BMF

FEDERAL MINISTRY
OF FINANCE

Austrian

Stability Programme

Update for the period 2017 to 2022

and

Austrian Draft Budgetary Plan 2018 (Update)

This document is an unofficial translation of the German original version.

21.03.2018

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1. Introduction

Due to national elections on October 15th, 2017, the Draft Budgetary Plan (DBP) 2018 was compiled under the "no-policy-change" assumption on October 16th, 2017 by the Federal Ministry of Finance (BMF). This was supposed to contribute to the coordination within the Economic and Monetary Union (EMU).

This document presents the Federal Governments' updated DBP[1] for 2018, together with the Austrian Stability Programme (update for 2017 to 2022)[2].

Furthermore, this document presents the national medium-term budgetary plan, which has to be forwarded according to Article 4 of the „Twopack"-regulation 473/2013

This update is based on the Budgetary Framework Acts 2018 to 2021 and 2019 to 2022, respectively (Bundesfinanzrahmengesetz – BFRG), and data from the Austrian Stability Pact (ÖStP), the national accounts (ESA2010), as compiled by the Statistics Austria (STAT) up to 2017, the medium-term forecast by the Austrian Institution for Economic Research (WIFO) from March 2018 as well as calculations and assessments by the BMF.

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[1] According to Article 4(2) regulation (EU) 473/2013 the DBPs are to be compiled until October 15th each year. The DBPs are supposed to contain the draft budget for the subsequent year for the federal government and the main parameters for the other sectors of the state. They have to be published and forwarded to the European Commission (EC) and the Eurogroup.

This document is drafted in accordance with the „Two Pack Code of Conduct".

[2] According to EU-Regulation 1466/97 via regulation 1175/2011 Euro zone member states have to annually present a Stability Programme, while other members of the European Union (EU) have to present a Convergence Programme.

The update of the Austrian Stability Programme for 2017 to 2022 is in content and form in accordance with the „Code of Conduct.

2. Economic situation in Austria

2.1. Economic development (2017-2022)

In 2017 real GDP growth increased to 2.9% of GDP. The strongest growth contributions came from private consumption, exports and gross fixed capital formation. Strengthened incomes due to the tax reform 2015/16 continued to support private consumption.

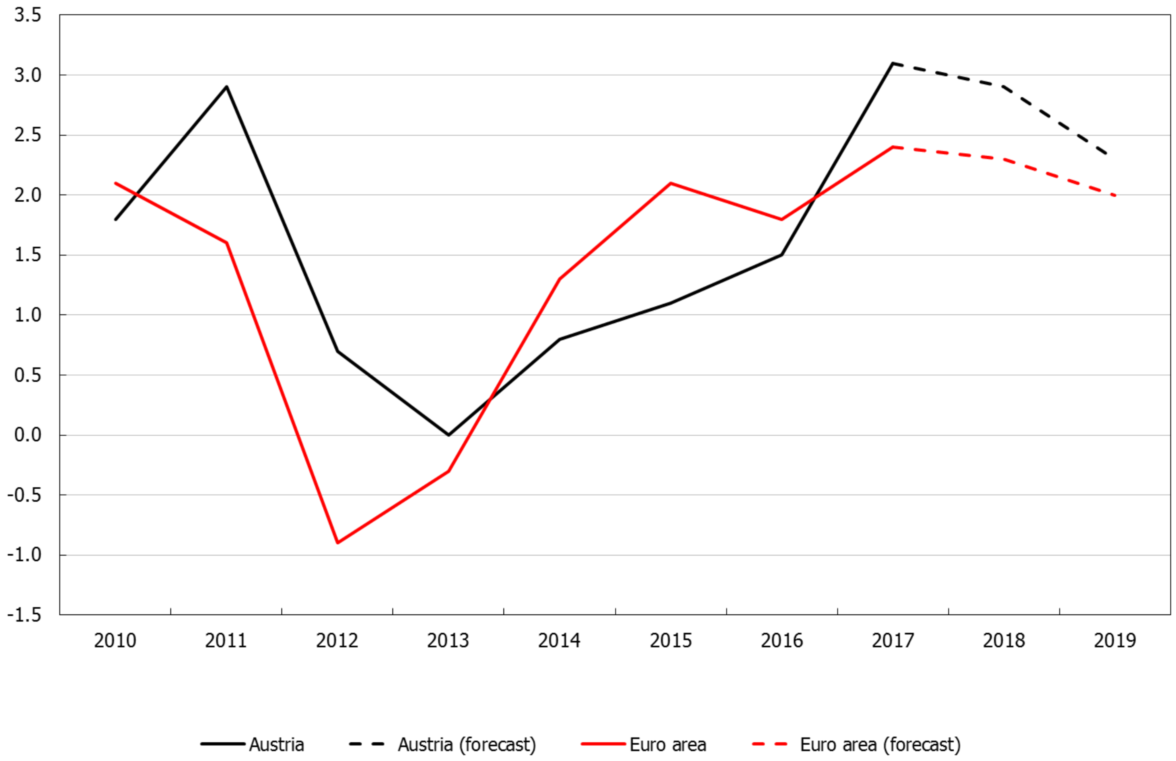
The number of persons in employment rose by 76,400 (1.9%) in 2017. At the same time, the labour force expanded by 59,000 persons. The latter is caused by several factors: an increase in the employment rate of older workers, the continuous rise in the employment rate of women, combined with a persistent inflow of foreign workers.

As a result, the unemployment rate as defined by Eurostat decreased by 0.5 pp to 5.5% in 2017.

In 2017 the inflation rate in Austria was 2.1%. This was the highest inflation since 2012 (2.1%). Price drivers were fuel, rents, as well as restaurants and hotels.

Over the period 2008-2013, real growth rates of GDP were at least as high in Austria as in the euro area. Afterwards, growth was lower than the average of the euro area until 2016, but increased continuously and should be stronger than in the euro area up to 2019.

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



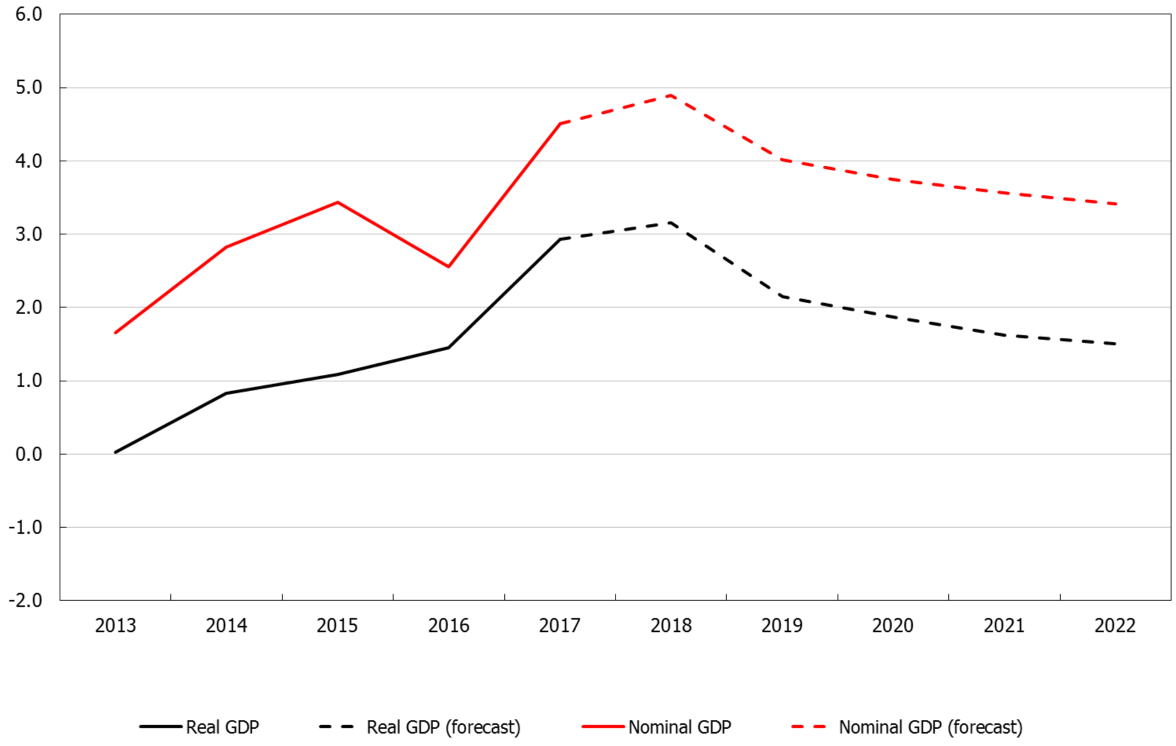
Left axis: Rate of change over previous year in %

Sources: BMF, EK, EUROSTAT

On March 18th, 2018 WIFO compiled its latest short- and medium-term economic forecast which forms the basis for this programme. The WIFO forecast does not yet take into account most of the actions of the government as described in chapter 3.

According to WIFO, the short-term outlook is positive. Leading Indicators of the Austrian economy have reached levels comparable to the peak of the previous cycle. Positive factors are the better international environment, which causes a higher production utilization and because of this higher investments and private household consumption expenditure. In 2018 the Austrian economy is expected to grow by 3.2% in real terms and by 2.2% in 2019.

Figure 2: Real and nominal GDP growth

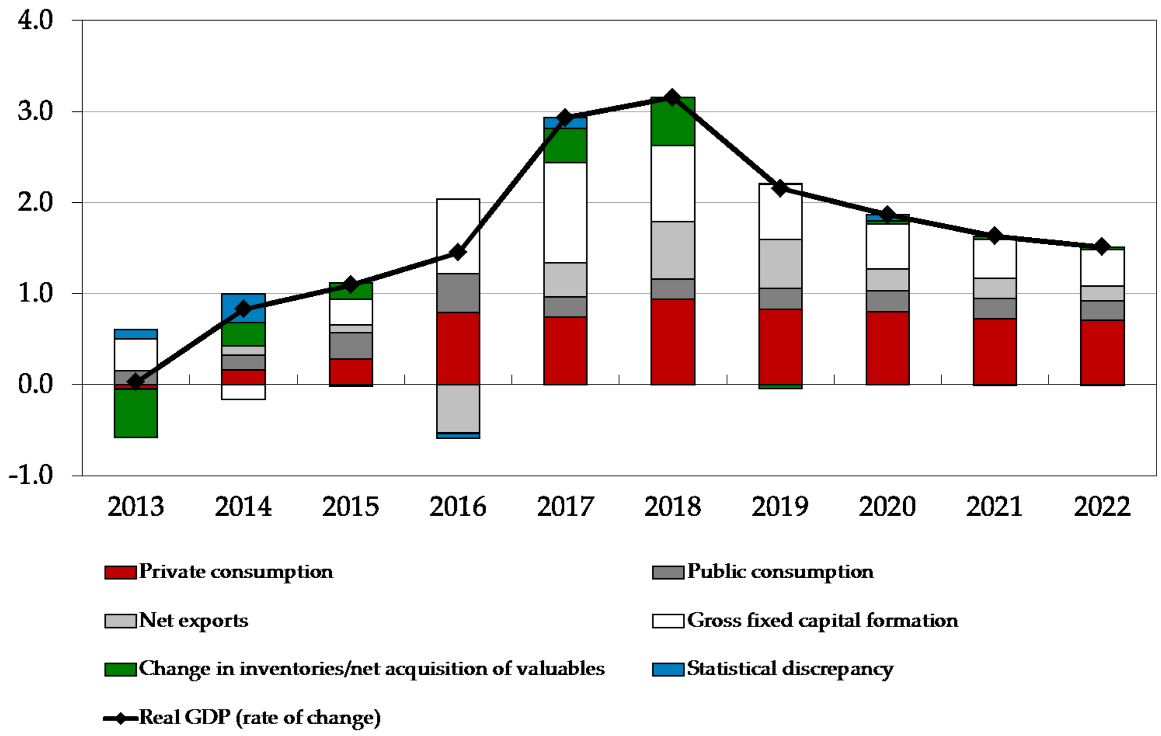


Left axis: Rate of change over previous year in %

Sources: BMF, STAT, WIFO

In the medium-term until 2022, WIFO expects an average potential growth rate of 2.2% per annum, and an actual GDP growth rate of 2.1% per annum, both in real terms. Driving factors are the annual increase of the private household consumption expenditures by 1.5% on average from 2017 to 2022, as well as that of the gross fixed capital formation by 2.3% per year. The growth of private consumption is thus considerable stronger than in the period 2012-2017, when the annual expansion was 0.7% on average.

