6.3	6.2
2.3. Social payments	D.62, D.632	22.5	22.1	22.5	22.5	22.5
of which: Unemployment benefits		-	-	-	-	-
2.4. Interest expenditure	D.41	0.9	1.2	1.4	1.5	1.6
2.5. Subsidies	D.3	2.4	2.3	1.7	1.6	1.5
2.6. Gross fixed capital formation	P.51g	3.3	3.5	3.4	3.3	3.3
2.7. Capital transfers	D.9	0.9	1.1	1.0	1.0	1.0
2.8. Other		5.0	3.6	3.5	3.4	3.3

Rounding differences may occur.

Source: BMF

Table 11: Amounts to be excluded from the expenditure benchmark

	2022	2022	2023	2024	2025	2026
	in bn €					**in % of GDP**
1. Expenditure on EU programmes fully matched by EU funds revenue	0.9	0.2	0.2	0.1	0.1	0.1
of which investments fully matched by EU funds revenue	0.2	0.1	0.1	0.0	0.0	0.0
2. Cyclical unemployment benefit expenditure at unchanged policies	-0.4	-0.1	-0.1	-0.1	-0.1	-0.1
3. Effects of discretionary revenue measures	-2.0	-0.5	0.0	-0.2	-0.1	0.0
4. Revenue increases mandated by law	0.0	0.0	0.0	0.0	0.0	0.0

Rounding differences may occur.

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 2022)

	ESA Code	2022	2023	2024	2025	2026
						in % of GDP
General government net lending/net borrowing	B.9					
DBP October 2022		-3.5	-2.9			
SP April 2023		-3.2	-3.2	-1.6	-1.4	-1.3
Difference		*0.3*	*-0.3*			
General government net lending/net borrowing ("no-policy change"-assumption)						
DBP October 2022		-1.8	-1.1			
SP April 2023		-3.2	-2.0	-1.4	-1.2	-0.9
Difference		-1.4	-0.9			
Gross debt						
DBP October 2022		78.3	76.7			
SP April 2023		78.4	77.0	75.1	73.3	71.4
Difference		*0.1*	*0.3*			
Gross debt ("no-policy change"-assumption)						
DBP October 2022		76.5	73.3			
SP April 2023		78.4	75.8	73.8	72.0	69.9
Difference		1.9	2.5			
Structural balance	B.9					
DBP October 2022		-4.2	-2.9			
SP April 2023		-3.9	-3.2	-1.8	-1.5	-1.3
Difference		*0.4*	*-0.3*			

Rounding differences may occur.

Sources: BMF, STAT, WIFO

Table 13: General government expenditure by function

	COFOG Code	2019	2020	2021	2022
					in % of GDP
1. General public services	1	5.8	6.1	5.8	5.3
2. Defence	2	0.6	0.6	0.6	0.6
3. Public order and safety	3	1.3	1.4	1.4	1.3
4. Economic affairs	4	5.8	9.7	9.4	8.9
5. Environmental protection	5	0.4	0.4	0.5	0.5
6. Housing and community amenities	6	0.3	0.3	0.3	0.3
7. Health	7	8.3	9.2	10.1	9.3
8. Recreation, culture and religion	8	1.2	1.2	1.2	1.1
9. Education	9	4.8	5.1	4.9	4.8
10. Social protection	10	20.2	22.8	21.9	20.6
11. Total expenditure	TE	48.7	56.8	56.1	52.7

Rounding differences may occur.

Sources: BMF, STAT

Table 14: Economic growth and public finances in three scenarios

	2022	2023	2024	2025	2026
Baseline Scenario					
GDP, nominal, rate of change in %	10.2	7.4	6.1	5.2	4.7
Dependent employment (in 1,000)	3,844.6	3,874.6	3,924.6	3,975.1	4,017.4
Unemployed (in 1,000)	263.1	269.1	259.1	241.3	230.8
Inflation (CPI, rate of change in %)	8.6	7.1	3.8	3.0	2.5
Private final consumption expenditure, real, rate of change in %	4.1	1.3	2.0	2.4	2.2
Net lending/borrowing of general government in % of GDP	-3.2	-3.2	-1.6	-1.4	-1.3
Gross debt in % of GDP	78.4	77.0	75.1	73.3	71.4
Scenario 1					
GDP, nominal, rate of change in %	10.2	10.6	7.4	6.2	5.5
Dependent employment (in 1,000)	3,844.6	3,915.6	3,992.5	4,075.2	4,154.7
Unemployed (in 1,000)	263.1	238.2	234.7	204.2	170.1
Inflation (CPI, rate of change in %)	8.6	6.9	3.6	2.8	2.3
Private final consumption expenditure, real, rate of change in %	4.1	3.7	3.7	3.8	3.2
Net lending/borrowing of general government in % of GDP	-3.2	-2.0	0.3	0.8	1.3
Gross debt in % of GDP	78.4	72.7	67.5	62.7	58.2
Scenario 2					
GDP, nominal, rate of change in %	10.2	4.0	4.7	4.1	3.7
Dependent employment (in 1,000)	3,844.6	3,752.1	3,758.9	3,778.5	3,807.8
Unemployed (in 1,000)	263.1	322.3	328.6	323.5	309.9
Inflation (CPI, rate of change in %)	8.6	7.5	4.0	3.0	2.5
Private final consumption expenditure, real, rate of change in %	4.1	-2.7	0.7	1.1	1.1
Net lending/borrowing of general government in % of GDP	-3.2	-4.8	-4.0	-4.2	-4.4
Gross debt in % of GDP	78.4	80.1	80.5	81.5	83.0

Sources: BMF, STAT, WIFO

Table 15: Interest expenditure in three scenarios

	2022	2023	2024	2025	2026
					In % of GDP
Baseline scenario	0.9	1.2	1.4	1.5	1.6
ECB scenario	0.9	1.3	1.4	1.6	1.7
Basel Committee stress scenario	0.9	1.3	1.5	1.6	1.8

Sources: BMF, OeBFA

Table 16: Long-term sustainability of public finances (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

Rounding differences may occur.

