Federal Ministry
Republic of Austria
Finance

Economic Developments and Public Finances 2023-2027

Vienna, April 2024

Contents

1 Introduction

New EU fiscal rules, which do not require the submission of a stability programme, have entered into force on 30 April 2024. Previously, euro area Member States had to annually submit a stability programme in accordance with EU Regulation 1466/97, as amended by Regulation 1175/2011.

The Federal Ministry of Finance (BMF) provides the public with a comparable document in the interest of transparent budget planning.

This report is based on national accounts data of Statistics Austria (STAT) until 2023, the medium-term economic forecast of the Austrian Institute of Economic Research (WIFO) from March 2024 as well as calculations and estimates of the BMF.

The primary purpose of this document is to present developments since the last stability programme in order to assist the European Commission in updating its models and to facilitate European economic policy coordination.

2 Economic situation in Austria

2.1 Economic development (2023-2027)

International environment

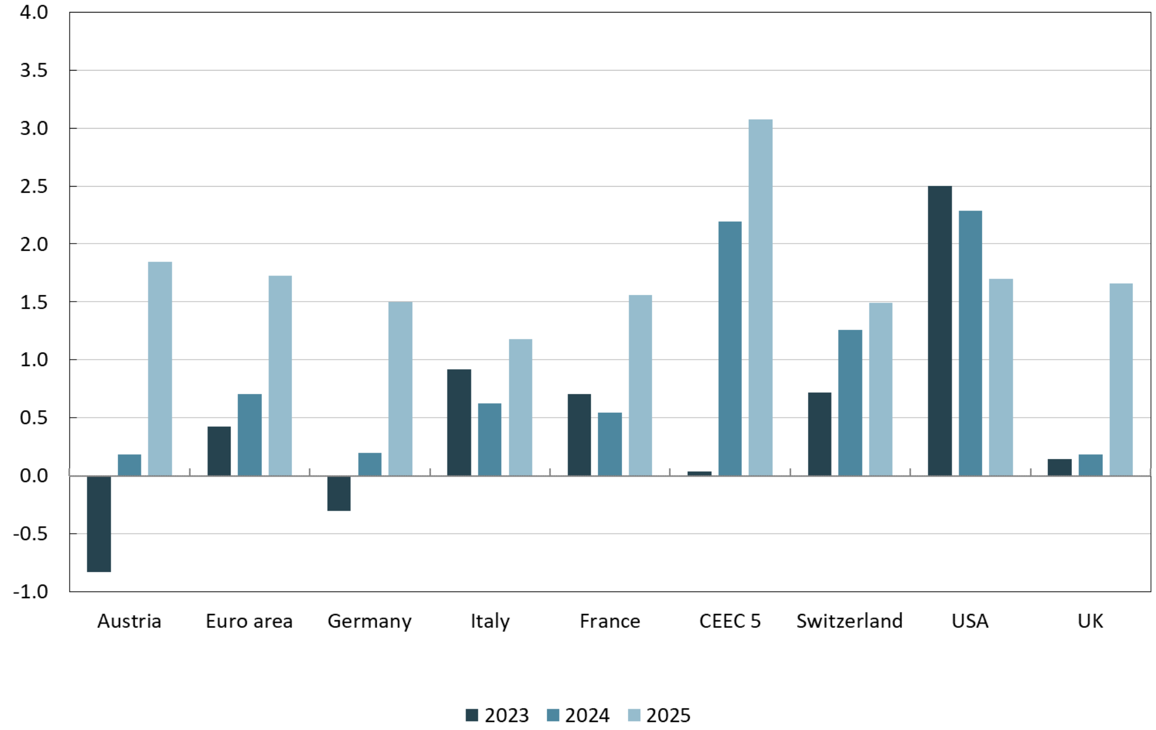
The global economy recorded modest growth of 3.2 % in 2023, with economic growth varying considerably between countries. The US economy expanded at a much higher rate than expected at the end of 2022. In contrast, economic output in the EU barely increased due to the lingering effects of the energy price shock and higher interest rates. The euro area economy has stagnated in the last five quarters. In Germany, Austria’s most important trading partner, gross domestic product (GDP) declined by 0.3 % in the previous year.

Global industrial production increased by 0.9 % in 2023, according to the Dutch CPB. While this increase was mainly driven by emerging markets, industrial production fell by 2.1 % in the eurozone. Global merchandise trade shrank by 1.9 % last year. Austria’s external environment was thus characterised by the weakness of world trade and global industrial production. The growth of relevant Austrian foreign markets (export partners’ goods imports) was -2.5 % in real terms in 2023.

In April 2024, the International Monetary Fund (IMF) published its forecast for the global economy: it expects that the world economy will grow by 3.2 % in both 2024 and 2025. Global growth prospects have thus brightened slightly, although they remain subdued and vary from region to region.

The WIFO has revised its growth forecast for the eurozone down to 0.7 % in 2024. It expects that monetary policy in the euro area will be eased as of the middle of the year. Consequently, economic activity should gain momentum in the second half of 2024. A higher growth forecast for 2025 (+1.7 %) also reflects this. In case of Germany, the WIFO has also revised its GDP growth forecast downward to 0.2 % in 2024. The German economy is forecast to expand by 1.5 % in the following year.

Figure 1: International economic environment



Left axis: Change of real GDP on the previous year in percent
CEEC 5: Central and Eastern European countries (Poland, Slovakia, Slovenia, Czech Republic and Hungary)
Source: WIFO

Current situation in Austria

The weak international environment, higher interest rates and inflation weighed on the Austrian economy in 2023. After declines in economic output in the second and third quarters of 2023, real GDP stagnated in the final quarter. Overall, economic output fell by 0.8 % in real terms in 2023.

Gross fixed capital formation fell sharply by 2.4 % in real terms, with residential construction investment (-9.4 %) suffering in particular from high construction prices and financing costs. Private household consumption declined by 0.3 %. Public consumption also fell by 0.4 %. Despite the subdued international environment and the decline in world trade, real exports of goods rose by 0.7 %. Due to the decline in exports of services, total exports decreased by 0.2 % (imports of goods and services: -1.8 %).

On the production side, this development was reflected in a decline in gross value added in agriculture, construction, industry, trade and transport. The performance of the remaining service sectors was mixed. Tourism supported economic growth as the number of overnight stays increased by 10.4 % in the calendar year 2023.

The WIFO business cycle survey of March 2024 shows a slight improvement in the generally sceptical assessment of the economy. According to WIFO, this sceptical assessment is due to the weak economic situation in manufacturing and construction, while sentiment in the retail and service sectors has recently improved. The UniCredit Bank Austria Purchasing Managers' Index (PMI) fell slightly to 42.2 points in March, remaining below the growth threshold of 50 points for the twentieth consecutive month. However, domestic industrial firms' production expectations for the next twelve months rose to a two-year high.

Short-term growth outlook

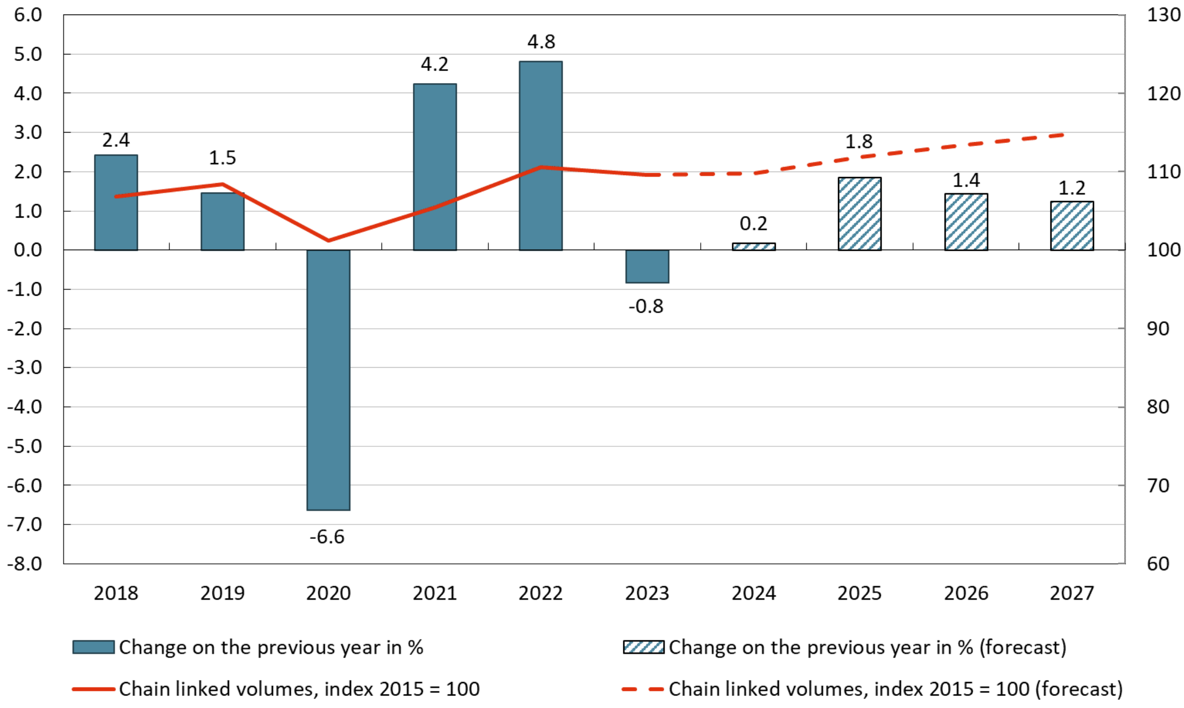
In March 2024, the WIFO conducted a short- and medium-term economic forecast for Austria, on which this document is based.