Figure 3: Contribution to real GDP growth



Left axis: Contribution to real GDP growth in percentage points
2018 bis 2022 (forecast)
Sources: BMF, STAT, WIFO

Due to the stronger growth of the economy, capacity utilisation is expected to increase, the output gap has turned positive and, according to EU-methodology, starts decreasing as of 2020. Inflation is expected to remain stable at 1.9% until 2022.

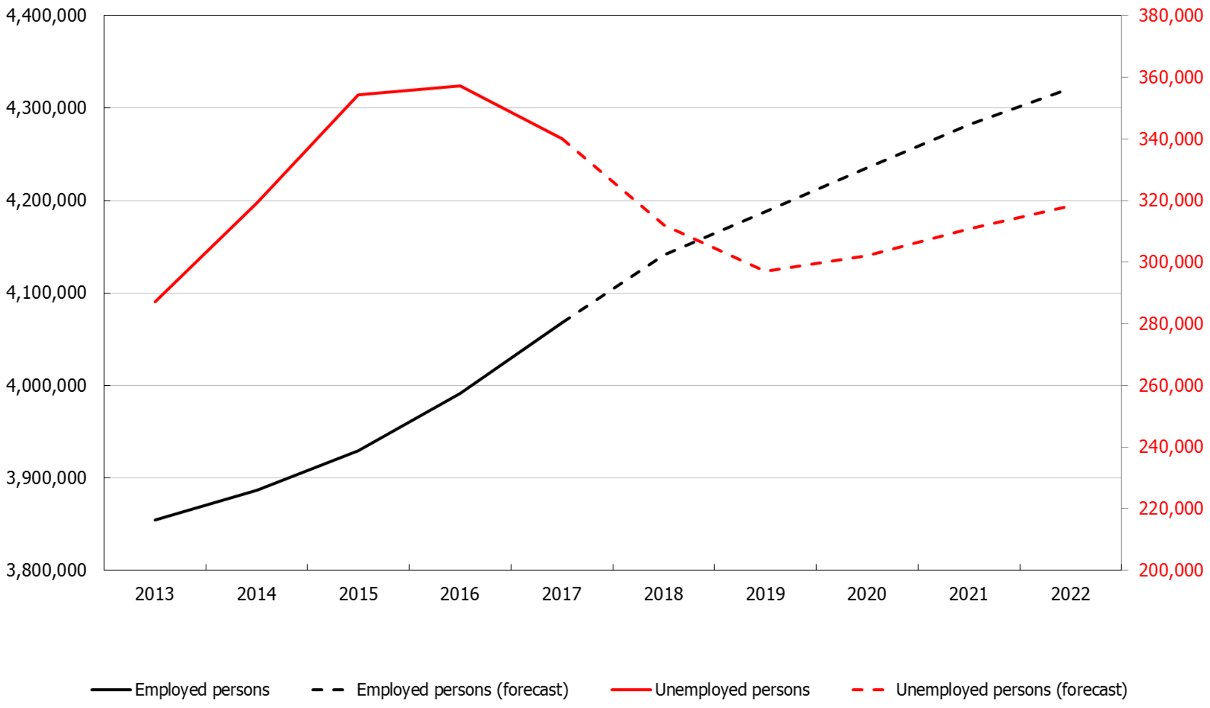
In broad terms, dynamic employment growth and a decrease of the unemployment rate are expected. The unemployment rate has started to decrease especially for residents; whilst no such dynamics can be seen for foreigners so far. The unemployment rate will go down to 5.2% in 2018 and 5% in 2019. This decline is supported by the labour market policy.

One focus of the labour market policy is the fight against youth unemployment. There is more money spent for the implementation of adult education initiative (the duty of training until the age of 18 and the training guarantee until the age of 25), inter alia for the supply of apprenticeships. To relieve low-wage earners and enforce the consumption as well as the

Austrian economy the employee contribution for the unemployment insurance will be reduced for all monthly earning less than 1,948€. This will bring a relief of 140 m € for about 900,000 persons.

Despite growing employment the number of unemployed persons, as well as the unemployment rate, will increase again after 2020. Part of this might be attributed to the opening of the labour market for Croatians.

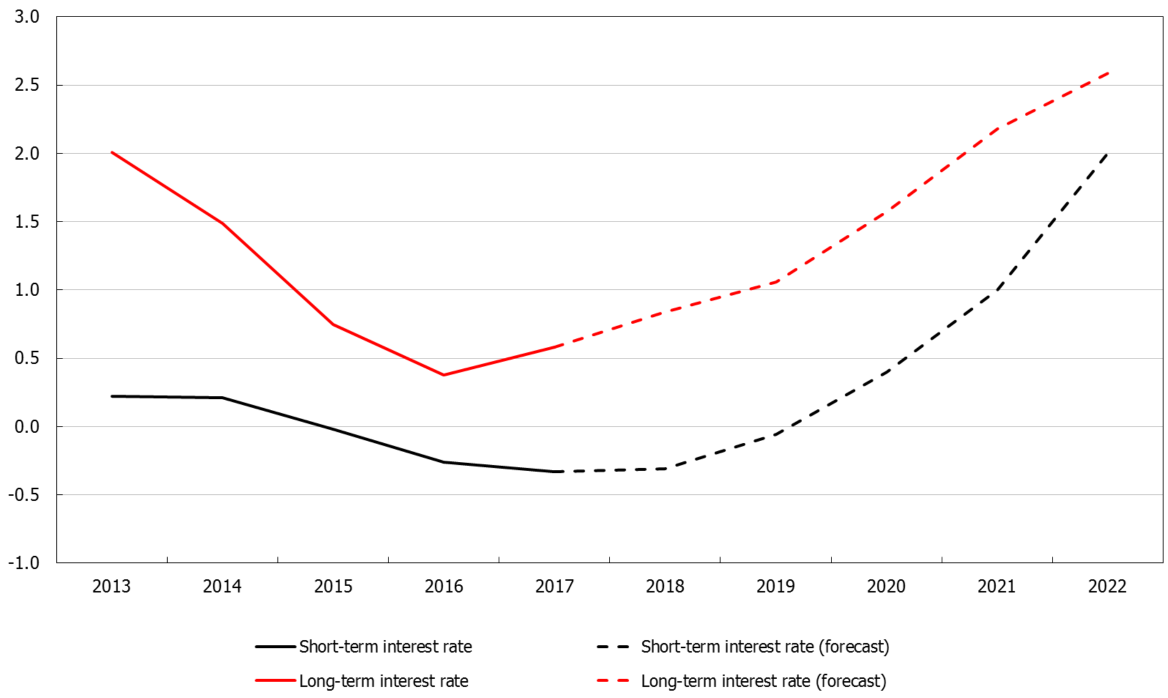
Figure 4: Employed and unemployed persons



Left axis: Employed persons
Right axis: Unemployed persons
Sources: AMS, BMASGK, BMF, WIFO

Short- and long-term interest rates in Austria have decreased since 2008. This is due to measures by the European Central Bank (ECB) and the good creditworthiness of the Republic of Austria. Long-term rates (10-year government bond yield) increased since 2016; the average yield was 0.59% in 2017. Against the background of the rate increase by the US Federal Reserve, the expectation of a normalisation of interest rates by the ECB and stronger economic growth, economic analysts expect an increase in interest rates to 0.8% for this year and 1.1% for next. Short-term rates will start increasing in the second half of 2018; though the increase will be flatter than that of the long-term rate in the beginning.

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



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

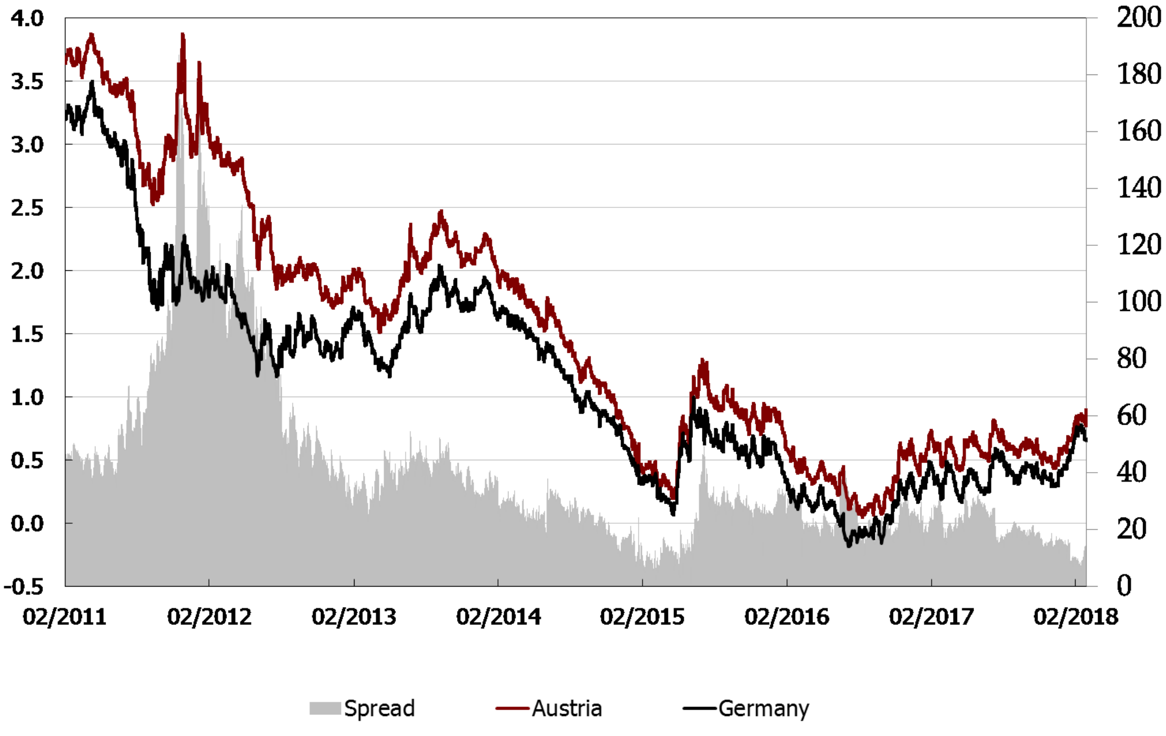
The EC published its Autumn Forecast on November 9th, 2017 and the Institute for Advanced Studies (HIS) on March 16th, 2018. The EC expects real GDP growth rates of 2.4% in 2018 and of 2.3% in 2019, the numbers have been revised upwards in February. The IHS expects real GDP to expand by 2.8% in 2018 and by 1.9% in 2019. Both forecasts are a bit more pessimistic concerning real GDP growth in the short term than the WIFO forecast. OECD published an interim economic outlook for the global economy on March 13th, 2018. This was more optimistic than the WIFO, but there has not been an Austrian-specific part.