Source: European Commission

Table 17: County specific recommendations

See: European semester – documents under
https://www.bundeskanzleramt.gv.at/agenda/europapolitik/europaeisches_semester.html

Table 18: Discretionary measures (in million euro)

Measures[1]	ESA Code	2022	2023	2024	2025	2026
						in mn euro
Reform packages		**335**	**2,113**	**2,768**	**3,255**	**3,787**
Green transition[2]	D.9/D.3/D.7		863	1,297	1,383	1,404
Military affairs[2]	P.5		680	1,090	1,490	2,001
Long-term care reform	D.7	335	570	382	382	382
Energy relief measures		**6,915**	**12,029**	**1,218**	**220**	**60**
One-off payments vulnerable groups	D.62	416				
One-off payment special family allowance	D.62	341				
Extraordinary one-off payment pensioners 2022/2023 and credit self-employed	D.62	452	680			
Housing and heating cost subsidy (via states)	D.62		675			
Protection against eviction (“Housing umbrella”)	D.62	8	45	65	15	10
Energy cost compensation (voucher to households)	D.3	628				
Compensation grid loss costs	D.3		558			
Energy cost compensation rail transport	D.3		100			
Reduction energy tax (electricity tax & natural gas tax by 90 %)	D.2 revenue	600	500	-225		
Commuters relief (lump-sum commuters +50 %, commuter euro x4, one-off payment negative taxpay	D.5 revenue (D.3)	120	220	80		
Cost of living bonus (tax and duty free premium payments)	D.5 revenue	300	300			
Price increase tax credit (500 euro)	D.5 revenue		1,000			
Earlier start of increase of Family Bonus and multiple child allowance	D.5 revenue	100	250	50	50	50
Anti-inflation bonus and increased climate bonus	D.7	2800				
Electricity cost subsidy (for households)	D.3		2,733	1,093		
Energy cost subsidy I, II and lump-sum subsidy model (for firms)	D.3	950	6,050			
Energy crisis contribution	D.2 revenue		-2,000			
Electricity price compensation[3]	D.3		233			
Contribution to securing agricultural supply, electricity subsidy for agriculture	D.3	110	120			
Gas diversification	D.3		200	100	100	
Electricity consumption reduction law	D.3		100			
Promoting decarbonisation of firms’ vehicle fleets	D.3	60	60			
Investment campaign renewable energies and storages	D.9	30	55	55	55	
Photovoltaics fast track	D.7/D.9		150			
Strategic gas reserve (incl. storage costs)	P.52/P.2	**3,831**	**95**	**97**	**23**	
Admission of Ukrainian refugees[4]	D.63/D.7/(D.1)	**550**	**550**	**400**	**400**	**400**
Pensions: Suspension of adjustment 2023/24 & change in equalisation of women's retirement age	D.62			**205**	**275**	**275**
Public Servant Law Amendment: making public service more attractive	D.1		**59**	**59**	**59**	**59**
Sum in total		**11,631**	**14,846**	**4,748**	**4,232**	**4,581**
in % of GDP		**2.6**	**3.1**	**0.9**	**0.8**	**0.8**

Rounding differences may occur.

1) Excluding measures which are funded by RRF-funds. Table comprises exclusively federally funded measures.

2) Accrual adjustment is not yet certain.

3) The electricity price compensation has been passed in the Council of Ministers on 2 November 2022 and is currently being dealt with in Parliament. The legislative decision is pending.

4) 2022-2023: roughly 55.000, from 2024: 45.000 refugees (basic care according to current daily rate)

Source: BMF

Table 19: COVID-19 measures (in million euro)

Measures[1)]	ESA Code	2020	2021	2022	2023	2024	2025	2026
								Budgetary impact
Selected COVID measures								
COFAG (fixed-cost subsidy, turnover substitute, guarantees, ...)[2)]	D.3 (D.9)	6,224	8,659	1,035	140	130	100	30
Short-time work scheme[2)]	D.3	6,059	3,132	435				
Season starting aid	D.3			90				
NPO support fund[2)]	D.7	238	411	125				
Medical equipment, masks, tests	P.2	350	529	269	10			
Special Purpose Grants Act (1450, protective equipment)	P.2	363	1244	891	280	18		
Vaccination procurement (incl. medicine)[2)]	P.2	50	480	736	302	100		
Test strategy tourism, testing in companies	P.2/D.3	44	180	86				
Epidemic Law[2)]	P.2/D.3	110	1,100	1,657	540			
Hardship fund [2)]	D.62	895	1,278	242				
Transfers to Social Security Funds (protective equipment, vaccination, testing, etc.)[2)]	D.63	106	1,135	833	519			
Total		**14,439**	**18,146**	**6,398**	**1,791**	**248**	**100**	**30**
in % of GDP		**3.8**	**4.5**	**1.4**	**0.4**	**0.0**	**0.0**	**0.0**

1) Excluding measures financed by RRF. Table includes only federally funded measures.