In the light of weak economic sentiment, the upturn previously expected for the beginning of 2024 is being delayed. The WIFO expects monetary policy in the eurozone to be eased from the middle of this year and investment demand to pick up as a result. According to the WIFO, countries with a strong industrial sector such as Germany and Austria should particularly benefit from this recovery. The outlook for the domestic industry and the export sector should therefore improve around mid-2024. Private consumption should benefit from rising real disposable household income. Due to the delayed inflation adjustment of wages and salaries as well as declining inflation, WIFO expects net real wages per employee to grow by 4.4 % in 2024.

Against this backdrop, economic output is expected to expand more strongly from mid-2024 onwards. WIFO forecasts growth to accelerate in the course of 2024, so that GDP in the fourth quarter of 2024 will be 1.3 % higher than in the final quarter of the previous year.

For the year 2024 as a whole, WIFO forecasts weak economic growth of 0.2 %. In 2025, Austria's GDP is expected to expand strongly by 1.8 %.

Figure 2: Austrian real GDP

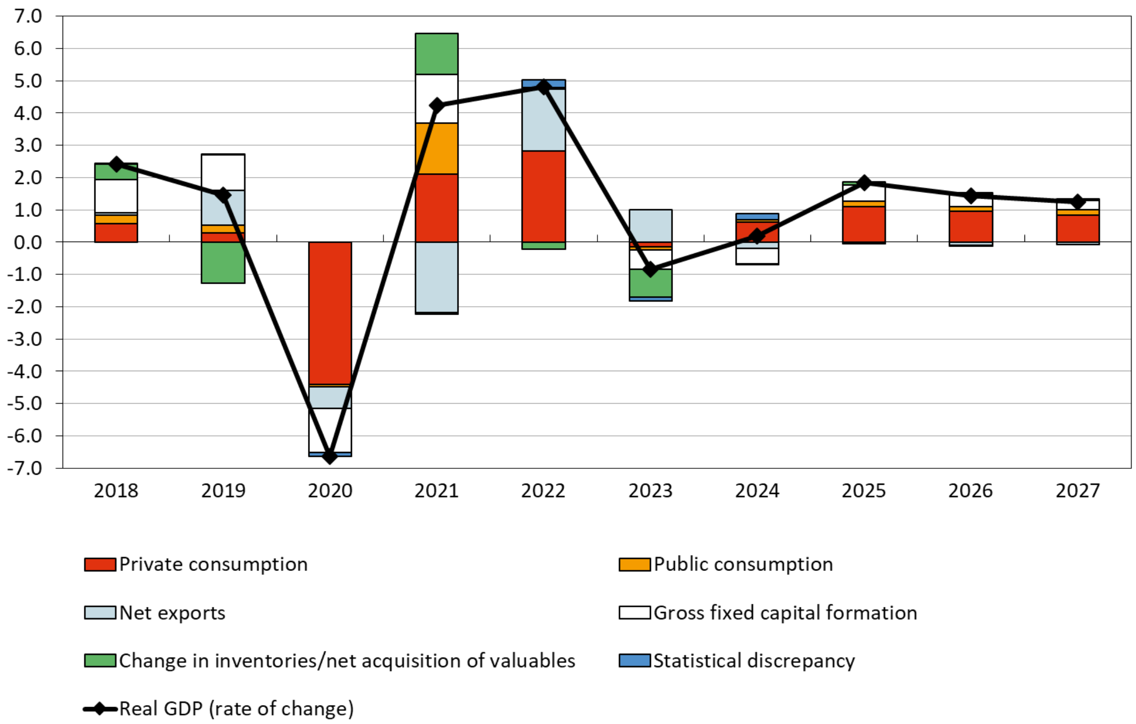


Left axis: Change on the previous year in percent

Right axis: Chain linked volumes, index 2015 = 100

Sources: STAT, WIFO

Figure 3: Contribution to real GDP growth



Left axis: Contribution to real GDP growth in percentage points

Sources: BMF, STAT, WIFO

In 2024, an increase in real disposable household income (+2.6 %) will allow private consumption to grow by 1.2 % in real terms, while the saving rate will rise at the same time. A further increase in the consumption of private households of 2.1 % is expected for 2025. Public consumption is forecast to increase slightly by 0.3 % this year (2025: +0.8 %). Gross fixed capital formation will decline by 2.0 % in 2024. Growth of 2.2 % is forecast for 2025. The contribution of net exports to real GDP growth is expected to be slightly negative this year and neutral in 2025.

Gross valued added in constriction is forecast to decrease again this year (-3.6 %). The WIFO expects value added to increase by 1.0 % in 2025. Furthermore, the WIFO forecasts a decline of 1.5 % in value added in the manufacturing sector in 2024, although the situation of the manufacturing sector should gradually improve in the course of 2024. In the next year, gross value added in manufacturing is expected to increase by 3.3 %. As private consumption recovers, gross value added in wholesale and retail trade is forecast to increase by 1.5 % in 2024 (2025: +2.0 %).

Medium-term growth outlook

For the medium-term perspective from 2024 to 2027, the WIFO projects an average growth rate of potential output of 0.9 % (European Commission method). The average annual growth rate of real GDP is forecast to be 1.2 %. In 2026 and 2027, the Austrian economy is expected to expand by 1.4 % and 1.2 %, respectively. The difference between potential and actual economic output (output gap) should be -1.2 % in 2024 and will close in 2028 (European Commission method).

Private consumption will be the main contributor to economic growth in the medium-term, with an average annual growth rate of 1.7 %. Public consumption is projected to increase by 0.6 % on average. Gross fixed capital formation is forecast to grow by 0.8 % on average between 2024 and 2027, with machinery and equipment investment performing significantly better than construction investment. Real exports and imports are expected to increase by an average of 2.3 % and 2.6 % respectively in the period 2024-2027.

A comparison of macroeconomic and budgetary forecasts can be found in Table 19 in the Annex.

Labour market

The Austrian labour market proved to be robust in 2023. However, the economic slowdown is having an increasing impact on the labour market. Employment grew by 1.2 % on average in 2023, although employment growth slowed down during the year. Most recently, employment was more or less stagnant compared to the previous year. The unemployment rate (according to the national definition) increased by 0.1 percentage points to 6.4 % last year. At 6.9 %, the unemployment rate in March was 0.7 percentage points higher than in March 2023, but still well below the comparable month in the pre-crisis year 2019.

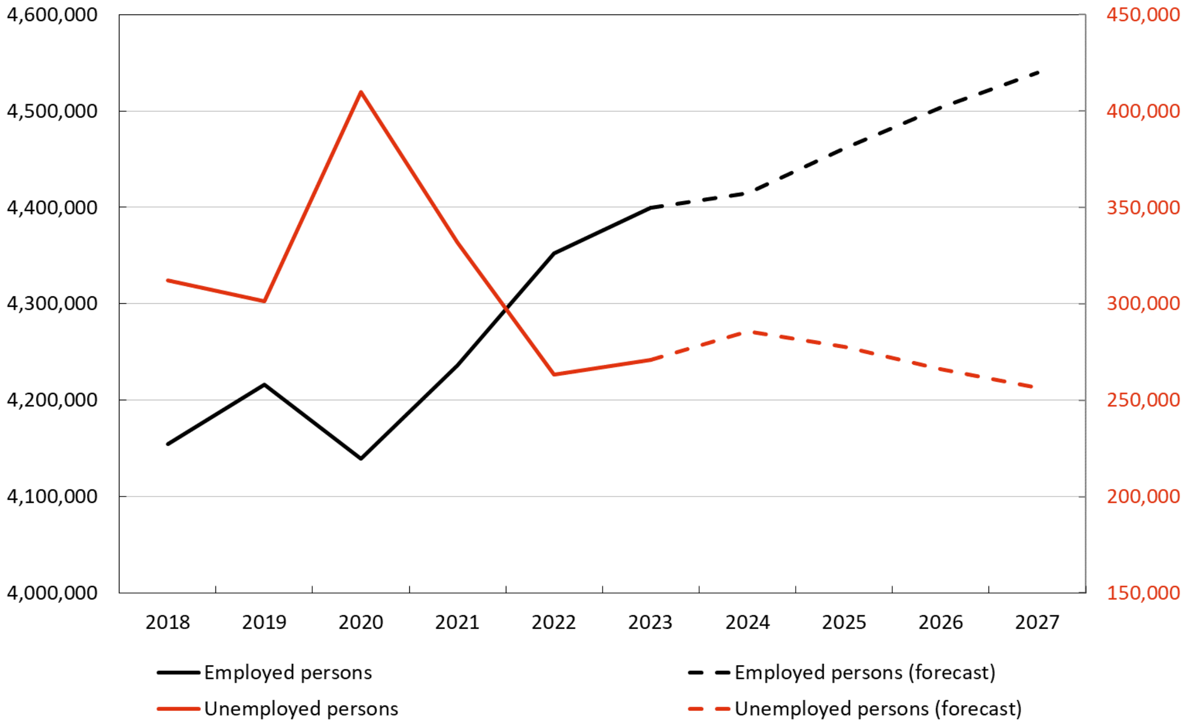
The WIFO expects weak employment growth of 0.4 % in 2024. In 2025, the number of persons in active dependent employment is expected to increase by 1.1 % on the back of the economic recovery. Thereafter, employment growth is likely to slow down to 0.8 % in 2027. The unemployment rate is expected to increase by 0.3 percentage points (+15,000 persons) to 6.7 % in 2024, but will remain well below level of 2019 (7.4 %). Already in 2025, the unemployment rate is forecast to fall back to 6.5 %. It is expected to gradually decline to 5.9 % in 2027. This would put the unemployment rate almost two percentage points below the 2010 to 2019 average.

Inflation

The rate of inflation (CPI) in Austria fell noticeably over the course of 2023, from 11.2 % at the beginning of the year to 5.6 % in December. The average inflation rate in 2023 was 7.8 %. Inflation continued to fall in early 2024 and stood at 4.1 % in March. The services sector is by the far the largest contributor to inflation, accounting for around three percentage points, a significant part of which is due to catering services and rental services.