2.2. Financial sector developments

I n 2016 and 2017 the global economy has developed better than expected as potential economic risks have not materialised. These risks were rapid increases of US policy interest rates, uncertainties about the economic and financial situation in China as well as possible deflationary dangers in the euro area. The gradual US policy rate increases had only minor consequences for the global economy up to now, the economic situation in China remained stable and deflation in the euro area was averted.

For the years 2018 and 2019 positive expectations exist as well due to a solid global economic expansion and the US tax reform. In 2018 monetary policy actions should still play an essential role for financial market developments as gradual and cautious steps by the most important global central banks are still to be expected.

Figure 6: Long-term interest rates and spread



Left axis: Long-term interest rates in %

Right axis: Spread in basis points

Sources: BMF, Macrobond (February 28th, 2018)

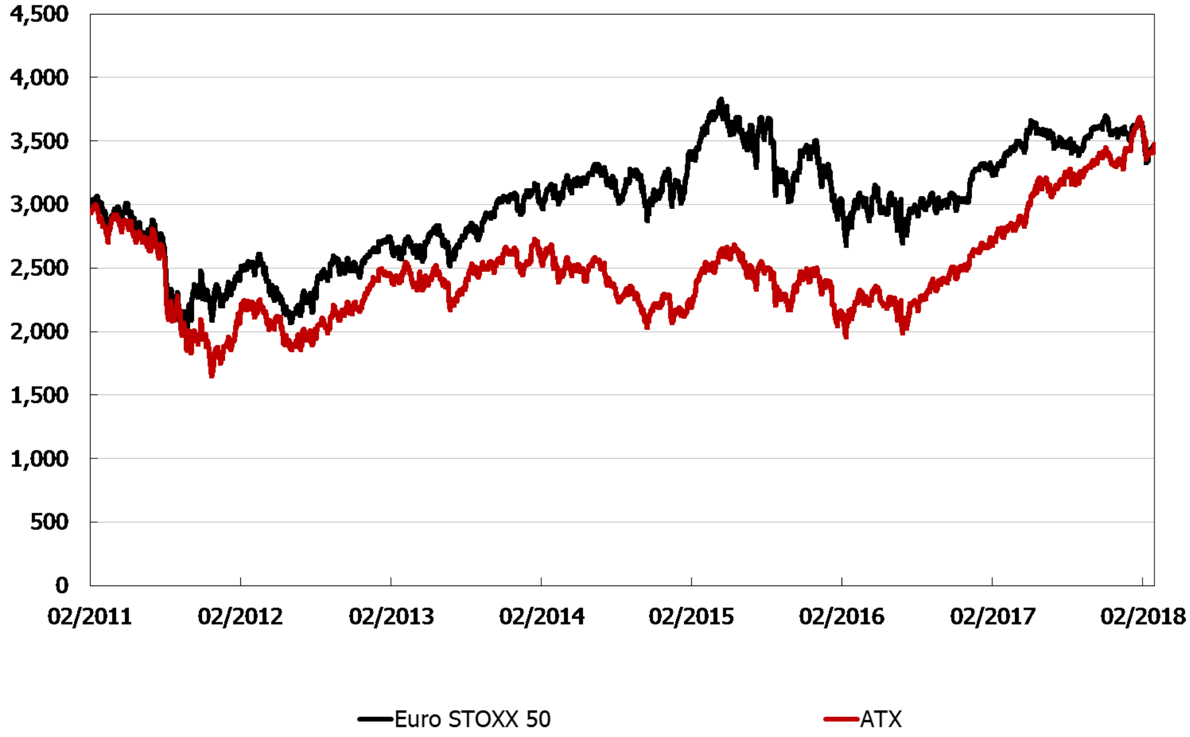
2.2.1. Long-term interest rates

Austria´s long-term interest rate (10-year government benchmark bond yield) showed a relatively stable development from September 2017 to December 2017 and fluctuated between 0.5% and 0.7%. From the beginning of 2018 a slight upward trend of the 10-year Austrian benchmark bond yield was observed (up to 0.9% at the end of February 2018) as the economic development in Austria and the euro zone emerged better than expected. These developments were also influenced by expectations with regard to inflation and economic growth as well as a possible end of the ECB´s public sector purchase programme in autumn 2018. The spread of the 10-year Austrian bond yield over the 10-year German bond yield has remained relatively stable since fall 2017, at 10-20 basis points (maturity-adjusted the spread was around 20 basis points).

2.2.2. Equity market

The Austrian equity market (ATX) showed a significant upward trend since summer 2016, and the increase was more dynamic than the rise of the Euro-Stoxx-50-Index. In January 2018 the ATX reached the highest value since July 2008. A better than expected development in Austrian economic and corporate data as well as ongoing positive economic dynamics in Central and Eastern Europe were responsible for the significant improvement in the equity market climate. In February 2018 a moderate downturn correction occurred owing to the US equity development.

Figure 7: Equity market performance



Left axis: Index

Sources: BMF, Macrobond (February 28th, 2018)

2.2.3. Banking sector

The consolidated balance sheet of Austrian credit institutions continued to decline in 2017. As of end-September 2017, total assets amounted to 963.3 bn €, about 9.9% lower compared to 2016. The decline was due to banks' efforts to improve their capital ratios.

The increase in lending to households and enterprises in Austria remained stable and overall positive. New lending to private households was increasingly driven by housing loans. The decline in foreign currency loans continued.

Credit exposure to the CESEE region is highly diversified. The withdrawal from less attractive countries is essentially complete. After UniCredit Bank Austria has transferred its entire foreign business to UniCredit S.p.A., CESEE exposure is around 235 bn €.

Credit quality continued to improve in Austria as well as in the CESEE region. In the CESEE region it is however notably weaker.

The profitability of the Austrian banking sector improved in the first three quarters as a result of lower provisioning for impairment losses which more than compensated for lower net interest income due to the low interest rate environment.

The consolidated capital base of the Austrian banks continued to improve and for the first time exceeded the peer group average in the second half of the year. The consolidated capital ratio stood at 18.1%. The strengthening of the capital base pursued during the past few years needs to continue.

2.2.4. Insurance sector

In the domestic insurance sector premiums earned remained with 16.98 bn € almost the same compared to 2016 (+0.4%). The driver of the development was the negative development of life insurance (-5.1%). In contrast, the property-casualty and health insurance divisions reported premium growth of 3.3% and 3.8%, respectively.

The technical account balance totalled 580.0 m € (+3.8%). The financial result amounted to 2.81 bn € (-7.7%). The result from ordinary activities decreased by 12% to 1.24 bn €.

2.2.5. Investment funds, pensions funds and corporate provident funds

The investment volume of Austrian investment funds rose compared to the past year, from about 175.0 bn € to about 184.0 bn € as of December 31st, 2017. The average performance of pension funds ("Pensionskassen") stood at 6.1%, compared to 4.17% in 2016. Total assets of pension funds increased slightly to 22.3 bn € (+7.1%). The number of prospective beneficiaries rose to 924,000 persons, a 2.3% increase. Assets held by corporate provident funds ("Betriebliche Vorsorgekassen") rose by 12.7% to about 10.6 bn €, primarily due to inflows as a result of legal requirements. The performance stood at 2.2%.

2.2.6. Assessments of the rating agencies

In October 2017, the rating agency Moody´s confirmed the rating for Austria at "Aa1" (second-best rating) with an unchanged stable outlook. Among the strength of Austria are the diversified economy, low financing costs and a strong institutional framework. Weaknesses are low potential growth expectations, high government debt and liabilities for the banking sector.

In January 2018, the rating agency Fitch confirmed the long-term rating of Austria at "AA+" (second-best rating) with an unchanged stable outlook. Supporting factors are the diversified economy, a strong political and social institutional framework, low private indebtedness, high savings rate of private households, the beneficial structure of the public debt and improvements in the banking sector.

In September 2017 Standard & Poor's (S&P) also affirmed the Austrian long-term rating at "AA+" (second-best rating) and the rating outlook at "stable". Positive factors are the diversified, prospering Austrian economy, the improvement in the trade- and current account balance, the decreasing short-term foreign debt and the Euro Area Membership.

3. Economic and budgetary policy strategy

3.1. Economic and budgetary challenges, targets and strategy

Currently, the economic sentiment indicator in Austria is at a historical peak. The last time the economic climate was at a similar level was in summer 2007. Consumer confidence, too, is currently as high as in autumn 2007. This positive sentiment contributes to an increase in consumption and investment.

The current economic recovery is allowing for the opportunity to open up a new chapter in Austrian budget and economic policy. That is, instead of financing short-term and unsustainable spending with temporarily higher revenues, the Austrian government is committing itself to a sustainable, sound, and growth-oriented budget policy at all three levels of government. By ending pro-cyclical measures, such as the "Aktion 20.000" (a programme for creating temporary jobs for long-term unemployment), public expenditure can be reduced by 2 bn €. The Federal Government has set itself the objective of achieving a budget surplus for the first time since 1954, meaning that revenue is to exceed expenditure, by cutting expenditure. Growth of public expenditure will be lower than nominal GDP growth.

The main objectives are

- to achieve the first budget surplus since 1954 and to retain such a surplus for the following five years,
- to use the post-banking crisis budgetary leeway that has opened up for implementing relief measures,
- to make sure that government expenditure growth is lower than inflation and that expenditure growth is subdued,
- to fulfill all relevant national and international commitments, in particular the EU Stability and Growth Pact (i.e. public debt below 60% of GDP, deficit below 3% of GDP), to reduce debt to 60% of GDP in the medium term, and to pave the way to achieving this with the budgets for 2018 and 2019,
- to meet the medium-term objective of a structurally balanced budget both in 2018 and 2019, and

- To discontinue pro-cyclical measures in order to create room for implementing tax relief measures with a view towards lowering the tax ratio to 40% of GDP.

The objectives of a sustainable budget policy are not an end in themselves. In fact, they are to create enough budgetary room

- to be prepared for future challenges and to implement tax relief measures to lower the tax ratio to 40% of GDP,
- to, if necessary, be able to react promptly without having to make budget cuts in important policy areas, and above all
- To implement the political priorities and future topics of the new Federal Government, to preserve the high level of social welfare, and to ensure public order.

The draft federal budgets for 2018 and 2019 reflect the following measures taken by the Federal Government to achieve these budgetary objectives:

- **Strict budgetary execution:** The line ministries and the Federal Ministry of Finance will work together to ensure that the budgets for 2018 and 2019 are executed effectively. This shared commitment of strict budget execution contributes to the overarching goal of achieving balanced budgets. Central to this is budgetary compliance with the Stability and Growth Pact's medium-term objective of a structural deficit of -0.5% of GDP.
- **Cost analysis of public administration:** In a study covering the period of 2014 to 2016, the Ministry of Finance compared budget positions of cash outflows and inflows of particular budget positions with the actual fiscal outcome of those positions. The analysis revealed that many budget positions were over-budgeted. The reduction of funds for these over-budgeted positions can lead to savings of up to 1 bn € – without curtailing public services.
- **Effective use of subsidies:** Existing double and multiple funding is to be consistently abolished and subsidies are to be assessed regarding their effectiveness. This is to save 190 m € (or 5%) of the total sum of subsidies.
- **Public sector entities:** Currently, there are 100 federal owned entities (as defined in the *Beteiligungsbericht 2018*). In many cases, expenses of those entities for personnel and intermediate consumption are considerably higher than for the federal government. By improving personnel deployment and material usage, up to 140 m €

can be saved. As a medium- and long-term goal, overspending is to be cut by up to 2%.