2) ESA values may differ from administrative values due to time adjustments.

Source: BMF

Table 20: COVID-19 liabilities (in million euro)

	Assumed liabilities[1)]	Cumulative claims 2020-2022[2)]
aws SME Promotion Act (aws KMU-FG)	2,639	63
aws Guarantee Act 1977 (aws GG)	347	13
OeHT SME Promotion Act (ÖHT KMU-FG)	941	11
OeKB Special Framework KRR (Kontrollbank Refinancing Framework)	676	1
OeKB 90 %	269	14
Total COVID-19 liabilities[3)]	**4,871**	**101**

1) Liability levels as of 31 December 2022. The liability levels are net of terminated liabilities and are to be considered as preliminary. They might differ marginally from publications in other reports due to subsequent reviews of the MoF.

2) Cumulative claims as of 31 December 2022. Figures are net of possible returns to administration agencies, which is why there may be differences to the cumulative expenditure 2020-2022 from the federal budget.

3) Excluding assumptions of liabilities for travel service providers

Administration agencies: aws - Austrian Promotional Bank GmbH, OeHT - Austrian Hotel and Tourism Bank GmbH, OeKB - Oesterreichische Kontrollbank AG

Sources: aws, COFAG, OeHT, OeKB

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

	2020	2021	2022	2023	2024	2025	2026
RRF GRANTS as included in the revenue projections*		348.7	753.8	983.5	504.1	442.0	377.9
Cash disbursements of RRF GRANTS from EU		450.0		1,450.0	700.0	400.0	461.4

*RRF grants in 2021 include grants for 2020. 83.4 % of planned RRF expenditure is reflected in RRF revenue projections. Rounding differences may occur.

Sources: BMF, STAT

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

	ESA Code	2020	2021	2022	2023	2024	2025	2026
Compensation of employees	D.1		53.0	51.0	15.8	15.7		
Intermediate consumption	P.2		148.3	280.7	121.2	52.5	10.6	7.1
Social payments	D.62, D.632		0.6	6.7	32.0	22.5	20.0	5.0
Interest expenditure	D.41							
Subsidies, payable	D.3	6.7	3.1	42.2	184.0	109.0	82.0	60.0
Current transfers	D.7			0.2	32.5	5.0		
Total current expenditure		**6.7**	**204.9**	**380.8**	**385.4**	**204.7**	**112.6**	**72.1**
Gross fixed capital formation	P.51g	78.8	96.0	121.3	171.4	114.3	85.5	62.5
Capital transfers	D.9		31.8	401.7	622.5	285.5	332.0	318.5
Total capital expenditure		**78.8**	**127.8**	**523.0**	**793.9**	**399.7**	**417.4**	**381.0**
RRF co-financed expenditure		**85.5**	**332.7**	**903.8**	**1,179.3**	**604.4**	**530.0**	**453.1**

2020-2022: Budget Execution. From 2023 onwards, planned values without carry-overs.

Source: BMF

Table 23: RRF co-financed programmes (in million euro)

	2020	2021	2022	2023	2024	2025	2026
Compensation of employees	**0.0**	**53.0**	**51.0**	**15.8**	**15.7**	**0.0**	**0.0**
Community nursing			22.6	15.8	15.7		
Elementary education			28.4				
Additional teaching lessons		53.0					
Intermediate consumption	**0.0**	**148.3**	**280.7**	**121.2**	**52.5**	**10.6**	**7.1**
Electronic platform for mother child passport			0.4	3.0	4.0	2.5	
Digitalisation of cultural objects				4.4	3.2	3.1	2.1
Digital end devices for pupils		51.2	50.0	35.3	35.3		
(Digital) Research infrastructures				10.0	10.0	5.0	5.0
Digitalisation fund for public administration		6.8	43.7	68.5			
Reskilling and upskilling		90.3	186.6				
Social payments	**0.0**	**0.6**	**6.7**	**32.0**	**22.5**	**20.0**	**5.0**
Primary Health Centres		0.6	1.9	25.0	20.0	20.0	5.0
„Early support“-measure for socially disadvantaged			4.8	7.0	2.5		
Subsidies, payable	**6.7**	**3.1**	**42.2**	**184.0**	**109.0**	**82.0**	**60.0**
Circular economy package			30.0	110.0	40.0	30.0	20.0
IPCEI Microelectronic		0.02	0.6	34.5	34.5	26.0	20.0
IPCEI Hydrogen		0.08	0.03	34.5	34.5	26.0	20.0
Digitalisation of SMEs (KMU.Digital and KMU.E-Commerce)	6.7	3.0	11.5	5.0			
Current transfers	**0.0**	**0.0**	**0.2**	**32.5**	**5.0**	**0.0**	**0.0**
Biodiversity fund				25.0			
Investment fund climate-friendly culture sites			0.2	7.5	5.0		
TOTAL CURRENT EXPENDITURE	**6.7**	**204.9**	**380.8**	**385.4**	**204.7**	**112.6**	**72.1**
Gross fixed capital formation	**78.8**	**96.0**	**121.3**	**171.4**	**114.3**	**85.5**	**62.5**
Renovation of Volkskundemuseum Wien and Prater Atelier				5.4	5.3	7.8	11.4
Austrian Institute of Precision Medicine				10.0	10.0	25.0	25.0
Quantum Austria			1.3	21.0	21.0	22.0	22.0
Construction of new railway lines and electrification of regional railways	78.8	96.0	119.9	135.1	78.0	30.7	4.1
Capital transfers	**0.0**	**31.8**	**401.7**	**622.5**	**285.5**	**332.0**	**318.5**
Emission free buses			0.1	51.2	51.2	51.2	51.2
Funding of emission free vehicles and infrastructure			15.0				
Investments to tackle energy poverty: oil boiler replacement				15.0	15.0	10.0	
Industrial transformation towards climate neutrality				70.0			
Investments into climate-fit town centres				16.8	11.3	10.8	
Broadband			52.0	104.0	208.0	260.0	267.3
Investment premium RRF			207.5	365.5			
Replacement of oil and gas heaters		31.8	127.1				
TOTAL CAPITAL EXPENDITURE	**78.8**	**127.8**	**523.0**	**793.9**	**399.7**	**417.4**	**381.0**
TOTAL RRF CO-FINANCED EXPENDITURE	**85.5**	**332.7**	**903.8**	**1,179.3**	**604.4**	**530.0**	**453.1**
Additional funds (earmarked as carry-overs)				**321.5**			