European wholesale prices for energy (natural gas and electricity) are likely to be lower over the forecast period than assumed in the WIFO forecast of December 2023. Accordingly, the WIFO has lowered its inflation forecast (CPI) for 2024 to 3.8 %, which corresponds to a decline of 4.0 percentage points compared to the previous year. A further decline to 2.7 % is expected in 2025. Inflation is forecast to gradually decline to 2.1 % in 2027.

Figure 4: Employed and unemployed persons

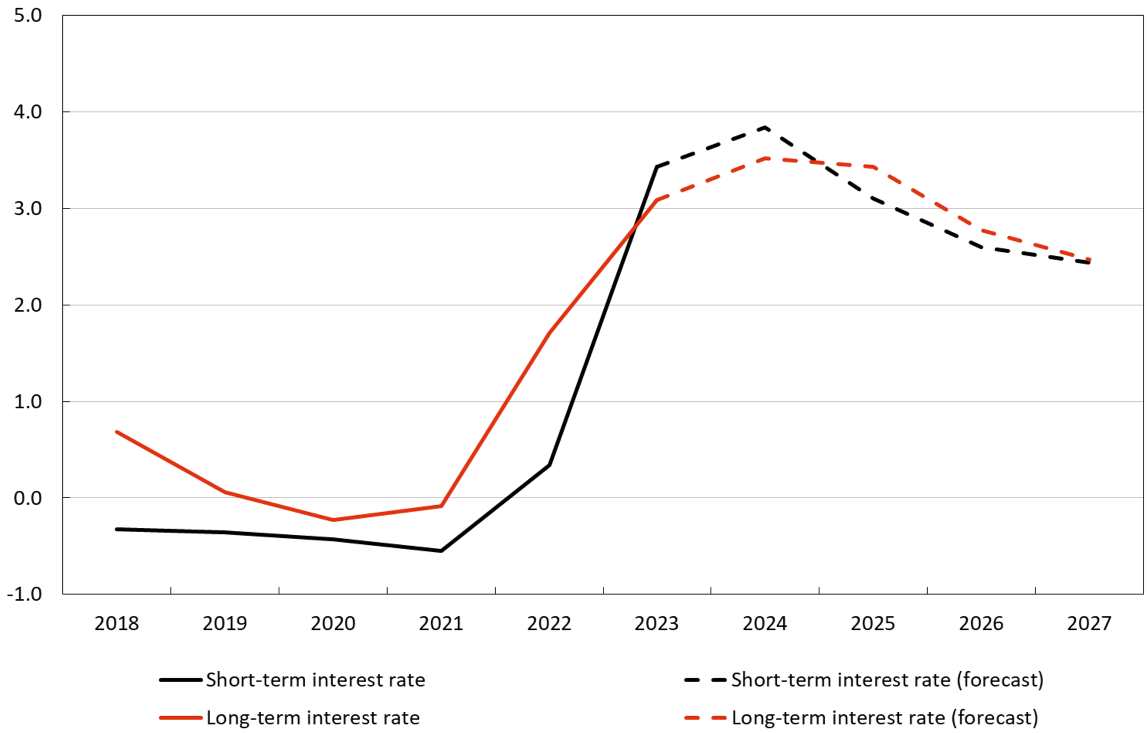


Left axis: Employed persons

Right axis: Registered unemployed persons

Source: WIFO

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



Left axis: Annual average (in percent)

Source: WIFO

2.2 Qualitative description of economic policy measures and their effects

The Austrian Federal Government has reacted decisively and comprehensively to both the COVID-19 crisis and the inflation/energy crisis. This was also made possible by existing fiscal leeway, which allowed a comprehensive response without jeopardising the stability of public finances. As at the end of 2023, over 45 bn euro had been spent on tackling the COVID-19 pandemic, while expenditure on measures relating to the energy crisis and financial relief for high inflation by now totalled over 10 bn euro. Inflation and high energy prices in particular remained a significant social, economic and budgetary policy issue in 2023. The Federal Government recently presented a targeted support package to support the weakening construction sector.

2.2.1 Status of measures relating to the energy crisis/inflation

In 2022, the Federal Government responded to the inflation/energy crisis with broad-based relief measures aimed at quickly supporting the population and maintaining purchasing power. Starting in 2023, not only structural relief measures (abolition of the bracket creep, indexation of social benefits) began to take effect, but also wage increases and pension adjustments. This allowed the implementation of overall more targeted measures to cushion the effects of high inflation in 2023.

In 2024, the electricity cost subsidy for private households and the energy taxes, which are still reduced to the European minimum, will provide relief. Low-income households are also supported by the measures under the Living and Housing Costs Compensation Act (LWA-G).

Budget execution 2023

According to Statistics Austria (notification March 2024), the expenditure allocated on an accrual basis for energy measures of budgetary significance (cumulative expenditure over 0.1 % of GDP) amounts to **3.3 bn euro in 2023**. This is a decrease compared to a total of 5.0 bn euro in 2022, whereby expenditure for the procurement of the national strategic gas reserve in the amount of 3.8 bn euro is also included in 2022. In 2023, on the other hand, subsidies for companies and private households to cushion the effects of high energy prices are significant, totalling 3.1 bn euro. Not included in the 3.3 bn euro are other, smaller budgetary support measures (e.g. the electricity cost subsidy for agricultural households or the energy cost subsidy for non-profit organisations) as well as social benefits to cushion the impact of inflation (e.g. the direct payment to pensioners, measures pursuant to the Living and Housing Costs Compensation Act).

Of the 3.1 bn euro in energy crisis-related subsidies, **1.6 bn euro** is attributable to the **energy cost subsidy 2 (ECS 2)**. The application deadline for the ECS 2 expired in December 2023; a total of just under 24,000 applications were submitted and most of them were approved. The average subsidy volume per applicant (company) is therefore over 65,000 euro. As in 2022, there will also be a lump-sum funding model for micro and small businesses that do not reach the minimum funding threshold of the ECS 2 for the 2023 observation period. The criteria for the **energy cost lump-sum 2 (ECLS 2)** will be adjusted in comparison to ECLS 1. The guideline was still being coordinated at the time of the drafting of this document. Based on the application figures for the ECLS 1 and the foreseeable changes to the criteria, a volume of **0.1 bn euro** is expected.

The **electricity cost subsidy for private households** ("electricity cost brake") amounts to **0.9 bn euro** (incl. the electricity cost supplement subsidy for households with four or more persons and the grid cost subsidy for low-income households). According to ESA, the electricity cost subsidy also constitutes a subsidy, as the federal government transfers the subsidy to the electricity supply companies, which pass it on to private households in the form of subsidised – and therefore lower – prices. The lower expenditure compared to the previously communicated planning figures is essentially the result of two factors. Firstly, electricity prices fell earlier than expected compared to the assumption made when the costs were estimated. Secondly, data from electricity providers suggests that there is a significant difference between the average electricity consumption of private households (around 2,900 kWh) and the consumption of the median household. The estimate was based on the average consumption, which appears to be higher than the consumption of the median household.

Another measure in 2023 was the **cushioning** of the increased **network loss costs**, which totalled **0.5 bn euro**. As a result of the temporary sharp rise in wholesale electricity prices, the costs of physically induced network losses have also temporarily increased substantially. The federal government has offset 80 % of the additional costs of the network loss fee charged to end consumers by the network operators in 2023.

For **the strategic gas reserve** only storage costs totalling **0.1 bn euro** were incurred in 2023. Back payments were made in 2023 for energy cost equalisation (150-euro voucher), which totalled **less than 0.1 bn euro**.

In addition to these major budgetary measures (cumulative expenditure of more than 0.1 % of annual GDP), there are other, smaller measures, mostly for a specific group of beneficiaries. These include the **electricity cost subsidy for agricultural households**, for which **0.1 bn euro** was spent in 2023 (relates to private individuals who obtain their household electricity via their agricultural, forestry or commercial business).

The **energy cost subsidy for non-profit organisations (ECS NPO)** should also be mentioned, which grants non-profit, non-commercial organisations and legally recognised religious communities subsidies for additional energy costs in 2022 (phase 1) and 2023 (phase 2). The application deadlines for this measure are currently running, specifically from 22 January 2024 to 30 June 2024 for phase 1 and from 1 July 2024 to 31 December 2024 for phase 2. A total volume of **0.1 bn euro** is expected.

In addition to these energy measures in the narrower sense, there were also other anti-inflation and relief measures for the population in 2023. These include **a direct payment to pensioners** in the course of the regular pension adjustment in 2023 totalling **0.5 bn euro**. The federal government also provided the states with a total of **0.7 bn euro** as part of a special-purpose **subsidy for housing and heating costs**. A further **0.2 bn euro** was made available to the municipalities via the states for a **fee brake** at local level.

The targeted and ongoing support paid out under the **Living and Housing Costs Compensation Act (LWA-G)** for low-income households and to prevent child poverty totalled **0.2 bn euro**.

On the **revenue side**, two measures are particularly relevant. On the one hand, the energy taxes (electricity and natural gas tax) were also suspended or reduced to the European minimum level, respectively, in 2023. This resulted in a reduction in revenue of 1.0 bn euro. On the other hand, an energy crisis contribution was collected from electricity supply companies (energy crisis contribution-electricity) and fossil fuel companies (energy crisis contribution-fossil fuels) in 2023. The related revenue totalled 0.3 bn euro.