- **Rent for buildings and office space**: The federal government is one of the largest tenants in Austria. For this reason, all rental expenditures are being analyzed and prices per square meter are lowered in order to realize savings for the ministries. Currently, reductions in prices per square can lead to savings for the ministries of up to 50 m €.
- **Family allowances for children living in EU-countries, the EEA-countries and Switzerland**: The family allowance for children living in EU-countries, the EEA-countries and Switzerland, and whose parents work in Austria, are to be adjusted to the living costs of the family allowance recipient's country of origin. This adjustment of family allowances (including child deduction) is to result in lower expenditure of € 114 m per year.
- **Personnel expenses:** Over the last few years, personnel expenses for federal government employees have increased significantly. The objective is to reduce these expenses in the long-term. This reduction is accompanied by the critical examination of public sector tasks and services with a view towards decreasing complexity.
- **Labour market:** Due to the good economic climate and the positive effects on the labour market some programmes, such as the *Beschäftigungsbonus* and the A*ktion 20.000*, are no longer necessary. Thus, they will be discontinued.
- **Spending reviews:** The Federal Government has decided to implement spending reviews as a regular item of the budget process. A spending review is a structured and binding process that examines specific existing tasks of public administration with a view towards improving effectiveness and efficiency of public sector service delivery.

The Federal Government's measures for the budgets of 2018 and 2019, which in sum are to provide for 2.5 bn € of lower expenditure, ensure the continued decline of the debt ratio towards 60% of GDP and the fulfillment of other obligations resulting from the EU's Stability and Growth Pact.

3.2. Budget execution in 2017

Net borrowing: Compared to 2016, the public sector accounts have improved considerably. Although official financial balance data according to Maastricht are not available yet, the preliminary results show a general government Maastricht deficit of -0.7% of GDP compared to -1.6% of GDP in 2016. As such, this is a more favourable outcome than expected in autumn 2017 (-0.9% of GDP).

Structural balance: The general government structural balance before costs for refugees and security is expected to reach -0.5% of GDP (2016: -0.9% of GDP). Taking into account the additional costs for refugees and the fight against terrorism (amounting to 0.4% of GDP), the adjusted structural balance is expected to amount to -0.1% of GDP (2016: -0.6% of GDP).

Public debt: Preliminary results show a decline of the general government debt-to-GDP ratio from 83.6% of GDP in 2016 to 78.1% of GDP in 2017. As such, and compared to 2016, the public debt level in 2017 dropped not only in relation to GDP, but also in absolute terms – in 2016, public debt amounted up to 295.2 bn € and had dropped to 288.2 bn € by the end of 2017. There are several reasons for this decline, viz. on the one hand, the pre-financing of the HETA liquidation in 2016 (accounting for 3.6 bn € or 1% of GDP) which led to a temporary increase of the debt level in 2016 and which was neutralised in 2017, and, on the other hand, the transferral of assets worth 4.4 bn € by HETA to the "*Kärntner Ausgleichszahlungs-Fonds*" and the state in July 2017, which were used for debt reduction. On top of that, the liabilities of the other bad banks (i.e. Immigon, KA-Finanz) were reduced.

Revenue: Due to the favourable economic and labour market situation, tax revenues and social contributions increased significantly. Compared to 2016, total central tax revenue increased by 4.5%; taxes on income rose by 4.4% and taxes on capital yields by 16.9%. Corporate taxes, too, registered a substantial increase of 6.4%. Due to reforms in 2016, the financial institutions stability fee was significantly higher in 2017 than the year before. The value added tax also gained strongly (4.8%), which is due to the increase in domestic demand and the implementation of measures for combatting fraud in 2016 (i.e. duty to document, mandatory cash registers for enterprises). Tax revenue was reduced as a result of the tax reform of 2016, which in 2017 led to a modest increase of income and wage tax at 1.2% and 2.9%, respectively.

Due to the positive situation on the labour market, unemployment insurance contributions were higher than expected. Contributions, however, were dampened by the gradual cutback (in 2017: by 0.4%-points) of employers contribution of the family burden fund.

Expenditure: In 2017, the cyclical upswing led to a better result than planned, also on the expenditure side, in particular with regard to the central government's transfers to the pension security funds and lower spending for unemployment benefits. In 2017, the Federal Budget continued to benefit from the exceptionally low interest rates, which have been common for the past few years. Compared to 2016, the average effective interest rate decreased from 2.68% to 2.47%. In 2017, the average yield for newly issued sovereign bonds on the capital market stood at 0.44%.

States and municipalities: While having recorded a deficit of -1.5 bn € (-0.4% of GDP) in 2016, the state and municipal budgets were balanced again in 2017. On the one hand, this is due to the new fiscal relations agreement which was signed in autumn 2016 and which established an increase in central government transfers by 0.4 bn € for 2017. On the other hand, the 2016 result was characterised by the one-off payment (1.2 bn €) by Carinthia for the liquidation of HETA.

Social security: In 2017, contributions to the social security system increased significantly. Central to this development was the increase in the wage bill, which was due, in particular, to the continuous increase in employment and salaries and the ensuing wage sum. As a result, in 2017 the federal transfer to the pension insurance system was significantly lower than planned. The financial situation of the public health insurance scheme, too, developed well and recorded a surplus in 2017.

3.3. General Government Balance in 2018 and 2019

Because of the early election, which was held in autumn 2017, the preparation of the federal budget for 2018 was postponed to March 2018. The budget for 2018 was submitted to and is to be adopted by parliament together with the budget for 2019 as well as with the medium-term financial framework for the period until 2022.

Net borrowing: For both 2018 and 2019, the general government balance is to improve further. The central government Maastricht deficit of -0.7% of GDP in 2017 is to decrease to -0.4% of GDP in 2018, and to level off at 0.0% of GDP in 2019. As such, a significant step has been taken towards a sound and long-term improvement of public finances.

Structural balance: The structural balance, corrected for clauses under the SGP, in both 2018 and 2019 is to amount to -0.5% of GDP. In both years the structural balance falls below the Maastricht deficit. The reason for this is that the Austrian economy is expanding strongly and that, therefore, the output gap for both 2018 and 2019 will turn positive, meaning that more goods and services will be produced than under normal cyclical conditions. Overall, this development is in compliance with the EU's Stability and Growth Pact.

Public debt: From 2017 to 2018, public debt is to decrease from 78.1% of GDP to 74.5% of GDP, and from 2018 to 2019, it is to decrease further to 70.9% of GDP. This decline is supported by the sale of assets of state owned wind-down-entities of former banks.

Expenditure: The Federal Government has agreed on a restrictive expenditure path. Within the budget for 2018 the Austrian government will reduce administrative costs (by 1 bn €), subsidies (0.2 bn €), and spending for personnel of government-owned entities. Due to the favourable macroeconomic conditions, some pro-cyclical programmes (e.g. *Beschäftigungsbonus*, *Aktion 20.000 (for elderly long-term unemployed*)) are to be discontinued. Overall, the cumulated budgetary effect of all these measures amounts to savings of 2.5 bn €.

Moreover, the current positive economic environment helps to reduce expenditure, in particular with regard to pensions and unemployment. From 2017 to 2019, the number of registered unemployed people is to decline from 340,000 to 297,000. At the same time, contributions to the public pension funds will increase, which will reduce the need for out-of-the-budget funding.

Interest expenditure is expected to decrease, in particular because public debt is declining, which is also due the improved budget balance, the sale of assets of state-owned former banks, and because the average interest rates on state debt are historically low. Also, the outlays for accommodation and care for asylum seekers are set to decrease further.

At the same time, the Federal Government is investing in important areas for the future, such as research and development, the expansion of the existing broad band infrastructure as well as external and internal security.

Revenues: On the revenue side, the budgets for 2018 and 2019 reflect numerous social policy measures as planned for the current legislative period. These include, for instance, the reduction of the unemployment insurance contributions of low-income earners (as of mid-2018) and the "family-bonus plus" (as of 2019; an income tax deduction which can account for a tax relief of up to 1,500 € per child and year). These measures have already been included in the current forecasts of tax revenues for 2018 and 2019. The reduction of the unemployment insurance contribution will lower annual revenues by 140 m €. In 2019, the "family-bonus plus" will reduce wage taxes by 0.7 bn €. On top of that, tax reliefs adopted in the previous legislative period will remain effective. In this vein, the employers' contribution to the family burden equalisation fund has been reduced once more by 0.2%-points. One-off payments in the amount of 0.7 bn € effected in 2017 will reduce revenue to 0.2 bn € in both 2018 and 2019.

States, municipalities and social security: For both 2018 and 2019, the state and municipal budgets are expected to be balanced. The social security funds will continue to benefit from the continuous positive development of contributions, so that a surplus can be achieved both in 2018 and 2019. Also, employment, which generates mandatory social contributions, is to increase in 2018 and 2019.

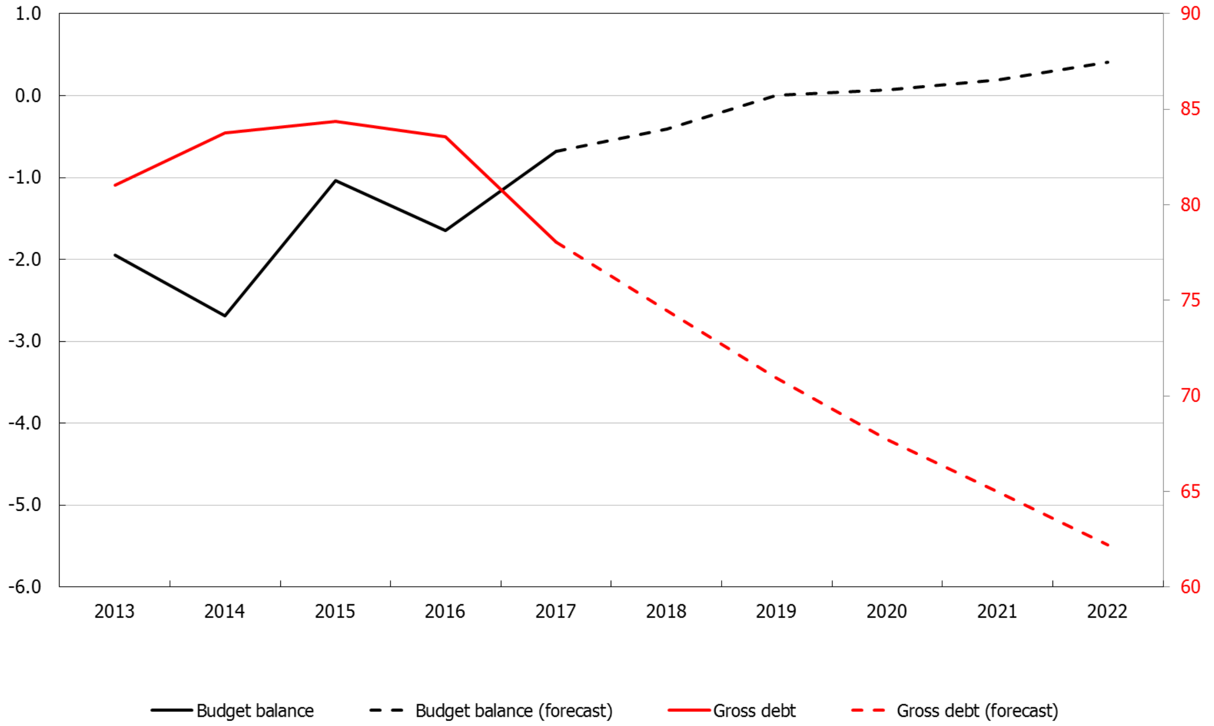
3.4. General Government Balance developments (2020-2022)

Current mid-term projections for the development of the central government's administrative accounts for the period 2020 to 2022, which are based on the Federal Budget for 2019, show a very positive picture: the goal of balanced general government accounts will be reached. According to the System of National Accounts (Maastricht indicators), the public balances of all governmental subsectors are balanced or could even be in surplus. As of 2019, the central government intends not to incur additional debt. In 2020 the structural budget is to be (almost) balanced and is expected to record a surplus in the following years. Overall, this indicates that the reduction of the government deficit can be traced back mainly to structural consolidation measures, and that the necessary trend reversal has been achieved. In this vein, the positive development of the general government accounts as well as the continued liquidation of the government's portfolios for defeasance structures (HETA, Immigon, KA-Finanz) are expected to further a continuous decline in the government's debt-to-GDP ratio.