2020-2022: Execution. From 2023 planned values.
Unused funds from 2020-2022 are in principle available to programmes in later years in addition to planned funds.

Source: BMF

Table 24: Comparison of macroeconomic and budgetary forecasts

	2022	2023	2024	2025	2026
					Real GDP Growth
WIFO	5.0	0.3	1.8	2.1	2.0
European Commission	4.8	0.5	1.4		
OeNB	4.9	0.6	1.7	1.6	
IHS	5.0	0.5	1.4		
					Inflation
WIFO (CPI)	8.6	7.1	3.8	3.0	2.5
European Commission (HICP)	8.6	6.6	3.6		
OeNB (HICP)	8.6	6.5	3.6	2.9	
IHS (HICP)	8.6	7.5	3.5		
					Unemployment Rate
WIFO	4.8	4.7	4.5	4.4	4.3
European Commission	5.0	5.2	5.3		
OeNB	4.8	4.9	4.7	4.6	
IHS	4.8	4.9	4.8		
					General government net lending/net borrwing
BMF	-3.2	-3.2	-1.6	-1.4	-1.3
WIFO	-2.5	-1.8	-0.4	-0.4	-0.6
European Commission	-3.4	-2.8	-1.9		
OeNB	-2.9	-2.0	-2.2	-2.2	
IHS	-3.1	-2.9	-2.3		
Austrian Fiscal Advisory Council	-3.2	-2.3	-1.1		
					Gross debt
BMF	78.4	77.0	75.1	73.3	71.4
WIFO	78.1	74.4	70.5	67.4	64.9
European Commission	78.5	76.6	74.9		
OeNB	77.1	74.4	72.5	71.1	
IHS					
Austrian Fiscal Advisory Council	78.8	76.0	72.8		

A direct comparability is not possible due to diverging definitions. Rounding differences may occur.

Sources:

BMF, April 2023

WIFO, March 2023

European Commission, Winter 2023 (Real GDP Growth and Inflation), Autumn 2022

OeNB, December 2022

IHS, March 2023

Austrian Fiscal Advisory Council, April 2023

Table 25: Status of implementation for measures under the Austrian RRP with target date until Q1/2024

ID	Measure	Milestone	Target Date	Payment Request	Status
AT-C[C1]-R[1A1]-M[1]	1.A.1 Renewable Heat Act	Entry into force of Renewable Heating Law	Q1/22	2nd Payment Request	Not completed
T-C[C1]-R[1A1]-M[2]	1.A.1 Renewable Heat Act	Training for energy consultants	Q4/22	2nd Payment Request	Completed
AT-C[C1]-I[1A2]-T[3]	1.A.2 Promoting the exchange of oil and gas heating systems	Replacement of heating systems	Q4/21	1st Payment Request	Completed
AT-C[C1]-I[1A2]-T[4]	1.A.2 Promoting the exchange of oil and gas heating systems	Replacement of heating systems	Q4/23	3rd Payment Request	Completed
AT-C[C1]-I[1A3]-M[6]	1.A.3 Combating energy poverty	Determination of funding priorities	Q1/22	2nd Payment Request	Completed
AT-C[C1]-I[1A3]-T[7]	1.A.3 Combating energy poverty	Thermal renovation projects approved	Q4/23	3rd Payment Request	On track
AT-C[C1]-R[1B1]-M[9]	1.B.1 Mobility Masters Plan 2030	Implementation of the Mobility Masterplan has started	Q3/23	3rd Payment Request	On track
AT-C[C1]-R[1B2]-M[11]	1.B.2 Introduction of 1-2-3 climate ticket	Entry into force of law	Q3/21	1st Payment Request	Completed
AT-C[C1]-R[1B2]-M[12]	1.B.2 Introduction of 1-2-3 climate ticket	Introduction of 1-2-3 climate ticket	Q4/21	1st Payment Request	Completed
AT-C[C1]-I[1B3]-M[13]	1.B.3 Zero-emission buses	Launch of the zero-emission buses support programme	Q1/22	2nd Payment Request	Completed
AT-C[C1]-I[1B4]-M[17]	1.B.4 Zero-emission utility vehicles	Launch of the support programme	Q1/21	1st Payment Request	Completed
AT-C[C1]-I[1B5]-M[21]	1.B.5 Construction of new railways and electrification of regional railways	Ongoing construction project	Q1/20	1st Payment Request	Completed
AT-C[C1]-I[1B5]-M[22]	1.B.5 Construction of new railways and electrification of regional railways	Electrification	Q4/23	3rd Payment Request	On track
AT-C[C1]-R[1C1]-M[24]	1.C.1 Legal framework for increasing collection rates for beverage packaging and the supply of reusable beverage containers in retail	Entry into force of the amended Waste Management Act	Q4/21	1st Payment Request	Completed