Measures 2024

According to the current planning, of the measures listed above related to the energy crisis in 2023, in particular the **electricity cost subsidy for private households** will be continued in 2024. Originally planned to run until 30 June 2024, the electricity cost subsidy has now been extended until the end of 2024. However, adjusted guidelines apply for the second half of 2024; in particular, the maximum grant amount with which a basic requirement of 2,900 kWh is subsidised has been reduced. [1] The electricity cost supplement subsidy for households with four or more people and the grid cost subsidy for low-income households will also be extended until the end of 2024. In total, expenditure of **0.8 bn euro** on an accrual basis is expected in 2024.

In line with this, the **electricity cost subsidy for agricultural households** was also extended by six months until 30 June 2025 (applies to private individuals who obtain their household electricity from their agricultural, forestry or commercial business).

The **storage costs for the strategic gas reserve** will also amount to **0.1 bn euro** in 2024 and **0.1 bn euro** will also be made available for applications for subsidies under the **Gas Diversification Act (GDG)**.

For measures under the **Living and Housing Costs Compensation Act (LWA-G) 0.4 bn euro** has been budgeted in the Budget 2024, the majority for special allowances for social welfare and minimum income households as well as for single earners and single parents on low incomes and for unemployed persons and compensatory allowance recipients with children.

On the **revenue side**, the energy taxes will remain suspended for the entire year in 2024, resulting in a shortfall in revenue of 1.05 bn euro.

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[1] The grant amount is calculated as the difference between the electricity price according to the supplier contract up to a fixed upper limit and a pre-crisis reference price of 10 cents per kWh. This upper limit is 40 cents per kWh until 30 June 2024 and 25 cents per kWh afterwards. This reduces the maximum subsidy from 30 cents per kWh to 15 cents per kWh.

2.2.2 Economic stimulus package "Housing and construction offensive"

After a long phase of relatively stable and partly flourishing construction activity, the sharp rise in interest rates and thus higher financing costs, increased material and labour costs as well as stricter lending conditions, due to macroprudential regulation, led to a significant decline in construction investment. This manifested itself in a real decline in gross fixed capital formation in buildings of 5.9 % in 2023, with a particularly sharp fall in gross investment in residential buildings (-9.4 %). According to the WIFO economic forecast from March 2024, the outlook for 2024 is also very subdued, with a further forecasted real decline in gross investment in buildings of 4.0 %.

The Federal Government has therefore presented a targeted and balanced economic stimulus package with a **total volume of more than 2 bn euro** for the period 2024-2028. The "housing and construction offensive" will not only provide economic stimulus, but also serves several objectives. Firstly, the construction industry – and the building construction sector in particular – will be supported, thereby securing jobs. The preservation of resources in the construction industry is also of central importance against the background of the climate targets in the building sector. Secondly, more affordable housing is to be created, thereby avoiding a housing shortage and the resulting rise in prices. Thirdly, the creation of property shall be facilitated. Fourthly, the rate of renovation is to be increased and the quality of existing housing to be improved.

In detail, the package consists of the following individual measures:

Supporting the construction sector

- Temporary increased depreciation for wear and tear for residential buildings: Tax incentives for bringing forward/completing construction projects through a temporary higher depreciation rate of 4.5 % in the first three years for all buildings that are completed by 31 December 2026 and meet ecological standards
- Improved depreciation option for renovation measures: Extension of accelerated depreciation of production costs (renovation measures as part of the fifteenth deduction) if a federal subsidy is paid out pursuant to section 3 of the Environmental Subsidies Act
- Eco-premium for residential buildings ("eco-renovation bonus"): tax incentives for climate-friendly (thermal-energetic) renovation measures for rented residential buildings by subsidising expenses with a 15 % surcharge for the years 2024 and 2025 that can be deducted as operating expenses or income-related expenses

- Further tax recognition of rentals as a source of income: As part of the so-called Austrian Hobby Assessment (Liebhabereibeurteilung), the „foreseeable period“, i.e. the amortisation period, is extended by 5 years (from 20 to 25 years for rentals of owner-occupied homes, owner-occupied flats and residential rental properties with qualified rights of use and from 25 to 30 years for the transfer of buildings for valuable consideration)

Creating more and affordable housing

- Housing construction offensive totalling 1.0 bn euro: Special purpose grant from the federal government to the states for non-profit and – upon a long-term commitment to favourable rents – commercial housing developers for the years 2024 to 2026, with 50 % of funds earmarked for rental flats and 50 % for owner-occupied flats, including rental flats with purchase options (specifically 390.0 m euro for 10,000 affordable rental flats, 390.0 m euro for 10,000 affordable owner-occupied flats and 220.0 m euro in general for the renovation of 5,000 residential units; total investment volume of around 5 bn euro)
- More opportunities for states to mobilise housing: Enabling the states to levy charges for housing mobilisation, e.g. recreational housing tax, secondary residence tax and vacancy tax
- Top-up of the protection against eviction measure (“housing shield”): The protection against eviction (LWA-G) will be increased by a further 60.0 m euro to a total of 125.0 m euro in 2024.

Facilitating the creation of property

- Abolition of ancillary fees for owner-occupied homes: In 2024 and 2025, the land register registration fee and lien registration fee will be abolished for the purchase of a home as a main residence for an amount of up to 500,000 euro.
- Financial interest rate support for low-interest subsidised loans for the creation of housing: special-purpose subsidy from the federal government to the states in the form of interest support in the years 2024 to 2028 to reduce the effective interest burden on the states for refinancing to 1.5 % p.a. (maximum borrowing volume of 500.0 m euro in 2024 and 2025), with the aim of enabling the states to grant low-interest housing loans to natural persons (maximum interest rate of 1.5 % and maximum loan amount of 200,000 euro)

Improving the quality of existing housing

- Introduction of a craftsman bonus PLUS: promotion of the actually provided craftsman services at a rate of 20 % and up to a maximum amount of 2,000 euro in 2024 and 1,500 in 2025, respectively.
- Special programme from the energy efficiency pot of the Environmental Support Act: 120.0 m euro in each of the years 2024 and 2025 for the promotion of thermal-energy renovations of residential buildings for landlords according to the cost recovery principle (total funding rate of up to 60 %)

2.3 Recovery and Resilience Facility

With the Recovery and Resilience Facility, an instrument worth almost 724 bn Euro was created at EU level to support the economic recovery from the COVID-19 crisis, promote the green and digital transition, mitigate the social impact of the crisis and increase the resilience of Member States. In the period 2020-2026, 338 bn Euro in grants and almost 386 bn Euro in loans will be made available to Member States. The funds can be accessed through national Recovery and Resilience Plans.

The Austrian Recovery and Resilience Plan (ARP) was submitted to the Commission on 30 April 2021 and approved by the Council on 13 July 2021. It contains reforms and investments in four areas: green transition, digital transition, knowledge-based transition and just transition.[2] They are supported with 3.75 bn Euro in grants from the Recovery and Resilience Facility.

As a result of Russia's war of aggression against Ukraine, the Commission adopted the REPowerEU package in May 2022 and the Member States agreed to phase out fossil energy from Russia. The implementation of projects in the area of energy independence from Russia and the ecological transformation will be supported with a total of 20 bn Euro from the sale of emission certificates. Austria's share in the REPowerEU grants amounts to 210.3 m Euro.

On 14 July 2023, Austria submitted an amendment of the ARP to the Commission. In addition to minor adjustments to some of the measures due to objective circumstances, a REPowerEU chapter with four additional measures in the area of energy has been added

[2] https://www.bundeskanzleramt.gv.at/eu-aufbauplan.html

to the ARP. The reforms concern the amendment of the Environmental Impact Assessment Act to accelerate approval processes for renewable energy and the Hydrogen Strategy for the development of hydrogen infrastructure and imports of climate-neutral hydrogen. The reforms are accompanied by investments in green energy in the form of funding for photovoltaic systems and support for the switch to climate-friendly commercial vehicles.

The revised ARP, with a total allocation of 3,961.2 m Euro, was approved by the Council on 9 November 2023. In December 2023, Austria received the pre-financing of the REPowerEU Chapter amounting to 42.1 m Euro. Together with the payout of the pre-financing of 450 m Euro in 2021 and a financial contribution of 700 m Euro in April 2023 from the first out of six payment requests, Austria has already received 1.19 bn Euro or around 30% of its allocation.

The next payment request can be submitted only after the agreement and signing of operational arrangements between Austria and the Commission. The submission of the second and third payment requests amounting to 923 m Euro and 700 m Euro is planned in 2024.

In order to access all funds from the second and third payment requests, a total of 67 milestones have to be fulfilled, i.e. 39 for the second payment request and 28 for the third payment request. According to the 15 April 2024 reporting, 35 milestones of the second payment request have been fulfilled while four remain unfulfilled. For the third payment request, 24 milestones have been reported as fulfilled and four as unfulfilled.

3 Economic and budgetary challenges, goals and strategy

With the exception of the economic recovery following the COVID-19 crisis, the economic environment has been challenging for years. In addition, there are the well-known budgetary challenges, which are primarily due to expenditure in connection with the climate crisis and the geopolitical security situation, as well as demographic-related expenditure. The latter is currently also showing an inflation-related increase in expenditure in particular.

These social and economic policy developments are being actively addressed through comprehensive investments in future-oriented areas. The fiscal equalisation scheme 2024-2028 will ensure investments in health, long-term care and – as part of the newly established Future Fund – childcare, housing/renovation and environment/climate and enable active management and budgetary planning in these areas. The current federal Medium-Term Expenditure Framework also contains substantial funds to make the country more attractive as a business location (science and research, microelectronics, film funding), for investments and subsidies in the area of climate (building sector, decarbonisation of industry, energy efficiency and mobility) as well as to strengthen national military defence.

Despite these investments in the future, substantial tax relief measures such as the abolition of the tax bracket creep and increased interest expenditure, the stability of Austria's public finances is guaranteed. In 2023, the Maastricht deficit limit of 3.0 % of GDP was met again for the first time since 2019 and the COVID-19 and energy crisis. This budget policy course will also be adhered to in the coming years.