For the remaining legislative period, efforts towards less bureaucracy and reforming public administration will be continued. These efforts are intended to trigger a positive spiral of new opportunities, which will reinforce Austria as an excellent business location. By moving towards the goal of a 40% tax-to-GDP ratio within a structural tax reform and by reducing and simplifying regulations for companies and labour, incentives and purchasing power will be enhanced, which in turn will trigger economic growth and employment.

The government's programme consists of a number of further measures (in all priority areas), also on the expenditure side. All undertakings are pursued subject to compliance with the budgetary targets as stipulated by the European Union. In table 6, the path for general government net lending already includes steps towards a further reduced tax burden from 2020 onwards.

Figure 8: General Government net lending/net borrowing and gross debt

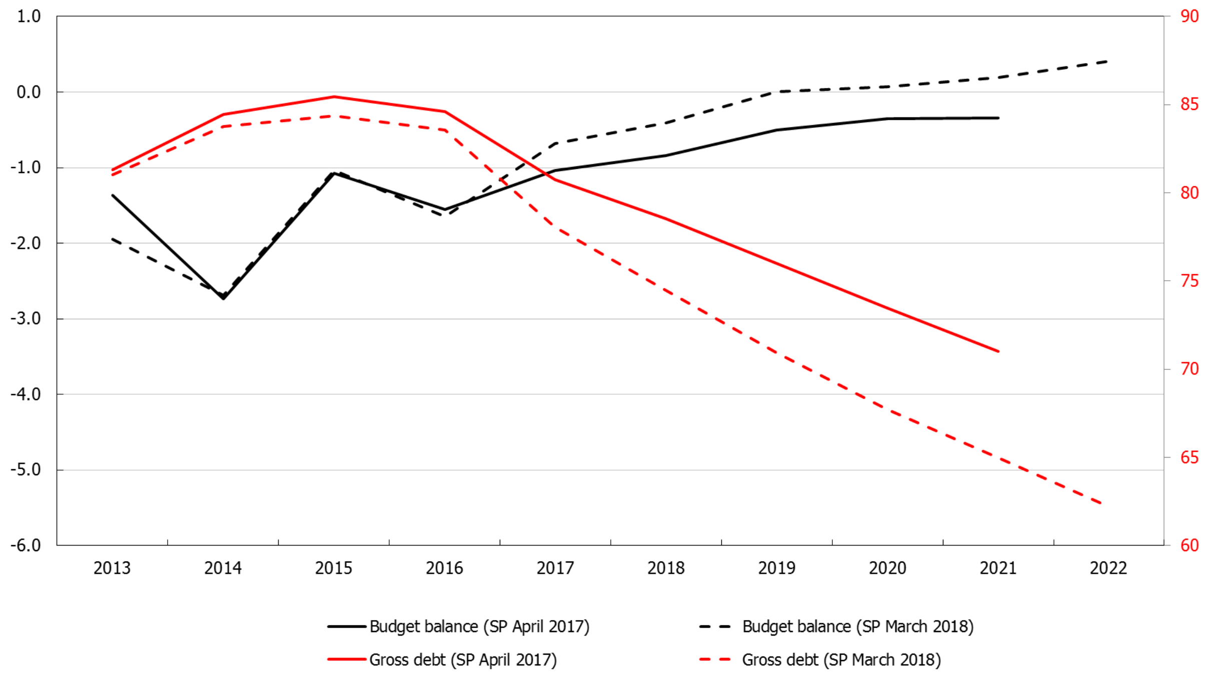


Left axis: General Government net lending/net borrowing (in % of GDP)

Right axis: Gross debt (in % of GDP)

Sources: BMF, STAT, WIFO

Figure 9: Divergence from latest Stability Programme (April 2017)



Left axis: General Government net lending/net borrowing (in % of GDP)

Right axis: Gross debt (in % of GDP)

Sources: BMF, STAT, WIFO

3.5. Comparison of macroeconomic and budgetary forecasts

In order to implement Directive 2011/85/EU of the Council about the requirements of the budgetary framework of member states in full, the MoF presents a comparison of the annual update of the Stability Programme with the latest macroeconomic and budgetary forecasts of the EC as well as other independent institutions. Table 25 in the Annex shows this comparison.

Even though the business cycle assessments differ across institutions the budgetary improvements from 2017 to 2019 are consensual. This is also reflected in an improvement of the debt ratio.

3.6. Restructuring of the banking sector

Based on the Austrian Financial Market Stability Act (FinStaG), Austrian Banks have been granted capital and liquidity-supporting funds totalling 33 bn € since 2008, including participation capital subscribed by the Republic of Austria. Taking into account all repayments to date, the net amount was 18.4 bn €. In 2016, the legal limit for measures aimed at strengthening the Austrian financial market pursuant to FinStaG has been increased by 1.5 bn € to 23.5 bn € in order to fund the purchase of statutorily-guaranteed debt instruments of Heta Asset Resolution AG (HETA) by the Kärntner Ausgleichszahlungs-Fonds (KAF).

Out of FinStaG funds, 7.4 bn € have been used for the subscription of share capital, shareholder contributions and other capital measures. As at June 30th, 2017, Austria still held participation capital amounting to 10 m € issued by immigon portfolioabbau ag (immigon, the legal successor of Österreichische Volksbanken AG - ÖVAG). The general agreement between Austria and the Free State of Bavaria for settling legal disputes related to HETA included a payment of 1.23 bn €. Federal guarantees issued under FinStaG summed up to 3.8 bn € as of end-2017. Claims under guarantees amounted to 1.5 bn €. Moreover, the Republic granted FinStaG-loans amounting to 4.7 bn €.

In 2017, revenues from guarantee fees relating to the banking sector accounted to nearly 51 m €. Since the Austrian Financial Market Authority (FMA) in its capacity as the designated Resolution Authority ordered a haircut on due fees of HETA and deferred the remaining liabilities until end of 2023 (see below), guarantee fees were only paid by Hypo Group Alpe Adria (the former SEE network of Hypo International) and KA Finanz AG in 2017.

On April 10th, 2016, FMA in its capacity as the designated Resolution Authority ordered immediate resolution measures on HETA by administrative decision in accordance with section 3 (1) Federal Act on the Recovery and Resolution of Banks (BaSAG). Among other measures, core Tier 1 capital and subordinated liabilities including interest due on February 28th, 2015 were reduced to zero, and senior debt was reduced to 46.02%. Moreover, interest from March 1st, 2015 was cancelled and the maturity date of all eligible liabilities was harmonised to December 31st, 2023. Though the wind-down of HETA shall be completed by 2020, the termination of legal claims will take until end of 2023, according to FMA.

On May 2nd, 2017 a second administrative decision was issued, reducing the bail-in of senior debt to 35.6%; the recovery rate therefore increases to at least 64.4%.

The Republic of Austria as owner of HETA has been affected manifold by the FMA administrative decision: the reduction of core and participation capital to zero, the reduction of guarantee fees due as of March 1st, 2015 to 64.4%, and the calling under the guarantee of the 1 bn € HETA subordinated notes 2012-2022 plus interest payments.

Following intense negotiations with major creditor groups and the conclusion of a Memorandum of Understanding between the Republic of Austria and creditors in May 2016, KAF launched a tender offer on September 6th 2016, which was accepted by 98.7% of the creditors. Carinthia contributed 1.2 bn € to the funding; 6.4 bn € were granted as loans pursuant to section 81 Federal Budget Act (BHG) 2013 via ABBAG - Abbaumanagementgesellschaft des Bundes; the remaining amount of up to 1.28 bn € will be covered by FinStaG funds.

On June 30th, 2017, HETA's extraordinary general meeting passed a resolution on the interim distribution of part of the assets for the satisfaction of creditors before maturity. On this basis, in the second half of July 2017, around 5.8 bn €, or 69% of the 64.4% quota fixed on May 2nd, 2017, was paid to the creditors of eligible liabilities. This early repayment of liabilities was facilitated by high cash balances generated from successful asset sales in 2016 and the first quarter of 2017.

KA Finanz, in agreement with the Federal Ministry of Finance, filed an application with the Financial Market Authority on June 9th, 2017, for the bank license to be withdrawn and continued as a wind-down company pursuant to section 162 BaSAG; this request was approved on September 6th, 2017. The main reason for the conversion to a wind-down entity and the surrender of the banking license were the tightening regulatory framework and the associated requirements (e.g. Net Stable Funding Ratio, Liquidity Coverage Ratio), which otherwise could have only been met at significantly higher costs. Finally, the review of the risk-bearing capacity of KA Finanz carried out by the Oesterreichische Nationalbank (OeNB) in autumn of 2016 contributed to the aggravation of the situation, concluding that the high hidden burdens would exceed equity in a liquidation scenario. It was thus in the special interest of the Republic of Austria to adapt the refinancing structure of KA Finanz to the new circumstances. In addition to the granting of loans pursuant to section 81 BHG via ABBAG, the guarantee for the commercial paper program of 3.5 bn € was replaced in three steps by loans in accordance with section 2 FinStaG. Private placements and bonds of KA Finanz not yet due are not affected by the conversion of the refinancing structure; these will be honoured and redeemed at their full nominal values upon maturity.

Immigon runs as wind-down entity pursuant to section 162 BaSAG. In 2017, assets were again reduced according to plan. In 2018, immigon will take preparatory steps to initiate the liquidation.

In 2017, the restructuring of Volksbankenverbund (Volksbanken association) has continued as expected. The formerly more than 40 local banks were merged into eight regional banks. The gratuitous transfer of 25%+1 shares of Volksbank Wien to the Republic of Austria in January 2016 serves as collateral for the 300 m € profit participation right, as compensation for the haircut of the state-held participation capital of ÖVAG in 2015. By the end of 2017, Volksbankenverbund already paid 67 m € to Austria. After servicing of the profit participation right is completed (by spring 2024 at the latest), the shares will be re-transferred to the Volksbankenverbund.