ID	Measure	Milestone	Target Date	Payment Request	Status
AT-C[C1]-R[1C1]-M[25]	1.C.1 Legal framework for increasing collection rates for beverage packaging and the supply of reusable beverage containers in retail	Entry into force of the implementing regulation	Q1/23	3rd Payment Request	Not completed
AT-C[C1]-I[1C2]-M[27]	1.C.2 Biodiversity fund	Entry into force of the legal framework for Biodiversity Fund	Q1/22	2nd Payment Request	Completed
AT-C[C1]-I[1C2]-M[28]	1.C.2 Biodiversity fund	Completion of the call for projects to restore priority degraded ecosystems and protect endangered species and habitats	Q1/23	3rd Payment Request	Completed
AT-C[C1]-I[1C3]-T[30]	1.C.3 Investments in reverse vending systems and measures to increase the reuse quota of beverage containers	Take-back systems	Q1/24	4th Payment Request	On track
AT-C[C1]-I[1C4]-T[32]	1.C.4 Retrofitting of existing and construction of new sorting facilities	Permit applications for construction or retrofitting	Q3/22	2nd Payment Request	Completed
AT-C[C1]-I[1C5]-M[35]	1.C.5 Promotion of the repairing of electrical and electronic equipment (repair bonus)	Launch of the repair bonus support programme	Q1/22	2nd Payment Request	Completed
AT-C[C1]-I[1C5]-T[36]	1.C.5 Promotion of the repairing of electrical and electronic equipment (repair bonus)	Repaired or renewed electrical or electronic equipment	Q1/24	4th Payment Request	Completed
AT-C[C1]-R[1D1]-M[38]	1.D.1 Renewable Expansion Law	Entry into force of the Renewables Expansion Law	Q4/21	1st Payment Request	Completed
AT-C[C1]-R[1D1]-T[39]	1.D.1 Renewable Expansion Law	Additional renewable electricity generation capacity	Q4/23	3rd Payment Request	On track
AT-C[C1]-I[1D2]-M[41]	1.D.2 Transforming industry towards climate neutrality	Adoption of regulatory criteria and funding guidelines	Q3/21	1st Payment Request	Completed
AT-C[C2]-R[2A1]-M[44]	2.A.1 Set-up of Platform Internet-infrastructure Austria (PIA) 2030	Work programme of Platform Internet-infrastructure Austria (PIA 2030) to coordinate the interaction of all relevant stakeholders	Q4/21	1st Payment Request	Completed
AT-C[C2]-R[2A1]-M[45]	2.A.1 Set-up of Platform Internet-infrastructure Austria (PIA) 2030	Implementation of the measures developed by the Platform to reduce red tape and simplify procedures for broadband deployment	Q4/23	3rd Payment Request	On track
AT-C[C2]-I[2A2]-T[46]	2.A.2 Widespread availability of Gigabit capable access networks and creation of new symmetric Gigabit connections	Provision of broadband access to 46% of households	Q3/22	2nd Payment Request	Not completed
AT-C[C2]-R[2B1]-M[49]	2.B.1 Fair and equal access of pupils to basic digital competence	Entry into force of the School Digitalisation Act	Q1/21	1st Payment Request	Completed