3.1 Budget execution in 2023

The **general government Maastricht balance** for 2023 amounted to **-12.7 bn euro** or **-2.7 % of GDP** in March 2024, according to the notification by Statistics Austria. Compared to 2022, this is an improvement of 2.0 bn euro or 0.6 pp.

Looking at the sub-sectors, the **federal sector** recorded a deficit of 9.7 bn euro (-2.0 % of GDP), which represents an improvement of 7.4 bn euro (+1.8 pp) compared to the previous year. The reduction in the deficit is primarily attributable to the federal government's core budget, while the extrabudgetary units in the federal sector recorded a worsening overall.

The **other sub-sectors** also had a negative Maastricht balance in 2023, but in contrast to the federal sector, these got worse compared to 2022.

General government revenue grew by 13.9 bn euro or 6.2 % to 236.1 bn euro (49.5 % of GDP). At 7.3 %, growth in social security contributions was significantly stronger than that of income and wealth taxes at 3.1 %, reflecting in particular the effect of the abolition of bracket creep. Taxes on production and imports increased by 5.8 %, despite a reduction in the employer contributions to the FLAF (family assistance fund) and a sharp fall in real estate transfer tax as well as only weak growth in mineral oil and tobacco tax. Market output of state-owned companies grew by 7.4 %.

General government expenditure rose by 11.9 bn euro or 5.0 % to 248.8 bn euro (52.1 % of GDP). The sharp rise in interest is reflected in the development of interest payments (D.41) (+32.4 %), while the growth of the compensation of employees (+8.7 %) is partly also due to volume effects in addition to strong wage increases. Social benefits in kind (+7.4 %) and monetary social benefits (+6.8 %) grew slightly less strongly than the average annual inflation rate. The gradual phasing out of measures in connection with COVID-19 and energy relief/security of supply is reflected, among other things, in a decline in subsidies (-5.0 %). A decline of expenditures was also recorded in other current transfers (-6.3 %, partly as a result of the increased climate and anti-inflation bonus in 2022).

The Maastricht debt level amounted to 371.1 bn euro at the end of 2023. The increase of 20.4 bn euro is higher than the Maastricht deficit due to stock flow adjustments (in particular liquidity build-up and interest payments). The **debt ratio** fell to **77.8 % of GDP** (- 0.6 pp) as a result of nominal GDP growth.

3.2 Budget forecast 2024

A **Maastricht balance** of -14.6 bn euro or **-2.9 % of GDP** is forecasted for 2024. This reflects a worsening of 0.2 pp compared to the forecast in the Draft Budgetary Plan 2024 from fall 2023.

This slight revision is mainly due to the extension of energy relief measures, specifically the electricity cost subsidy for private households by six months and the reduction of energy taxes by twelve months until the end of 2024, as well as the "housing and construction offensive" economic stimulus package (see chapter 2.2.2).

The underlying WIFO economic forecast from March 2024 has a comparatively low budgetary impact, although it predicts significantly lower real GDP growth for 2024. This is in particular due to the fact that the assessment of the comparatively robust labour market and the wage sum has hardly changed compared to the economic forecast from October 2023.

Overall, both higher expenditure (53.0 % of GDP, +1.0 pp) and higher revenue (50.1 % of GDP, +0.8 pp) are estimated compared to the autumn forecast, with the lower nominal GDP also having an impact on the government ratios.

The **debt ratio** is forecasted to fall slightly by 0.3 pp to **77.5 % of GDP** in 2024 compared to the previous year. The absolute debt level will increase by 15.4 bn euro or 3.1 % of GDP to 386.5 bn euro. In addition to the Maastricht deficit (14.6 bn euro), the stock flow adjustment (+0.8 bn euro) contributes to the debt level. The effect of the absolute increase in debt on the debt ratio is exceeded by the opposing denominator effect of -3.4 % of GDP as a result of growing nominal GDP, which explains the slight decline.

The revision compared to the forecast in fall 2023 is mainly due to the lower nominal GDP, while the assessment of the absolute debt level has hardly changed.

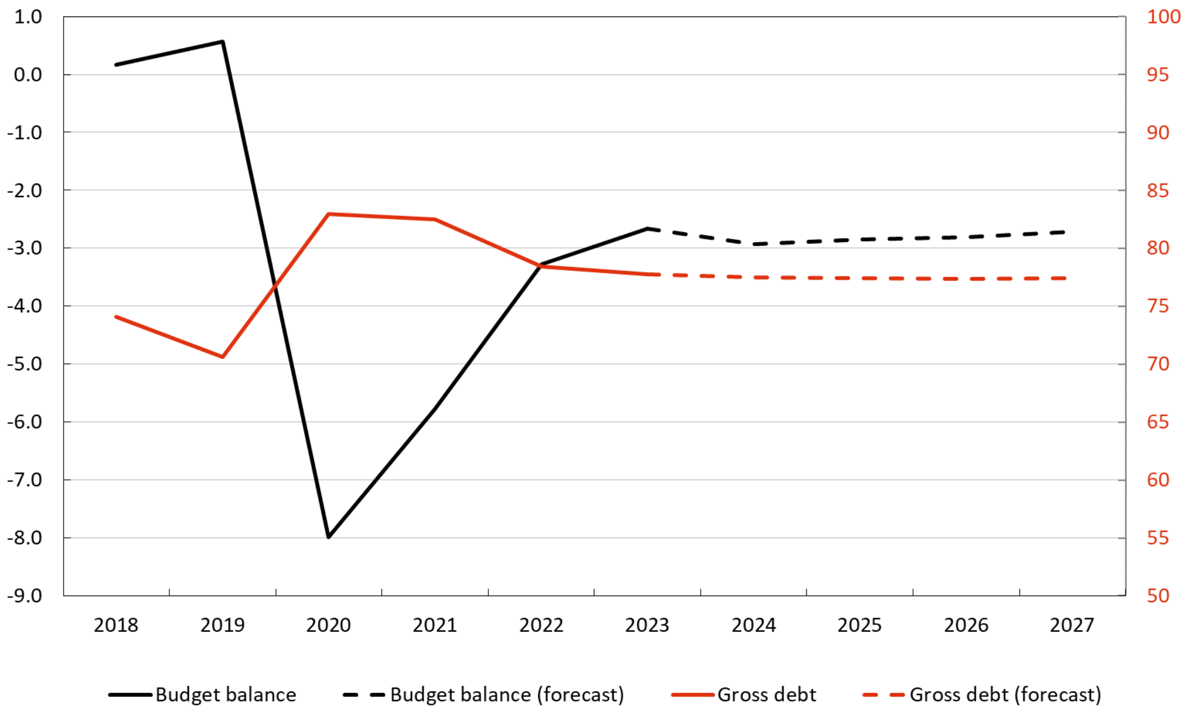
3.3 Development of public budgets 2025 to 2027

The fiscal forecast for the subsequent years 2025 to 2027 shows a slight decline in the Maastricht deficit as percentage of GDP, which thus remains within the 3.0 % deficit limit throughout the forecast period. In **2025 and 2026**, the forecasted **Maastricht deficit** amounts to **2.8 % of GDP, falling to 2.7% of GDP in the last forecast year 2027**.

According to current planning, almost all COVID-19 and energy crisis measures will have expired by 2025. The economic stimulus package "housing and construction offensive" will have a greater budgetary impact in 2025 and 2026 in particular, while the effect will be significantly lower in 2027. The estimate for demographic-dependent expenditures, in particular expenditure on healthcare, pensions and long term care, shows increases in expenditure levels due to inflation-related effects, these were already included in the fiscal forecast at the time the DBP and the budget in autumn 2023. There are also no significant changes in the budgetary priorities set in recent years (including science and research, climate protection, security) compared to fall 2023 last year.

The **debt ratio** will remain at approximately the same level of **77.4 % of GDP** in the forecast period until 2027. The increased ratio compared to the previous planning status is in particular due to the revision of nominal GDP, which is forecasted to be 13.1 bn euro lower in the current WIFO economic forecast in 2027 than in the economic forecast in October 2023.

Figure 6: General government net lending / net borrowing and gross debt



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

4 Sustainability of public finances

Long-term projections of age-related expenditures (pensions, health, long-term care and education) are prepared every three years at EU level as part of the Ageing Report. The Ageing Report (AR 2024) was published in April 2024.[3] Table 13 provides an overview of the results.

Compared to the AR 2021, which was published in May 2021, the general ageing costs have decreased in the AR 2024. Three years ago, it was assumed that the ageing costs would be 30.5 % of GDP in 2070; the current ageing report assumes an increase to 30.2 % (2022: 27.7 %). Public pension expenditure will rise from 13.7 % to 14.0 % of GDP. Long-term care expenditure will increase to 3.1 % of GDP by 2070 (2022: 1.6 %). Health expenditure will increase from 7.8 % to 8.9 % of GDP. Education expenditure will fall from 4.6 % to 4.2 % of GDP.

In March 2024, the EC published the latest edition of the Debt Sustainability Monitor. According to this, Austria has a low sustainability risk in the short term and a medium risk in the medium and long term. There were no changes compared to the Debt Sustainability Monitor 2022.

[3] 2024 Ageing Report - European Commission

5 Annex

Table 1: Basic assumptions

	2023	2024	2025	2026	2027
Short-term interest rate (annual average)	3.4	3.8	3.1	2.6	2.4
Long-term interest rate (annual average)	3.1	3.5	3.4	2.8	2.5
USD/EUR exchange rate (annual average)	1.1	1.1	1.1	1.1	1.1
Nominal effective exchange rate	1.7	0.9	0.9	-	-
Real GDP growth (World excluding EU)	3.1	2.6	2.7	3.0	2.8
Real GDP growth (EU)	0.4	0.9	2.0	1.7	1.5
Growth of relevant Austrian foreign markets	-2.5	1.5	4.0	-	-
Import volumes (World excluding EU)	-	-	-	-	-
Oil price (Brent, USD/barrel)	82	80	75	73	71
Natural gas price (Dutch TTF, €/MWh)	41	27	29	28	27
Electricity price, Austria (Base, €/MWh)	102	69	78	71	66
Electricity price, Austria (Peak, €/MWh)	104	74	86	80	76

Rounding differences may occur.