3.7. Migration and integration

In 2015, 88,000 applications for international protection were registered in Austria. In autumn of the same year, Austria has applied for consideration of related costs in the evaluation of the budget by the EC. In turn the EC has agreed to consider some of the confirmed costs ex-post within the framework of the Stability and Growth Pact (SGP). This means that the change of costs from 2014 to 2015 is applicable and furthermore, that this exceptionality is limited to the years 2015 and 2016. For 2015 the EC has considered 0.09% of GDP and for 2016 an additional 0.34% of GDP in its budget evaluation. The EC will also consider the costs in 2017. Therefore the after-effect of this exceptionality will be felt until 2019.

The EU and Austria have reacted to the influx of refugees. Since May of 2016 the number of asylum seekers is below its reference value from 2015. In 2017, 20,137 persons were admitted to trial. 1,751 of those stem from unattended minors. The federal government has significantly increased personnel in order to tackle the stock pile of asylum trials. The costs for basic services increased further in 2017, since they do incur during appeals procedures against asylum decisions. In February 2018, some 59,000 persons stayed in basic services. The peak amounted to some 87,000 persons in March 2016.

Tables 18, 19 and 20 in the annex show the corresponding data regarding asylum expenditures.

3.8. Fight against terrorism

The number and brutality of terrorist attacks in Europe has drastically increased since 2015. Therefore, the European Commission in spring 2016 decided to treat security-related costs for the years 2016 and 2017 as exceptional expenditure in the assessment of budgetary developments. Though Austria has largely escaped open terrorist attacks until now, proper preparation and defensive measures are needed. In particular, the protection of public institutions, better equipment and the extension of security personnel, as well as higher expenses on the fight against cyber-crime, are needed.

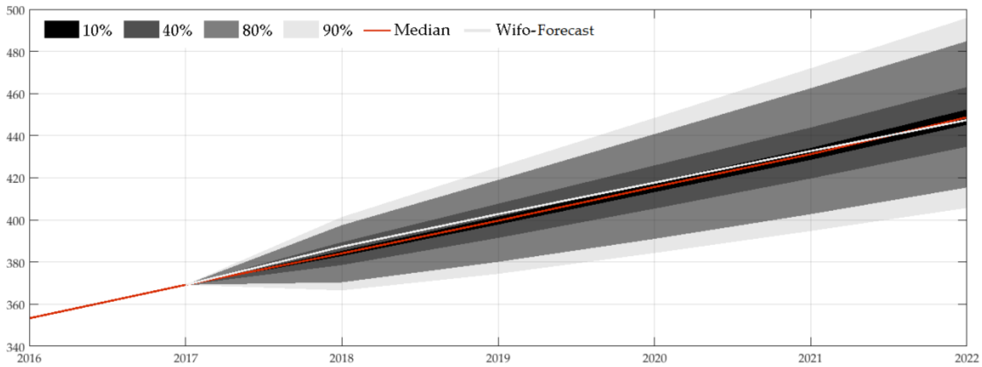
Tables 21 and 22 in the annex show respective data on incremental expenditure items in the areas home affairs and national defence for the years 2016 and 2017 (preliminary outcome) compared to 2015.

4. Sensitivity scenarios

Directive 2011/85/EU requires that macroeconomic and budgetary forecasts for fiscal planning shall comprise alternative macroeconomic scenarios to examine the path of fiscal variables under different assumptions about economic growth and interest rates. The range of alternative scenarios of macroeconomic and budgetary forecasts shall be guided by past forecast performance and shall include special risk scenarios, if possible.

Notably the basis scenario by WIFO for the years until 2019 is pretty close to the Winter forecast by the European Commission of February 7th, 2018. The European Commission sees balanced risks for the forecast. Being a small open economy, the economic development of Austria is closely linked to international developments. Potential GDP-growth is, however, mainly determined by the national framework conditions. In what follows, two extreme budgetary scenarios on the basis of "no policy change" will be presented (though it is assumed that public investment and subsidies stay constant as a percentage of GDP). Based on the experience of the last 20 years, a 5% probability can be attributed to these or even more extreme trajectories of growth.

Figure 10: GDP-scenarios based on historical GDP growth rates until 2022



Left axis: GDP in bn €

Sources: BMF (own calculations based on GDP growth rates 1997-2017), STAT, WIFO

In the optimistic scenario 1 (GDP at the upper border of the upper light-grey area in the chart) the world economy lacks economic tensions, while existing political tensions relax. The G20-countries implement their growth strategies, the Western Balkan countries pursue a clear EU-accession strategy, Austria gains market shares in global trade and tourism and private investment accelerates. The integration of refugees in the labour market performs well and additional demand for labour can be met by registered unemployed. Consequently, inflation developments would follow those of the basis scenario. The public debt ratio would markedly decline below 60% of GDP already by 2021 and a significant leeway for further tax reductions would emerge for public households.

In the pessimistic scenario 2 (GDP at the lower border of the lower light-grey area in the chart), large natural disasters or military conflicts emerge in 2018, economic tensions work themselves through the world economy and Europe, which provokes a middle-sized banking crisis, whilst political tensions build up, which reduce world trade and push prices of raw materials up. Political turmoil, an unorderly BREXIT and corrections in asset markets reduce consumer confidence and enterprises hold back investment. Despite weak demand, inflation stays above the basis scenario and market interest rates adjust accordingly. A short recession would emerge in 2018, followed by real GDP-growth around +1%. The public debt ratio would decline rather modestly and public deficits would stay below -2%.

Table 15 in the annex shows numerical details for the three scenarios.

In addition, the separated impact of changes in the interest rates on public spending for debt servicing is presented. The baseline scenario is based on the existing market forward rates as of end of February 2018. Debt redemptions will be financed by new 10-year bonds. The interest rates for 10 years duration of sovereign bonds will gradually increase from 0.86% in 2018 to 1.70% in 2022. On November 22nd, 2017, the ECB created its basis scenario. It starts with a rate of 0.54% in 2018, which gradually increases to 1.77% in 2022. The negative scenario is based on the stress scenario of the Basle committee, which assumes an instant shock of 200 basis points compared to the baseline scenario for the years 2018 to 2022.

Table 16 in the annex shows, that public interest spending will decline by 0.62% of GDP between 2017 and 2022 in the baseline scenario. In the ECB basis scenario, public interest spending would decline by a further 0.05% of GDP, whilst the decline would amount to only 0.27% of GDP in the Basle stress scenario.

5. Quality of public finances

5.1. Administrative reform

In the government programme 2017-2022 the Federal Government commits itself to strengthen Austria as a business location. High taxes and fees, a multitude of clauses and regulations, not materially justified "gold-plating" of EU law and over-regulation cause significant costs for Austrian businesses, affecting competitiveness. Thus, Austria has noticeably fallen back in international rankings in the past years.

In this context numerous institutions – IMF, World Bank, European Commission – have called for comprehensive reforms.

Therefore, it is time to implement structural reforms and in particular to undertake a comprehensive administrative reform. Reform steps are required in many administrative areas in order to ensure sustainable task fulfilment and financing. The aim is to increase efficiency, and by this to improve quality of services as well as to achieve greater proximity to citizens. Cost reductions realised by the more effective use of public funds shall be passed on to citizens.

In addition to structural reforms, which are implemented within a comprehensive reform process, the Federal Government aims at realising efficiency gains in administration by leveraging its innovation and synergy potential.

The work shall be based on various reform proposals that have been made in the past by the Austrian Court of Audit and the Task and Deregulation Commission.

5.1.1. ICT Management and digitalisation

Digitalisation affects all citizens. The user-friendliness of digital applications is essential for smoothly-functioning processes. Therefore one central online platform (oesterreich.gv.at) will be set up to enable citizens an easy and central access to commonly used e-government services, such as the citizens service portal (help.gv.at), the business service portal (usp.gv.at) or the legal information system (ris.bka.gv.at).

To regain leading position in Europe, the administration has to continue to develop further from electronic government to mobile government. Furthermore a comprehensive and uniform modernisation of existing IT systems in federal administration is needed. The potential of digitalisation should be used to the extent possible and the numerous data centres and server rooms will be merged. The digitalisation activities of the Federal Government will be decided on and managed centrally.

In the field of ICT management and digitalisation various activities are planned. These include – in addition to the activities mentioned above – the digitalisation of the most important authority channels, the implementation of the „once-only principle" (standardisation and reducing red tape for businesses), and the harmonisation of e-government instruments.

5.1.2. Reform and deregulation processes

A critical assessment and well-planned division of public tasks shall result in clear and reformed competencies making resources available for core tasks. The aim is to optimise resources based on existing product and service catalogues.

To improve the administrative structure, measures will be implemented, such as streamlining the organisation of authorities, merging legal entities or evaluation of outsourced companies.

Cross-cutting services will be bundled in shared services. Examples are the vehicle and facility management, a uniform corporate identity of the federal administration, citizen services and human resource development.

In the area of subsidies a clear division of tasks between the levels of government and one overall database are pursued. The transparency and the coordination process between the authorities shall be improved. It is also planned to use joint agencies for awarding and executing of subsidies.

5.1.3. Reform of competencies

This topic deals with the question how tasks are distributed between the levels of government and which level is responsible for funding.

Important steps are the assessment and redefinition of competencies of the different levels of government. Especially shared competencies, where the federal level is responsible for framework legislation, while legislation on implementation and enforcement is the responsibility of the nine states, shall be eliminated.

In addition, mutual rights of approval between the Federal Government and the State Governments shall be disentangled. Current agreements between the Federal Government and the State Governments according to Article 15a of the Federal Constitution will be evaluated and adapted.

The aim is a wide-ranging modernisation of the division of tasks which ensure that responsibilities for task fulfilment and funding do not fall apart.

5.1.4. Reducing red tape

Legal norms are critically reviewed based on their objectives. This includes an assessment whether the necessary level of regulation is exceeded. The aim is to define better regulation measures so that citizens are in a better position to understand the legal situation. Thus, trust in the legislation process will be strengthened and red tape will be eliminated to the extent possible.

In January 2018 the Federal Ministry of Constitutional Affairs, Reforms, Deregulation and Justice launched a deregulation initiative. Within this initiative "gold-plating" of EU law is evaluated and adapted. Additional simplifications are planned, especially regarding the administrative criminal law, data protection law and the procurement law.

5.2. Analysis of effectiveness and efficiency

5.2.1. Spending reviews

The Federal Government has decided to expand spending reviews and to integrate them into the budget process.

Spending reviews are structured, binding review processes in order to increase effectiveness and efficiency in the public sector. The aim is to redefine spending priorities and to ensure sustainable management of public finances.

Various countries have already introduced spending reviews. International examples show that spending reviews support a clear framework and responsibilities. Furthermore the importance of strategic and fact-based decisions is emphasised. As a consequence there is an increased focus on the effective and efficient use of resources within budget and economic policy.

The first two spending review projects "disaster management and prevention" and "family burden equalization fund" are completed and the reports have been submitted to the responsible Ministers. The next step is the implementation of the recommendations. Currently spending reviews are conducted in the following areas: "Austrian Federal Railways – rail infrastructure investment", "general compulsory schools", "exchange of information regarding important spending areas in the justice sector" and "international financial institutions". In November 2016 the Federal Government, the State Governments and the Association of Austrian Municipalities/Cities and Towns decided to introduce spending reviews on a continuous basis. For a start spending reviews are conducted in the areas of "domestic water services" and "school health services". It is intended to complete all ongoing spending review projects by autumn 2018. For the years 2018 to 2022 it is planned to start a new spending review cycle every year.