ID	Measure	Milestone	Target Date	Payment Request	Status
AT-C[C2]-R[2B1]-M[50]	2.B.1 Fair and equal access of pupils to basic digital competence	Entry into force of the Implementing regulation	Q3/21	1st Payment Request	Completed
AT-C[C2]-I[2B2]-M[52]	2.B.2 Provision of digital end-user devices to pupils	Award decision on tender regarding digital end devices	Q2/21	1st Payment Request	Completed
AT-C[C2]-I[2B2]-T[53]	2.B.2 Provision of digital end-user devices to pupils	Digital devices for the first two year of secondary school	Q4/21	1st Payment Request	Completed
AT-C[C2]-I[2B2]-T[54]	2.B.2 Provision of digital end-user devices to pupils	Digital devices for the remaining grades of lower secondary school	Q4/23	3rd Payment Request	On track
AT-C[C2]-R[2C1]-M[56]	2.C.1 Proposed legislation for Once Only. Amendment of the Business Service Portal Act	Entry into force of the law amending the Business Service Portal Act; upgrade of the relevant IT infrastructure.	Q3/21	1st Payment Request	Completed
AT-C[C2]-R[2C1]-M[57]	2.C.1 Proposed legislation for Once Only. Amendment of the Business Service Portal Act	Linking registries to the Register and Systems Network (RSV), preparation of Single Digital Gateway (SDG), start of the Information Obligation Database (IVDB) by Ministries	Q4/22	2nd Payment Request	Completed
AT-C[C2]-R[2C1]-M[58]	2.C.1 Proposed legislation for Once Only. Amendment of the Business Service Portal Act	Establishing the Once Only technical system connection	Q4/23	3rd Payment Request	Delayed
AT-C[C2]-I[2C2]-M[59]	2.C.2 Digitalisation fund public administration	Entry into force of the Digitalisation Fund Act	Q2/21	1st Payment Request	Completed
AT-C[C2]-I[2C2]-M[60]	2.C.2 Digitalisation fund public administration	Projects selected	Q2/22	2nd Payment Request	Completed
AT-C[C2]-I[2C2]-T[61]	2.C.2 Digitalisation fund public administration	Completion of the funded projects regarding digitalisation of public administration	Q4/23	3rd Payment Request	Delayed
AT-C[C2]-I[2D1]-M[62]	2.D.1 Digitalisation of SMEs	Approval and publication of the relevant guidelines and contracts for KMU.DIGITAL 3.0	Q1/21	1st Payment Request	Completed
AT-C[C2]-I[2D1]-M[63]	2.D.1 Digitalisation of SMEs	Approval and publication of the relevant guidelines and contracts for KMU.E-Commerce	Q1/21	1st Payment Request	Completed
AT-C[C2]-I[2D1]-T[64]	2.D.1 Digitalisation of SMEs	Completion of SME digitalisation projects	Q4/23	3rd Payment Request	Delayed
AT-C[C2]-I[2D2]-M[65]	2.D.2 Digital investment in enterprises	Entry into force of the amendment to the Investment Premium Act to reflect the budget increase as a result of the RRP	Q2/21	1st Payment Request	Completed
AT-C[C2]-I[2D2]-T[66]	2.D.2 Digital investment in enterprises	Digitalisation investments in at least 3 000 companies under the RRP	Q1/23	3rd Payment Request	Completed

ID	Measure	Milestone	Target Date	Payment Request	Status
AT-C[C2]-I[2D3]-M[68]	2.D.3 Green investments in enterprises	Entry into force of the amendment to the Investment Premium Act to reflect the budget increase as a result of the RRP	Q2/21	1st Payment Request	Completed
AT-C[C2]-I[2D3]-T[69]	2.D.3 Green investments in enterprises	Investments in e-mobility	Q4/23	3rd Payment Request	On track
AT-C[C3]-I[3A2]-M[75]	3.A.2 Quantum Austria — Promotion of Quantum Sciences	Call for expressions of interest (BMBWF); Identification of an executing agency	Q4/21	1st Payment Request	Completed
AT-C[C3]-I[3A3]-M[78]	3.A.3 Austrian Institute of Precision Medicine	Ministerial planning approval (BMBWF & BMF)	Q2/22	2nd Payment Request	Completed
AT-C[C3]-I[3A3]-M[79]	3.A.3 Austrian Institute of Precision Medicine	Start of construction of the Institute of Precision Medicine	Q4/23	3rd Payment Request	On track
AT-C[C3]-I[3A4]-M[81]	3.A.4 (Digital) Research Infrastructures	Award decision for grants to universities investing in digital research infrastructure	Q4/22	2nd Payment Request	Completed
AT-C[C3]-R[3B1]-M[84]	3.B.1 Education bonus	Entry into force of the Unemployment Insurance Act and the publication of the Funding Guidelines on the Ministries' website	Q4/20	1st Payment Request	Completed
AT-C[C3]-R[3B1]-T[85]	3.B.1 Education bonus	Education bonuses disbursed	Q4/21	1st Payment Request	Completed
AT-C[C3]-R[3B1]-M[86]	3.B.1 Education bonus	Education bonus measure evaluated	Q1/22	2nd Payment Request	Completed
AT-C[C3]-R[3B1]-M[87]	3.B.1 Education bonus	Ensuring the preconditions for re- and upskilling	Q4/20	1st Payment Request	Completed
AT-C[C3]-I[3B2]-M[88]	3.B.2 Promoting re-skilling and up-skilling	First annual overview	Q1/22	2nd Payment Request	Completed
AT-C[C3]-I[3C2]-M[92]	3.C.2 Remedial education package	Finalisation of the remedial education package and start with the measures in the schools	Q2/21	1st Payment Request	Completed
AT-C[C3]-I[3C2]-M[93]	3.C.2 Remedial education package	Support measures during the school year are completed. Provision of supplementary classes including during the holidays	Q4/21	1st Payment Request	Completed
AT-C[C3]-I[3C2]-M[94]	3.C.2 Remedial education package	Evaluation of the additional teaching staff deployment	Q1/22	2nd Payment Request	Completed
AT-C[C3]-I[3C3]-T[95]	3.C.3 Expansion of elementary education	Increasing rates of childcare for children under three years of age	Q4/23	3rd Payment Request	On track
AT-C[C3]-I[3C3]-T[96]	3.C.3 Expansion of elementary education	Increasing rates of early childhood education for children aged three to	Q4/23	3rd Payment Request	On track