Source: WIFO

Table 2: Macroeconomic prospects

		2023	2023	2024	2025	2026	2027
	ESA Code	in bn €					Rate of change in %
1. Real GDP	B1*g	377.4	-0.8	0.2	1.8	1.4	1.2
2. Potential GDP		379.2	1.2	0.9	0.9	1.0	0.9
3. Nominal GDP	B1*g	477.2	6.7	4.6	4.4	3.9	3.3
							Components of real GDP
4. Private final consumption expenditure	P.3	191.8	-0.3	1.2	2.1	1.8	1.6
5. Government final consumption expenditure	P.3	76.4	-0.4	0.3	0.8	0.7	0.8
6. Gross fixed capital formation	P.51g	90.8	-2.4	-2.0	2.2	1.7	1.2
7. Changes in inventories and net acquisition of valuables	P.52 + P.53	2.2	-38.0	-2.5	11.6	5.5	3.3
8. Exports of goods and services	P.6	234.2	-0.2	1.2	3.3	2.5	2.3
9. Imports of goods and services	P.7	217.8	-1.8	1.6	3.5	2.8	2.6
							Contributions to real GDP growth
10. Final domestic demand			-0.8	0.2	1.8	1.5	1.3
11. Changes in inventories and net acquisition of valuables[1)]	P.52 + P.53		-1.0	0.2	0.1	0.0	0.0
12. External balance of goods and services	B.11		1.0	-0.2	0.0	-0.1	-0.1

1) incl. statistical discrepancy

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

Sources: BMF, STAT, WIFO

Table 3: Price developments

	2023	2024	2025	2026	2027
					Rate of change in %
1. GDP deflator	7.6	4.4	2.6	2.4	2.0
2. Private consumption deflator	8.2	3.9	2.7	2.4	2.1
3. CPI	7.8	3.8	2.7	2.4	2.1
4. Public consumption deflator	5.7	6.6	3.2	2.8	2.2
5. Investment deflator	5.7	2.3	1.4	1.9	1.8
6. Export price deflator (goods and services)	2.4	1.0	0.9	1.4	1.1
7. Import price deflator (goods and services)	-0.1	0.3	0.7	1.3	1.2

Rounding differences may occur.

Sources: BMF, STAT, WIFO

Table 4: Labour market developments

		2023	2023	2024	2025	2026	2027
	ESA Code	Level					Rate of change in %
1. Employment, persons		4,399,919	1.1	0.3	1.0	1.0	0.8
2. Employment, hours worked (in m)		7,264.8	0.9	-0.4	1.2	0.8	0.7
3. Unemployment rate, EUROSTAT definition		240,900	5.1	5.5	5.4	5.2	5.1
4. Labour productivity, persons		85,775.4	-1.9	-0.2	0.8	0.5	0.4
5. Labour productivity, hours worked		51.9	-1.7	0.6	0.6	0.7	0.6
6. Compensation of employees (in m €)	D.1	236,939.7	9.0	8.2	5.2	3.9	3.3
7. Compensation per employee		53,850.9	7.9	7.8	4.1	2.9	2.4

Rounding differences may occur.

Sources: BMF, EUROSTAT, STAT, WIFO

Table 5: Sectoral balances

		2023	2024	2025	2026	2027
	ESA Code					In % of GDP
1. Net lending/borrowing vis-à-vis the rest of the world	B.9	2.2	2.4	2.4		
2. Net lending/borrowing of the private sector	B.9	4.9	5.3	5.2		
3. Net lending/borrowing of the general government	B.9	-2.7	-2.9	-2.8	-2.8	-2.7
4. Statistical discrepancy		0.0	0.0	0.0		

Rounding differences may occur.

Sources: BMF, STAT, WIFO

Table 6: Budgetary targets

	ESA Code	2023	2024	2025	2026	2027
						In % of GDP
						Net lending / net borrowing by sub-sector
1. General government	S.13	-2.7	-2.9	-2.8	-2.8	-2.7
2. Central government	S.1311	-2.0	-3.1	-3.0	-3.0	-2.8
3. State governments (excl. Vienna)	S.1312	-0.1	0.1	0.1	0.1	0.1
4. Local governments (incl. Vienna)	S.1313	-0.4	0.0	0.0	0.0	0.0
5. Social security funds	S.1314	-0.1	0.1	0.1	0.1	0.1
6. Interest expenditure	D.41	1.2	1.4	1.6	1.7	1.8
7. Primary balance		-1.5	-1.5	-1.3	-1.1	-0.9
8. One-off and other temporary measures		0.0	0.0	0.0	0.0	0.0
9. Real GDP growth		-0.8	0.2	1.8	1.4	1.2
10. Potential GDP growth		1.2	0.9	0.9	1.0	0.9
11. Output gap		-0.5	-1.2	-0.3	-0.2	-0.1
12. Cyclical budgetary component		-0.3	-0.7	-0.2	-0.1	-0.1
13. Cyclically-adjusted balance		-2.4	-2.2	-2.7	-2.7	-2.7
14. Cyclically-adjusted primary balance		-1.2	-0.8	-1.1	-1.0	-0.9
15. Structural balance		-2.4	-2.2	-2.7	-2.7	-2.7

Rounding differences may occur.

Sources: BMF, STAT, WIFO

Table 7: General government debt developments

	ESA Code	2023	2024	2025	2026	2027
						In % of GDP
1. Gross debt		77.8	77.5	77.4	77.4	77.4
2. Change in gross debt ratio (in percentage points)		-0.6	-0.3	0.0	-0.1	0.1
						Contributions to changes in gross debt
3. Primary balance		-1.5	-1.5	-1.3	-1.1	-0.9
4. Interest expenditure	D.41	1.2	1.4	1.6	1.7	1.8
5. Stock-flow adjustment		1.6	0.2	0.4	0.0	-0.2
p.m.: Implicit interest rate on debt		1.6	1.9	2.1	2.3	2.4

Rounding differences may occur.

Source: BMF

Table 8: Contingent liabilities

	2022	2023	2024	2025
				In % of GDP
Public guarantees	15.2	14.0	13.4	12.9
of which: Central government[1)]	11.6	10.8	10.4	10.1
of which: linked to the financial sector[2)]	0.2	0.1	0.1	0.1
of which: State and Local governments	3.5	3.2	3.0	2.7
of which: linked to the financial sector[2)]	0.8	0.7	0.6	0.6

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 Kärntner Ausgleichszahlungsfonds or bank deposit insurance.

Rounding differences may occur.

Sources: BMF, State governments, STAT, WIFO

Table 9: Budgetary prospects

	ESA Code	2023	2024	2025	2026	2027
						In % of GDP
						General government
1. Total revenue	**TR**	**49.5**	**50.1**	**50.1**	**50.0**	**50.0**
1.1. Taxes on production and imports	D.2	13.7	13.8	14.0	14.0	13.9
1.2. Current taxes on income, wealth, etc.	D.5	14.0	13.9	13.7	13.6	13.6
1.3. Capital taxes	D.91	0.02	0.00	0.00	0.00	0.00
1.4. Social contributions	D.61	15.2	15.8	15.9	15.9	16.0
1.5. Property income	D.4	1.0	1.0	0.9	0.9	0.8
1.6. Other		5.6	5.6	5.6	5.6	5.7
p.m.: Tax burden		43.1	43.7	43.7	43.7	43.7
2. Total expenditure	**TE**	**52.1**	**53.0**	**52.9**	**52.8**	**52.7**
2.1. Compensation of employees	D.1	10.6	11.1	11.1	11.1	11.0
2.2. Intermediate consumption	P.2	6.9	6.7	6.6	6.6	6.5
2.3. Social payments	D.62, D.632	22.6	23.4	23.7	23.8	23.9
of which: Unemployment benefits		0.9	1.0	1.0	0.9	0.9
2.4. Interest expenditure	D.41	1.2	1.4	1.6	1.7	1.8
2.5. Subsidies	D.3	2.3	1.9	1.7	1.7	1.6
2.6. Gross fixed capital formation	P.51g	3.5	3.5	3.4	3.4	3.4
2.7. Capital transfers	D.9	1.2	1.3	1.0	0.9	0.8
2.8. Other		3.8	3.7	3.8	3.7	3.7

Rounding differences may occur.

Source: BMF

Table 10: Amounts to be excluded from the expenditure benchmark

	2023	2023	2024	2025	2026	2027
	In bn €					In % of GDP
1. Expenditure on EU programmes fully matched by EU funds revenue	1.2	0.2	0.2	0.1	0.1	0.1
of which investments fully matched by EU funds revenue	0.8	0.2	0.1	0.1	0.0	0.0
2. Cyclical unemployment benefit expenditure at unchanged policies	-0.2	0.0	0.1	0.1	0.0	0.0
3. Effects of discretionary revenue measures	-1.1	-0.2	0.0	0.2	0.1	0.1
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 11: Divergence from the latest Draft Budgetary Plan (October 2023)

	ESA Code	2023	2024	2025	2026	2027
						In % of GDP
General government net lending/net borrowing	B.9					
April 2024		-2.7	-2.9	-2.8	-2.8	-2.7
DBP October 2023		-2.7	-2.7			
Difference		*0.1*	*-0.2*			
Gross debt (general government)						
April 2024		77.8	77.5	77.4	77.4	77.4
DBP October 2023		76.4	76.4			
Difference		*1.3*	*1.0*			
Structural balance	B.9					
April 2024		-2.4	-2.2	-2.7	-2.7	-2.7
DBP October 2023		-2.5	-2.5			
Difference		*0.1*	*0.3*			

Rounding differences may occur.