The aim is to connect the spending review process with the MTBF and the annual budget process. This includes decisions on spending review guidelines, topics to be reviewed, recommendations, as well as the monitoring of their implementation.

5.2.2. Benchmarking

As part of the political agreement on the Fiscal Equalisation Law 2017, the Federal Government, the State Governments and the Association of Austrian Municipalities/Cities and Towns decided also to introduce a benchmarking scheme which provides the basis for comparison of efficiency between the levels of government. In 2018 a general benchmarking scheme is developed by the Federal and the State Governments and tested in the pilot area "security administration". The benchmarking scheme will be then revised and made available as of 2019.

5.3. Intergovernmental fiscal relations

At the end of 2016 intensive negotiations on future intergovernmental fiscal relations were successfully closed with an agreement and the signing of the Pact on a new Intergovernmental Fiscal Relations Act 2017 (IFRA 2017) by the Federal Government, the States (Laender) and Municipalities.

The IFRA 2017 implements a first step towards more task-orientation, more transparency and simplifications as well as strengthened tax autonomy of the Laender.

With the implementation of a benchmarking system and spending reviews, new instruments for administrative reforms have been agreed. A reform of the Constitution concerning the federal system will be prepared, taking account of earlier work by the "Austria-convent".

Further joint steps were agreed on the technical preparation and implementation of harmonized accounting rules ("VRV 2015"); for climate protection a new Art. 15a agreement concerns buildings.

In its work programme 2017-22 the Federal Government pursues the objective to bundle task-, expenditure- and financing-decisions; further aims are the streamlining of intergovernmental transfers in due consideration of interactions in the System on Fiscal Relations.

The Federal Government is strongly committed to the current IFRA but – with regard to new challenges – sees the need of further steps.

5.4. Harmonisation of the budget law

The 2013 reform of the budgetary framework law established performance-oriented budgetary control and transparent accounting, initially at the federal government level. A new regulation ("Voranschlags- und Rechnungsabschlussverordnung 2015", ("VRV")) requires states and municipalities to also comply with the same accounting standards.

The reform of accounting standards is now in the implementation phase. Similar to the recent changes at the federal government level, by 2020, the states and municipalities will modernise their budget system and implement the three key elements:

- Cash-flow statement
- Financial statement
- Balance sheet (only in the Statement of Accounts)

This will substantially improve transparency and comparability of the financial situation among the different regional authorities.…

6. Sustainability of public finances

Every three years long-run projections of age-related expenditure items (pensions, health care, long-term care, education and unemployment benefits) are being estimated at the EU level. This is known as the "Ageing Report". In May 2018 the most recent Ageing Report is going to be published.

The projections (2016 to 2070) are based on demographic projections provided by Eurostat (in cooperation with national statistical agencies) and on commonly agreed macroeconomic assumptions for every EU Member State as well as for Norway.[3] Whilst expenditure projections for health care, long-term care, education and unemployment benefits are being carried out by the European Commission (in coordination with national experts), projections for pension expenditures are being produced by the Member States themselves. The Austrian pension projections are a result of cooperation between the Austrian Federal Ministry of Finance, the Austrian Federal Ministry of Labour, Social Affairs, Health Care and Consumer Protection as well as Statistics Austria.

The demographic projections by Eurostat result in an increase of the Austrian total population from 8.7m (2016) people to about 9.5m people by 2070. As the baby-boom-generation will reach the retirement age within the projection period as well as due to an general increasing life expectancy the old-age dependency ratio (the ratio of persons 65+ years in relation to the age cohort 15-64 years) is going to almost double from 27.6% (2016) to 54.4% (2070).

The expected increase of participation rates in the labour force projections reflects the rise in participation rates of women and the elderly. Total participation rates (for the age cohort 15-64) will increase by 3.1 pp from 71.6% (2016) to 74.7% in 2070.

According to the projection results gross public pension expenditures are projected to rise by 0.5 percentage points to 14.3% of GDP by 2070. However, the largest expenditure growth is

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[3] European Commission (DG ECFIN) and Economic Policy Committee (Ageing Working Group), *The 2018 Ageing Report: Underlying Assumptions & Projection Methodologies*, Institutional Paper 065, November 2017

https://ec.europa.eu/info/publications/economy-finance/2018-ageing-report-underlying-assumptions-and-projection-methodologies_en being expected to take place in the areas of long-term care and health-care. There the increase in expenditures is projected to amount to 1.9 percentage points to reach 3.8% of GDP and to 1.3 percentage points to reach a level of 8.3% of GDP, respectively. Education expenditures are expected to remain fairly stable at 4.9% of GDP. A decreasing trend is being projected for expenditures for unemployment benefits to 0.7% of GDP (-0.2 percentage points).

In sum this leads to an increase of total age-related expenditures by 3.6 percentage points until 2070 to 32.1% of GDP (see table 17).

7. Institutional framework

7.1. Comprehensive fiscal rules

One of the key elements to safeguard the pace of fiscal consolidation is the Austrian Internal Stability Pact (Public Law Gazette I No. 30/2013). From 2017 its rules require the central government, the state governments and the municipalities to achieve structurally balanced budgets as a basic principle. 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.

Actions of the Federal Government in the coming legislative period will be based on the principle of sustainability at all levels of government with the aim that the ecology, economy and social issues in the sense of the United Nations 2030 Agenda will be considered in their entirety and put into a financeable and thus sustainable framework.

The Federal Government commitment in the current programme 2017-2022 towards reducing the public debt ratio in a sustainable and transparent manner shall be underpinned by means of a constitutional debt brake.

In Austria, the independent Fiscal Council has been legally assigned the role of monitoring compliance with EU fiscal requirements. The council monitors the achievement of the budgetary objectives according to European regulations, issues recommendations and – if deemed necessary – indicates adjustment paths. Adequately skilled and autonomous members are delegated by the Federal Government, social partners, parties involved in the tax sharing, the Austrian National Bank and the Parliament's budget office. With regard to fiscal surveillance, the Fiscal Council`s central role is to strengthen budgetary discipline at the levels of the general, state and local governments.

7.2. Medium-term budgetary planning

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

7.3. Role of the Stability Programme

In the context of the Stability and Growth Pact, an update of the Austrian Stability Programme is presented each year. The Programme constitutes a key element in the European Semester and is approved by the Federal Government in accordance with national fiscal coordination. The Stability Programme also represents the medium-term fiscal plan according to Article 4(1) of Regulation (EU) 473/2013. Together with the National Reform Programme (NRP), the Stability Programme is submitted to the Council of the European Union, the European Commission, the Austrian Parliament and the Financial Equalisation as well as Social Partners.

On April 28th, 2017 the parliamentary budget committee discussed the report by the Federal Minister of Finance on the Austrian Stability Programme Update for the period 2016 to 2021. On May 16th, 2017 the 179th general assembly of the Austrian Parliament discussed it in public session.

8. Annex

Table 1: Basic assumptions

	2017	2018	2019	2020	2021	2022
Short-term interest rate (annual average)	-0.3	-0.3	-0.1	0.4	1.0	2.0
Long-term interest rate (annual average)	0.6	0.8	1.1	1.6	2.2	2.6
USD/€ exchange rate (annual average)	1.1	1.2	1.2	1.2	1.2	1.2
Nominal effective exchange rate	0.5	1.2	0.4	-	-	-
Real GDP growth (World excluding EU)	3.9	4.1	4.0	3.9	3.9	3.8
Real GDP growth (EU)	2.4	2.4	2.0	1.8	1.8	1.7
Growth of relevant Austrian foreign markets	6.0	5.5	4.6	-	-	-
Import volumes (World excluding EU)	-	-	-	-	-	-
Oil prices (Brent, USD/barrel)	54.0	67.0	63.0	62.0	61.0	60.0

Positions may not sum up due to rounding errors.

Sources: BMF, WIFO

Table 2: Macroeconomic prospects

		2017	2017	2018	2019	2020	2021	2022
	ESA Code	**in bn €**						**rate of change**
1. Real GDP	B1*g	326.4	2.9	3.2	2.2	1.9	1.6	1.5
2. Potential GDP		-	1.8	2.0	2.1	2.4	2.3	2.2
3. Nominal GDP	B1*g	369.2	4.5	4.9	4.0	3.7	3.6	3.4
								Components of real GDP
4. Private final consumption expenditure	P.3	167.2	1.4	1.8	1.6	1.6	1.4	1.4
5. Government final consumption expenditure	P.3	64.6	1.1	1.1	1.2	1.2	1.2	1.1
6. Gross fixed capital formation	P.51g	76.3	4.8	3.5	2.5	2.1	1.8	1.7
7. Changes in inventories and net acquisition of valuables (in % of GDP)	P.52 + P.53	-	1.3	1.8	1.8	1.9	1.9	1.9
8. Exports of goods and services	P.6	187.6	5.7	5.5	4.5	3.8	3.4	3.2
9. Imports of goods and services	P.7	175.5	5.4	4.6	3.8	3.7	3.3	3.1
								Contributions to real GDP growth
10. Final domestic demand			2.1	2.0	1.7	1.5	1.4	1.3
11. Changes in inventories[1)]	P.52 + P.53		0.5	0.5	0.0	0.1	0.0	0.0
12. External balance of goods and services	B.11		0.4	0.6	0.5	0.2	0.2	0.2

1) incl. net acquisition of valuables and statistical discrepancy

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 3: Price developments

	2017	2018	2019	2020	2021	2022
						rate of change
1. GDP deflator	1.5	1.7	1.8	1.8	1.9	1.9
2. Private consumption deflator	2.1	1.9	1.9	1.9	1.9	1.9
3. CPI	2.1	1.9	1.9	1.9	1.9	1.9
4. Public consumption deflator	1.2	1.7	1.8	1.8	1.9	1.9
5. Investment deflator	1.6	1.6	1.6	1.7	1.9	1.8
6. Export price deflator (goods and services)	2.2	1.6	0.5	1.5	1.6	1.5
7. Import price deflator (goods and services)	2.8	1.8	0.5	1.4	1.5	1.5

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 4: Labour market developments

		2017	2017	2018	2019	2020	2021	2022
	ESA Code	Level						rate of change
1. Employment, persons		4,067,588	1.9	1.8	1.1	1.1	1.1	0.9
2. Employment, hours worked (in m)		7,117.7	2.0	1.7	1.1	1.0	1.0	0.8
3. Unemployment rate, EUROSTAT definition		-	5.5	5.2	5.0	5.0	5.1	5.1
4. Labour productivity, persons		80,255.8	1.0	1.3	1.0	0.7	0.5	0.6
5. Labour productivity, hours worked		45.9	0.9	1.4	1.0	0.8	0.6	0.7
6. Compensation of employees (in m €)	D.1	176,111.4	3.5	4.4	3.8	3.6	3.5	3.2
7. Compensation per employee		43,296.3	1.6	2.5	2.7	2.4	2.4	2.3

Positions may not sum up due to rounding errors.