ID	Measure	Milestone	Target Date	Payment Request	Status
		six compatible with full-time employment of parents			
AT-C[C3]-I[3D1]-M[97]	3.D.1 IPCEI Microelectronics and Connectivity	Climate-related eligibility criteria established in call documents	Q4/21	1st Payment Request	Completed
AT-C[C3]-I[3D1]-M[98]	3.D.1 IPCEI Microelectronics and Connectivity	National selection of projects to support the development of innovative microelectronics and connectivity technologies	Q4/21	1st Payment Request	Completed
AT-C[C3]-I[3D2]-M[101]	3.D.2 IPCEI Hydrogen	National selection of projects to support the development of hydrogen production, storage and applications	Q3/21	1st Payment Request	Completed
AT-C[C4]-R[4A1]-M[104]	4.A.1 Enhancing primary health care	Platform on primary health care and related measures	Q4/22	2nd Payment Request	Completed
AT-C[C4]-R[4A1]-T[105]	4.A.1 Enhancing primary health care	Promotional events in the context of the platform/incubator programme	Q4/23	3rd Payment Request	Completed
AT-C[C4]-I[4A2]-M[107]	4.A.2 Funding of primary health care projects	Adoption and publication of funding guidelines for primary health care projects	Q4/21	1st Payment Request	Completed
AT-C[C4]-I[4A2]-T[108]	4.A.2 Funding of primary health care projects	Funding of primary health care projects	Q4/23	3rd Payment Request	On track
AT-C[C4]-I[4A3]-M[111]	4.A.3 Development of the electronic mother child pass platform including the interfaces to the early aid networks	Entry into force of the law defining the framework for the electronic ‘mother-child pass’	Q2/23	3rd Payment Request	On track
AT-C[C4]-I[4A3]-M[112]	4.A.3 Development of the electronic mother child pass platform including the interfaces to the early aid networks	Award of the electronic 'mother child pass' platform programming contract	Q4/23	3rd Payment Request	On track
AT-C[C4]-I[4A4]-M[114]	4.A.4 National roll-out of ‘early aid’ for socially disadvantaged pregnant women, their young children and families	Identification and entrustment of the implementation bodies	Q4/22	2nd Payment Request	Completed
AT-C[C4]-I[4A4]-T[115]	4.A.4 National roll-out of ‘early aid’ for socially disadvantaged pregnant women, their young children and families	National roll-out of ‘early aid’	Q3/23	3rd Payment Request	On track
AT-C[C4]-R[4B1]-M[117]	4.B.1 Soil protection strategy	Adoption of a road map for the Austrian soil protection strategy	Q4/21	1st Payment Request	Completed
AT-C[C4]-R[4B1]-M[118]	4.B.1 Soil protection strategy	Adoption of the Austrian quantitative soil protection strategy	Q4/22	2nd Payment Request	Not completed
AT-C[C4]-R[4B2]-M[119]	4.B.2 Reform to further develop care provision	Pilot projects on community nurses as element of the Reform of care provision,	Q3/21	1st Payment Request	Completed

ID	Measure	Milestone	Target Date	Payment Request	Status
AT-C[C4]-R[4B2]-M[120]	4.B.2 Reform to further develop care provision	Principles for the implementation of long-term care target based governance (Zielsteuerung Pflege) are established	Q4/22	2nd Payment Request	Not completed
AT-C[C4]-R[4B2]-M[121]	4.B.2 Reform to further develop care provision	Start implementing the core elements of the reform of long-term care provision	Q1/24	4th Payment Request	On track
AT-C[C4]-I[4B3]-M[122]	4.B.3 Investment in climate-friendly town centres	Adoption of the funding guidelines for the four areas of intervention	Q3/21	1st Payment Request	Completed
AT-C[C4]-I[4B3]-T[123]	4.B.3 Investment in climate-friendly town centres	Thermal refurbishment projects completed	Q4/23	3rd Payment Request	Delayed
AT-C[C4]-I[4B3]-T[125]	4.B.3 Investment in climate-friendly town centres	Green façades projects completed	Q4/23	3rd Payment Request	Delayed
AT-C[C4]-I[4B3]-T[127]	4.B.3 Investment in climate-friendly town centres	Projects for the connection to high-efficiency district heating completed	Q4/23	3rd Payment Request	Delayed
AT-C[C4]-I[4B3]-T[129]	4.B.3 Investment in climate-friendly town centres	Brownfield land projects completed	Q4/23	3rd Payment Request	On track
AT-C[C4]-I[4B4]-T[131]	4.B.4 Investment in the implementation of community nurses	Start of community nurses work	Q3/21	1st Payment Request	Completed
AT-C[C4]-I[4B4]-M[132]	4.B.4 Investment in the implementation of community nurses	Interim evaluation	Q4/22	2nd Payment Request	Completed
AT-C[C4]-R[4C1]-M[134]	4.C.1 Development of a building culture programme	Fourth Building Culture report	Q3/21	1st Payment Request	Completed
AT-C[C4]-R[4C2]-M[135]	4.C.2 Develop a national digitalisation strategy for cultural heritage	Launch of the consultation process on a strategy for the digitisation of cultural heritage	Q1/22	2nd Payment Request	Completed
AT-C[C4]-R[4C2]-M[136]	4.C.2 Develop a national digitalisation strategy for cultural heritage	Decision of the Ministry for Culture (BMOESK) on the strategy for the digitalisation of cultural heritage	Q1/23	3rd Payment Request	Completed
AT-C[C4]-I[4C3]-M[137]	4.C.3 Renovation Volkskundemuseum Wien and Prater Ateliers	Feasibility studies for the Volkskundemuseum Wien and Prater Ateliers	Q4/21	1st Payment Request	Completed
AT-C[C4]-I[4C4]-M[140]	4.C.4 Digitalisation wave cultural heritage	'Kulturpool pool Neu' — web-based data aggregation platform from different cultural heritage institutions	Q1/23	3rd Payment Request	Not completed
AT-C[C4]-I[4C5]-M[143]	4.C.5 Investment fund for climate-friendly cultural businesses	Entry into force of the funding guidelines establishing the investment fund	Q4/21	1st Payment Request	Completed
AT-C[C4]-I[4C5]-M[144]	4.C.5 Investment fund for climate-friendly cultural businesses	First call for expressions of interest	Q2/22	2nd Payment Request	Completed
AT-C[C4]-R[4D1]-M[146]	4.D.1 Spending review focusing on green and digital transformation	Spending Review on the analysis of the climate and energy policy support and incentive landscape.	Q3/22	2nd Payment Request	Completed