Sources: BMF, STAT, WIFO

Table 12: Interest expenditure in three scenarios

	2023	2024	2025	2026	2027
					In % of GDP
Baseline scenario	1.2	1.4	1.6	1.7	1.8
ECB scenario	1.2	1.5	1.6	1.7	1.8
Basel Committee stress scenario	1.2	1.6	1.7	1.9	2.0

Sources: BMF, OeBFA

Table 13: Long-term projections (2024 Ageing Report)

	2022	2030	2040	2050	2060	2070
						In % of GDP
Total age-related expenditure	27.7	29.1	29.3	29.5	29.9	30.2
Pension	13.7	15.0	14.6	14.0	14.0	14.0
Health care	7.8	8.0	8.4	8.8	8.8	8.9
Long-term care	1.6	1.8	2.1	2.6	2.9	3.1
Education	4.6	4.3	4.2	4.1	4.2	4.2
						Assumptions
Real GDP growth	1.4	1.3	1.6	1.2	1.1	1.1
Labour productivity (change in %)	0.8	1.0	1.5	1.4	1.3	1.2
Employment rate males (aged 20-64)	85.3	84.9	86.3	86.1	86.2	86.3
Employment rate females (aged 20-64)	76.6	79.9	83.0	83.5	83.8	83.9
Total employment rate (aged 20-64)	80.9	82.4	84.6	84.8	85.0	85.1
Unemployment rate (aged 20-64, EUROSTAT definition)	4.5	4.5	4.3	4.3	4.3	4.3
Persons aged 65+ in % of total population (aged 20-64)	32.0	39.5	47.2	50.6	54.8	57.0

Rounding differences may occur.

Source: European Commission

Table 14: Country specific recommendations

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

Table 15: Discretionary measures (in million euro)

Measures[1)]	ESA Code	2022	2023	2024	2025	2026	2027
							in m €
Other new measures and updates		**581**	**2,246**	**1,850**	**-300**	**0**	**0**
Electricity cost subsidy (for households)	D.3	141	855	800			
Energy cost subsidy I, II and lump-sum subsidy model (for firms)	D.3	530	1,656				
Energy crisis contribution	D.2/D.5 revenue	-90	-265				
Extension reduction energy tax (2024)	D.2 revenue			1,050	-300		
Economic stimulus package „Housing and construction offensive"				**575**	**786**	**725**	**282**
Depreciation for wear and tear & depreciation renovation measures, eco-renovation bonus, Austrian Hobby Ordinance	D.5 revenue				150	200	150
Abolition of ancillary fees (land register registration fee)	D.7 revenue			50	100	50	
Special-purpose subsidy housing developers	D.3			94	313	469	125
Craftsman bonus PLUS	D.3			200	100		
Special programme renovation for landlords	D.3			120	120		
Repair bonus	D.3			50			
Top-up protection against eviction ("housing shield")	D.62			60			
Special-purpose subsidy interest rate difference	D.9			1	4	6	7
Admission of Ukrainian refugees[2)]	D.63/D.7/(D.1)	***550***	***550***	***400***	***400***	***400***	***400***
Sum in total		**1,131**	**2,796**	**2,825**	**886**	**1,125**	**682**
in % of GDP		**0.3**	**0.6**	**0.6**	**0.2**	**0.2**	**0.1**

Rounding differences may occur.

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

3) 2022-2023: roughly 55.000, from 2024: 40.000 refugees (basic care according to current daily rate), from 2026 forecast included despite outstanding legal basis.

Source: BMF

Table 16: Revenue from RRF grants including REPowerEU (in million euro)

	2020	2021	2022	2023	2024	2025	2026
RRF GRANTS as included in the revenue projections*		418.1	903.8	888.7	649.7	350.4	180.8
Cash disbursements of RRF GRANTS from EU		450.0		742.1	1,622.9	515.5	630.7

*RRF grants in 2021 include grants for 2020. Rounding differences may occur.

Sources: BMF, STAT

Table 17: Expenditure financed by RRF grants and REPowerEU (in million euro)

	ESA Code	2020	2021	2022	2023	2024	2025	2026
Compensation of employees	D.1	-	53.0	51.0	9.9	15.8	-	-
Intermediate consumption	P.2	-	148.3	280.7	101.6	62.8	9.5	2.1
Social payments	D.62, D.632	-	0.6	6.7	12.8	22.5	20.0	5.0
Interest expenditure	D.41	-	-	-	-	-	-	-
Subsidies, payable	D.3	6.7	3.1	42.1	71.1	109.0	82.0	60.0
Current transfers	D.7	-	-	0.2	9.1	5.0	-	-
Total current expenditure		**6.7**	**204.9**	**380.8**	**204.4**	**215.0**	**111.5**	**67.1**
Gross fixed capital formation	P.51g	78.8	96.0	121.3	179.8	114.3	85.5	62.5
Capital transfers	D.9	-	31.8	401.8	504.5	320.5	153.5	51.2
Total capital expenditure		**78.8**	**127.8**	**523.1**	**684.2**	**434.7**	**238.9**	**113.7**
RRF co-financed expenditure		**85.5**	**332.7**	**903.8**	**888.7**	**649.7**	**350.4**	**180.8**

2020-2023: Budget Execution. From 2024 onwards, planned values without carry-overs.

Source: BMF

Table 18: RRF (incl. REPowerEU) co-financed programmes (in million euro)

	2020	2021	2022	2023	2024	2025	2026
Compensation of employees	**0.0**	**53.0**	**51.0**	**9.9**	**15.8**	**0.0**	**0.0**
Community nursing			22.6	9.9	15.8		
Elementary education			28.4				
Additional teaching lessons		53.0					
Intermediate consumption	**0.0**	**148.3**	**280.7**	**101.6**	**62.8**	**9.5**	**2.1**
Electronic platform for mother child passport			0.4	0.6	4.0	2.5	
Digitalisation of cultural objects			0.0	3.3	3.2	3.1	2.1
Digital end devices for pupils		51.2	50.0	35.3	35.3		
(Digital) Research infrastructures				16.2	10.0	3.9	
Digitalisation fund for public administration		6.8	43.7	46.2	10.3		
Reskilling and upskilling		90.3	186.6				
Social payments	**0.0**	**0.6**	**6.7**	**12.8**	**22.5**	**20.0**	**5.0**
Primary Health Centres		0.6	1.9	6.0	20.0	20.0	5.0
„Early support“-measure for socially disadvantaged			4.8	6.8	2.5		
Subsidies, payable	**6.7**	**3.1**	**42.1**	**71.1**	**109.0**	**82.0**	**60.0**
Circular economy package			30.0	53.0	40.0	30.0	20.0
IPCEI Microelectronic		0.02	0.6	0.2	34.5	26.0	20.0
IPCEI Hydrogen		0.08	0.03	12.9	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**	**9.1**	**5.0**	**0.0**	**0.0**
Biodiversity fund				4.7			
Investment fund climate-friendly culture sites			0.2	4.3	5.0		
TOTAL CURRENT EXPENDITURE	**6.7**	**204.9**	**380.8**	**204.4**	**215.0**	**111.5**	**67.1**
Gross fixed capital formation	**78.8**	**96.0**	**121.3**	**179.8**	**114.3**	**85.5**	**62.5**
Renovation of Volkskundemuseum Wien and Prater Atelier				0.1	5.3	7.8	11.4
Austrian Institute of Precision Medicine				3.9	10.0	25.0	25.0
Quantum Austria			1.3	40.7	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**	**401.8**	**504.5**	**320.5**	**153.5**	**51.2**
Emission free buses			0.1	33.3	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	10.0	
Industrial transformation towards climate neutrality					35.0		
Investments into climate-fit town centres			0.0	1.6	11.3		
Broadband			52.0	104.0	208.0	92.3	
Investment premium RRF			207.5	365.5			
Replacement of oil and gas heaters		31.8	127.1				
TOTAL CAPITAL EXPENDITURE	**78.8**	**127.8**	**523.1**	**684.2**	**434.7**	**238.9**	**113.7**
TOTAL RRF CO-FINANCED EXPENDITURE	**85.5**	**332.7**	**903.8**	**888.7**	**649.7**	**350.4**	**180.8**
Additional funds (earmarked as carry-overs)				**748.0**			

2020-2023: Execution. From 2024 planned values.
Unused funds from 2020-2023 are in principle available to programmes in later years in addition to planned funds.

Source: BMF

Table 19: Comparison of macroeconomic and budgetary forecasts

	2023	2024	2025	2026	2027
					Real GDP Growth
WIFO	-0.8	0.2	1.8	1.4	1.2
European Commission	-0.7	0.6	1.4		
OeNB	-0.7	0.5	1.8		
IHS	-0.8	0.5	1.5		
					Inflation
WIFO (CPI)	7.8	3.8	2.7	2.4	2.1
European Commission (HICP)	7.7	4.0	3.0		
OeNB (HICP)	7.7	3.6	2.7		
IHS (CPI)	7.8	3.5	2.6		
					Unemployment Rate (Eurostat)
WIFO	5.1	5.5	5.4	5.2	5.1
European Commission	5.3	5.4	5.3		
OeNB	5.3	5.5	5.3	5.2	
IHS	5.1	5.3	5.2		
					General government net lending/net borrwing in % of GDP
BMF	-2.7	-2.9	-2.8	-2.8	-2.7
WIFO	-2.4	-2.9	-2.7	-2.7	-2.9
European Commission	-2.6	-2.4	-2.2		
OeNB	-2.6	-2.7	-2.8	-2.8	
IHS	-2.4	-2.2	-2.1		
Austrian Fiscal Advisory Council	-2.7	-3.4	-3.2		
					Gross debt in % of GDP
BMF	77.8	77.5	77.4	77.4	77.4
WIFO	76.4	76.5	76.7	76.8	77.2
European Commission	76.3	75.6	74.8		
OeNB	76.6	76.4	75.6	75.5	
IHS					
Austrian Fiscal Advisory Council	77.8	78.4	79.1		

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

Sources:

BMF, April 2024

WIFO, March 2024

European Commission, Winter 2024 (Real GDP growth and inflation), Autumn 2023

OeNB, March 2024 (Real GDP growth and inflation), December 2023

IHS, March 2024

Austrian Fiscal Advisory Council, April 2024

Table 20: Status of milestones in the national RRP until Q1/2025 (excluding 1st payment request)

ID	Measure	Milestone	Target Date	Status
AT-C[C1]-R[1A1]-M[1]	1.A.1 Renewable Heat Act	Entry into force of Renewable Heating Law	Q1/22	Completed
AT-C[C1]-I[1A2]-T[3]	1.A.1 Renewable Heat Act	Training of energy advisors	Q4/22	Completed
AT-C[C1]-I[1A2]-T[5]	1.A.2 Promoting the exchange of oil and gas heating systems	Replacement of heating systems	Q4/22	Completed
AT-C[C1]-I[1A3]-M[6]	1.A.3 Combating energy poverty	Determination of funding priorities	Q1/22	Completed
AT-C[C1]-I[1A3]-T[7]	1.A.3 Combating energy poverty	Thermal renovation projects approved	Q2/24	Completed
AT-C[C1]-R[1B1]-M[9]	1.B.1 Mobility Masters Plan 2030	Implementation of the Mobility Masterplan has started	Q3/23	Completed
AT-C[C1]-I[1B3]-M[13]	1.B.3 Zero-emission buses	Launch of the zero-emission buses support programme	Q1/22	Completed
AT-C[C1]-I[1B3]-M[14]	1.B.3 Zero-emission buses	Last call Completed	Q4/24	On track
AT-C[C1]-I[1B4]-M[18]	1.B.4 Zero-emission utility vehicles	Last call Completed	Q4/24	On track
AT-C[C1]-I[1B5]-M[22]	1.B.5 Construction of new railways and electrification of regional railways	Electrification	Q4/23	Completed
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	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	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	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	Completed
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	Completed
AT-C[C1]-I[1C4]-T[33]	1.C.4 Retrofitting of existing and construction of new sorting facilities	Commissioning of facilities	Q1/25	Delayed
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	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	Completed
AT-C[C1]-R[1D1]-T[39]	1.D.1 Renewable Expansion Law	Additional renewable electricity generation capacity	Q4/24	Completed
AT-C[C1]-I[1D2]-T[42]	1.D.2 Transforming industry towards climate neutrality	Roll-out of decarbonisation projects	Q2/24	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	Completed
AT-C[C2]-I[2A2]-M[46]	2.A.2 Widespread availability of Gigabit capable access networks and creation of new symmetric Gigabit connections	Calls for tenders to enable Gigabit capable access networks Completed	Q3/22	Completed
AT-C[C2]-I[2A2]-M[47]	2.A.2 Widespread availability of Gigabit capable access networks and creation of new symmetric Gigabit connections	Signature of contracts	Q3/23	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	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	Not completed
AT-C[C2]-I[2C2]-M[60]	2.C.2 Digitalisation fund public administration	Projects selected	Q2/22	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	Not completed
AT-C[C2]-I[2D1]-T[64]	2.D.1 Digitalisation of SMEs	Completion of SME digitalisation projects	Q4/23	Completed
AT-C[C2]-I[2D2]-T[67]	2.D.2 Digital investment in enterprises	Digitalisation investments in at least 7 000 companies under the RRP	Q4/22	Completed
AT-C[C2]-I[2D3]-T[69]	2.D.3 Green investments in enterprises	Investments in e-mobility	Q4/23	Completed
AT-C[C2]-I[2D3]-T[70]	2.D.3 Green investments in enterprises	Investment in thermal renovation of buildings	Q1/25	Completed
AT-C[C2]-I[2D3]-T[71]	2.D.3 Green investments in enterprises	Investments in solar energy	Q1/25	Completed
AT-C[C2]-I[2D3]-T[72]	2.D.3 Green investments in enterprises	Investments in energy savings to support at least 800 companies under the RRP	Q1/25	Completed
AT-C[C3]-R[3A1]-T[73]	3.A.1 RTI Strategy 2030	Finalisation of performance and financing agreements	Q4/24	On track
AT-C[C3]-I[3A2]-M[76]	3.A.2 Quantum Austria — Promotion of Quantum Sciences	Interim report	Q4/24	On track
AT-C[C3]-I[3A3]-M[78]	3.A.3 Austrian Institute of Precision Medicine	Ministerial planning approval (BMBWF & BMF)	Q2/22	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	Completed
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	Completed
AT-C[C3]-R[3B1]-M[86]	3.B.1 Education bonus	Education bonus measure evaluated	Q1/22	Completed
AT-C[C3]-I[3B2]-M[88]	3.B.2 Promoting re-skilling and up-skilling	First annual overview	Q1/22	Completed
AT-C[C3]-I[3B2]-T[89]	3.B.2 Promoting re-skilling and up-skilling	People benefitting from re- and upskilling.	Q4/22	Completed
AT-C[C3]-R[3C1]-M[90a]	3.C.1 Improved access to education	Entry into force of the amended School Education Act	Q1/23	Completed

AT-C[C3]-R[3C1]-M[90b]	3.C.1 Improved access to education	Entry into force of the legislation on the implementation of additional modules of the national standardised assessments	Q2/24	Completed
AT-C[C3]-I[3C2]-M[94]	3.C.2 Remedial education package	Evaluation of the additional teaching staff deployment	Q1/22	Completed
AT-C[C3]-I[3D1]-T[99]	3.D.1 IPCEI Microelectronics and Connectivity	At least 66 % of approved projects started	Q2/24	On track
AT-C[C3]-I[3D2]-T[102]	3.D.2 IPCEI Hydrogen	At least 66 % of approved projects started	Q2/24	On track
AT-C[C4]-R[4A1]-M[104]	4.A.1 Enhancing primary health care	Platform on primary health care and related measures	Q4/22	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	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	Completed
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	Completed
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	Completed
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	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	Completed
AT-C[C4]-I[4A4]-T[116]	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'	Q3/24	Completed
AT-C[C4]-R[4B1]-M[118]	4.B.1 Soil protection strategy	Adoption of the Austrian quantitative soil protection strategy	Q4/22	Completed

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	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	Completed
AT-C[C4]-I[4B3]-T[123]	4.B.3 Investment in climate-friendly town centres	Thermal refurbishment projects Completed	Q4/23	Not completed
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	Completed
AT-C[C4]-I[4B3]-T[129]	4.B.3 Investment in climate-friendly town centres	Brownfield land projects Completed	Q4/23	Not completed
AT-C[C4]-I[4B4]-M[132]	4.B.4 Investment in the implementation of community nurses	Interim evaluation	Q4/22	Completed
AT-C[C4]-I[4B4]-T[133]	4.B.4 Investment in the implementation of community nurses	150 community nurses active at national level	Q4/24	On track
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	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	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	Completed
AT-C[C4]-I[4C4]-T[141]	4.C.4 Digitalisation wave cultural heritage	Cultural and art objects digitalisation programme	Q4/24	On track
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	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	Completed
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	Completed
AT-C[C4]-R[4D1]-M[148]	4.D.1 Spending review focusing on green and digital transformation	Spending Review ‘Implementation of the EU taxonomy at national level’	Q4/24	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	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	Completed
AT-C[C4]-R[4D3]-M[154]	4.D.3 Pension splitting	Legislative proposal	Q2/22	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	Not 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	Not 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	Completed
AT-C[C4]-R[4D6]-M[160]	4.D.6 Green Finance (Agenda)	Green Finance Agenda	Q1/22	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	Not 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	Completed
AT-C[C4]-R[4D8]-M[164]	4.D.8 Start-up package	Entry into force of the start-up package	Q1/22	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	Completed
AT-C[C4]-R[4D10]-M[168]	4.D.10 Labour market: one-stop shop	Start of operations	Q1/22	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	Not completed
AT-C[C5]-R[5A1]-M[172]	5.A.1 Acceleration of permitting procedures for renewables	Entry into force of the amended EIA Act	Q1/23	Completed
AT-C[C5]-R[5A1]-M[173]	5.A.1 Acceleration of permitting procedures for renewables	9th EIA Report presented to Parliament	Q3/24	On track

AT-C[C5]-R[5A2]-M[174]	5.A.2 Hydrogen as key technology to climate neutrality	The Hydrogen Strategy is adopted and the national hydrogen platform is established	Q2/23	Completed
AT-C[C5]-R[5A2]-M[175]	5.A.2 Hydrogen as key technology to climate neutrality	Publication of the evaluation report	Q1/24	Not completed
AT-C[C5]-I[5B1]-M[177]	5.B.1 Photovoltaic installations and electricity storage	Publication of the guidelines	Q4/23	Completed
AT-C[C5]-I[5B1]-T[178]	5.B.1 Photovoltaic installations and electricity storage	Installation of of photovoltaic systems	Q4/24	On track
AT-C[C5]-I[5B2]-M[180]	5.B.2 Funding zero-emission commercial vehicles and infrastructure	Launch of the funding call	Q1/23	Completed
AT-C[C6]-R[6A1]-M[182]	6.A.1 Arrangements for the control framework of the Recovery and Resilience Plan	Arrangements for the control framework of the Recovery and Resilience Plan	Q4/23	Completed

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