ID	Measure	Milestone	Target Date	Payment Request	Status
AT-C[C4]-R[4D1]-M[147]	4.D.1 Spending review focusing on green and digital transformation	Spending Review 'Identifying synergies with the funding landscape of the Länder'	Q2/23	3rd Payment Request	On track
AT-C[C4]-R[4D1]-M[151]	4.D.1 Spending review focusing on green and digital transformation	Spending Review 'Further advancement of digitalisation in public administration'	Q3/23	3rd Payment Request	On track
AT-C[C4]-R[4D2]-M[152]	4.D.2 Increase in effective retirement age	Establishment of the legal basis for the abolishment of the early retirement pension without deduction, as well as for the introduction of the early starter bonus and the postponement of the first pension increase (Aliquotierung)	Q4/20	1st Payment Request	Completed
AT-C[C4]-R[4D2]-M[153]	4.D.2 Increase in effective retirement age	Effective implementation of the early starter bonus (replacing early retirement pensions without deduction) and of the postponement of the first pension increase (Aliquotierung)	Q1/22	2nd Payment Request	Completed
AT-C[C4]-R[4D3]-M[154]	4.D.3 Pension splitting	Legislative proposal	Q2/22	2nd Payment Request	Not completed
AT-C[C4]-R[4D3]-M[155]	4.D.3 Pension splitting	Entry into force of the law introducing automatic pension splitting	Q4/22	2nd Payment Request	Not completed
AT-C[C4]-R[4D4]-M[156]	4.D.4 Climate action governance framework	Citizens' Climate Council (Klimarat) and focal point on green budgeting	Q4/21	1st Payment Request	Completed
AT-C[C4]-R[4D4]-M[157]	4.D.4 Climate action governance framework	Entry into force of a law introducing a mandatory climate check for new legislative proposals	Q2/22	2nd Payment Request	Not completed
AT-C[C4]-R[4D5]-M[158]	4.D.5 Eco-social tax reform	Launch of the second stage of the work of the task force	Q2/21	1st Payment Request	Completed
AT-C[C4]-R[4D5]-M[159]	4.D.5 Eco-social tax reform	Entry into force of the eco-social tax reform	Q1/22	2nd Payment Request	Completed
AT-C[C4]-R[4D6]-M[160]	4.D.6 Green Finance (Agenda)	Green Finance Agenda	Q1/22	2nd Payment Request	Not completed
AT-C[C4]-R[4D6]-M[161]	4.D.6 Green Finance (Agenda)	Use of quantitative and qualitative indicators to measure the achievement of implementation	Q4/22	2nd Payment Request	Not completed
AT-C[C4]-R[4D7]-M[162]	4.D.7 National Financial Education Strategy	Strategy document	Q3/21	1st Payment Request	Completed
AT-C[C4]-R[4D7]-M[163]	4.D.7 National Financial Education Strategy	Finalisation of the Competence Framework for financial education	Q4/22	2nd Payment Request	Not completed

ID	Measure	Milestone	Target Date	Payment Request	Status
AT-C[C4]-R[4D8]-M[164]	4.D.8 Start-up package	Entry into force of the start-up package	Q1/22	2nd Payment Request	Not completed
AT-C[C4]-R[4D9]-M[165]	4.D.9 Strengthening equity capital	Decree on the conversion of state guaranteed loans into equity	Q3/21	1st Payment Request	Completed
AT-C[C4]-R[4D9]-M[166]	4.D.9 Strengthening equity capital	Entry into force of the company form for investments in shareholding (SICAV)	Q1/22	2nd Payment Request	Not completed
AT-C[C4]-R[4D10]-M[167]	4.D.10 Labour market: one-stop shop	Conceptual development	Q3/21	1st Payment Request	Completed
AT-C[C4]-R[4D10]-M[168]	4.D.10 Labour market: one-stop shop	Start of operations	Q1/22	2nd Payment Request	Completed
AT-C[C4]-R[4D11]-M[169]	4.D.11 Liberalisation of business regulations	Entry into force of the occasional transport act	Q1/21	1st Payment Request	Completed
AT-C[C4]-R[4D11]-M[170]	4.D.11 Liberalisation of business regulations	Exemption of recharging points for electric motor vehicles and photovoltaic systems in commercial installations from authorisation requirements.	Q1/21	1st Payment Request	Completed
AT-C[C4]-R[4D11]-M[171]	4.D.11 Liberalisation of business regulations	Entry into force of the Grace Period Act	Q1/22	2nd Payment Request	Not completed

Source: BMF

Tables

Figures

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