Sources: BMF, EUROSTAT, STAT, WIFO

Table 5: Sectoral balances

	ESA Code	2017	2018	2019	2020	2021	2022
							in % of GDP
1. Net lending/borrowing vis-à-vis the rest of the world	B.9	2.1	2.3	2.6	-	-	-
2. Net lending/borrowing of the private sector	B.9	2.8	2.7	2.6	-	-	-
3. Net lending/borrowing of the general government	B.9	-0.7	-0.4	0.0	0.1	0.2	0.4
4. Statistical discrepancy		0.0	0.0	0.0	0.0	0.0	0.0

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 6: Budgetary targets

	ESA Code	2017	2018	2019	2020	2021	2022
							in % of GDP
		Net lending/net borrowing by sub-sector					
1. General government	S.13	-0.7	-0.4	0.0	0.1	0.2	0.4
2. Central government	S.1311	-0.7	-0.5	-0.1	0.0	0.1	0.3
3. State governments (excl. Vienna)	S.1312	0.1	0.1	0.1	0.1	0.1	0.1
4. Local governments (incl. Vienna)	S.1313	-0.1	0.0	-0.1	-0.1	-0.1	-0.1
5. Social security funds	S.1314	0.1	0.1	0.1	0.1	0.0	0.0
6. Interest expenditure	D.41	1.8	1.6	1.5	1.4	1.3	1.2
7. Primary balance		1.1	1.2	1.5	1.5	1.5	1.6
8. One-off and other temporary measures		0.0	0.0	0.0	0.0	0.0	0.0
9. Real GDP growth		2.9	3.2	2.2	1.9	1.6	1.5
10. Potential GDP growth		1.8	2.0	2.1	2.4	2.3	2.2
11. Output gap		-0.4	0.8	0.8	0.6	0.3	0.0
12. Cyclical budgetary component		-0.2	0.4	0.5	0.3	0.2	0.0
13. Cyclically-adjusted balance		-0.5	-0.9	-0.5	-0.3	0.0	0.4
14. Cyclically-adjusted primary balance		1.4	0.7	1.0	1.1	1.3	1.6
15. Structural balance		-0.5	-0.9	-0.5	-0.3	0.0	0.4

Positions may not sum up due to rounding errors.
Sources: BMF, STAT, WIFO

Table 7: General Government debt developments

	ESA Code	2017	2018	2019	2020	2021	2022
							in % of GDP
1. Gross debt		78.1	74.5	70.9	67.7	65.0	62.2
2. Change in gross debt ratio (in %)		-6.6	-4.6	-4.8	-4.6	-4.0	-4.2
		Contributions to changes in gross debt					
3. Primary balance		1.1	1.2	1.5	1.5	1.5	1.6
4. Interest expenditure	D.41	1.8	1.6	1.5	1.4	1.3	1.2
5. Stock-flow adjustment		-2.6	-0.3	-0.7	-0.6	-0.2	-0.2
p.m.: Implicit interest rate on debt		2.3	2.1	2.1	2.1	2.0	1.9

Positions may not sum up due to rounding errors.
Sources: BMF, STAT, WIFO

Table 8: Contingent liabilities

	2016	2017	2018
			in % of GDP
Public guarantees	20.5	17.4	16.3
of which: Central government[1)]	12.0	12.0	11.6
of which: linked to the financial sector[2)]	0.7	0.6	0.2
of which: State and Local governments	8.4	5.3	4.8
of which: linked to the financial sector[2)]	5.2	2.4	2.2

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.

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.

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 9: Budgetary prospects

	ESA Code	2017	2018	2019	2020	2021	2022
							in % of GDP
							General government
1. Total revenue	TR	48.6	48.1	47.8	47.7	47.4	47.3
1.1. Taxes on production and imports	D.2	14.1	13.8	13.6	13.5	13.3	13.2
1.2. Current taxes on income, wealth etc.	D.5	13.1	13.2	13.2	13.2	13.1	13.2
1.3. Capital taxes	D.91	0.2	0.2	0.2	0.2	0.2	0.2
1.4. Social contributions	D.61	15.2	15.0	15.0	14.9	14.9	14.9
1.5. Property income	D.4	0.9	0.9	0.8	0.8	0.8	0.8
1.6. Other		5.2	5.1	5.1	5.1	5.1	5.1
p.m.: Tax burden		41.9	41.6	41.3	41.3	41.0	40.9
2. Total expenditure	TE	49.3	48.5	47.8	47.6	47.2	46.9
2.1. Compensation of employees	D.1	10.6	10.4	10.4	10.3	10.3	10.2
2.2. Intermediate consumption	P.2	6.3	6.1	6.0	6.0	5.9	5.9
2.3. Social payments	D.62, D.632	22.6	22.2	22.0	21.9	21.9	21.9
of which: Unemployment benefits		-	-	-	-	-	-
2.4. Interest expenditure	D.41	1.8	1.6	1.5	1.4	1.3	1.2
2.5. Subsidies	D.3	1.4	1.5	1.5	1.4	1.3	1.3
2.6. Gross fixed capital formation	P.51g	3.0	3.0	3.0	3.0	3.0	3.0
2.7. Capital transfers	D.9	0.7	0.8	0.7	0.8	0.7	0.7
2.8. Other		3.0	3.0	2.9	2.8	2.7	2.7

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 10: Budgetary prospects („no-policy change"-assumption)

	ESA Code	2017	2018	2019	2020	2021	2022
							in % of GDP
							General government
1. Total revenue	TR	48.6	48.2	48.1	48.0	48.0	48.1
1.1. Taxes on production and imports	D.2	14.1	13.8	13.6	13.5	13.3	13.2
1.2. Current taxes on income, wealth etc.	D.5	13.1	13.2	13.3	13.5	13.7	13.9
1.3. Capital taxes	D.91	0.2	0.2	0.2	0.2	0.2	0.2
1.4. Social contributions	D.61	15.2	15.1	15.0	14.9	14.9	14.9
1.5. Property income	D.4	0.9	0.9	0.8	0.8	0.8	0.8
1.6. Other		5.2	5.1	5.1	5.1	5.1	5.1
p.m.: Tax burden		-	-	-	-	-	-
2. Total expenditure	TE	49.3	48.9	48.3	48.0	47.6	47.2
2.1. Compensation of employees	D.1	10.6	10.4	10.4	10.3	10.3	10.3
2.2. Intermediate consumption	P.2	6.3	6.1	6.1	6.0	6.0	5.9
2.3. Social payments	D.62, D.632	22.6	22.2	22.1	22.0	22.0	22.0
of which: Unemployment benefits		-	-	-	-	-	-
2.4. Interest expenditure	D.41	1.8	1.6	1.5	1.4	1.3	1.2
2.5. Subsidies	D.3	1.4	1.6	1.6	1.6	1.4	1.3
2.6. Gross fixed capital formation	P.51g	3.0	3.0	3.0	3.0	3.0	3.0
2.7. Capital transfers	D.9	0.7	0.8	0.7	0.8	0.8	0.7
2.8. Other		3.0	3.2	2.9	2.9	2.8	2.7

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 11: Amounts to be excluded from the expenditure benchmark

	2017	2017	2018	2019	2020	2021	2022
	in bn €						in % of GDP
1. Expenditure on EU programmes fully matched by EU funds revenue	0.3	0.1	0.1	0.1	0.1	0.1	0.1
of which investments fully matched by EU funds revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Cyclical unemployment benefit expenditure at unchanged policies	0.3	0.1	0.0	0.0	0.0	0.0	0.0
3. Effects of discretionary revenue measures	-0.1	0.0	0.0	-0.3	-0.3	-0.6	-0.8
4. Revenue increases mandated by law	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions may not sum up due to rounding errors.

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

Sources: BMF, STAT, WIFO

Table 12: Quarterly budgetary execution in accordance with ESA standards (in mn €)

	ESA Code	2017 Q1	Q2	Q3
		General government		
1. Net lending/net borrowing	S.13	-1,684	-749	1,043
2. Total revenue	TR	40,689	44,786	43,932
3. Total expenditure	TE	42,373	45,535	42,889

Positions may not sum up due to rounding errors.

Source: STAT

Table 13: Divergence from latest Stability Programme (April 2017)

	ESA Code	2017	2018	2019	2020	2021	2022
							in % of GDP
General government net lending/net borrowing	B.9						
SP April 2017		-1.0	-0.8	-0.5	-0.4	-0.3	-
SP March 2018		-0.7	-0.4	0.0	0.1	0.2	0.4
Difference		*0.4*	*0.4*	*0.5*	*0.4*	*0.5*	-
Structural balance	B.9						
SP April 2017		-0.9	-0.8	-0.5	-0.3	-0.3	-
SP March 2018		-0.5	-0.9	-0.5	-0.3	0.0	0.4
Difference		*0.4*	*-0.1*	*0.0*	*0.1*	*0.4*	-
Gross debt							
SP April 2017		80.8	78.5	76.0	73.5	71.0	-
SP March 2018		78.1	74.5	70.9	67.7	65.0	62.2
Difference		*-2.7*	*-4.0*	*-5.1*	*-5.8*	*-6.1*	-

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 14: General Government expenditure by function

	COFOG Code	2013	2014	2015	2016
					in % of GDP
1. General public services	1	7.2	6.8	6.8	6.6
2. Defence	2	0.6	0.6	0.6	0.6
3. Public order and safety	3	1.3	1.3	1.3	1.4
4. Economic affairs	4	6.3	7.4	6.1	5.7
5. Environmental protection	5	0.4	0.5	0.4	0.4
6. Housing and community amenities	6	0.3	0.3	0.3	0.3
7. Health	7	7.8	7.8	7.9	8.0
8. Recreation, culture and religion	8	1.3	1.2	1.2	1.2
9. Education	9	5.0	4.9	4.9	4.9
10. Social protection	10	21.3	21.5	21.4	21.6
11. Total expenditure	TE	51.6	52.3	51.0	50.7

Positions may not sum up due to rounding errors.

Source: STAT

Table 15: Economic growth and public finances in three scenarios

	2017	2018	2019	2020	2021	2022
Baseline Scenario						
GDP, nominal, rate of change in %	4.5	4.9	4.0	3.7	3.6	3.4
Non self-employed without recipients of childcare benefits and without conscripts (in 1,000)	3,573.1	3,641.1	3,681.1	3,722.9	3,764.1	3,797.4
Unemployed (in 1,000)	340.0	312.0	297.0	302.2	310.8	318.2
Inflation (CPI, in %)	2.1	1.9	1.9	1.9	1.9	1.9
Private final consumption expenditure, real, rate of change in %	1.4	1.8	1.6	1.6	1.4	1.4
Net lending/borrowing of general government in % of GDP	-0.7	-0.4	0.0	0.1	0.2	0.4
Gross debt in % of GDP	78.1	74.5	70.9	67.7	65.0	62.2
Scenario 1						
GDP, nominal, rate of change in %	4.5	7.7	5.4	5.2	4.9	4.8
Non self-employed without recipients of childcare benefits and without conscripts (in 1,000)	3,573.1	3,701.0	3,768.0	3,843.8	3,922.2	3,989.5
Unemployed (in 1,000)	340.0	287.6	262.2	270.7	286.1	300.5
Inflation (CPI, in %)	2.1	1.9	1.9	1.9	1.9	1.9
Private final consumption expenditure, real, rate of change in %	1.4	3.4	2.6	2.7	2.6	2.7
Net lending/borrowing of general government in % of GDP	-0.7	0.1	0.7	1.1	1.5	2.0
Gross debt in % of GDP	78.1	72.1	67.0	62.0	57.4	52.5
Scenario 2						
GDP, nominal, rate of change in %	4.5	0.3	2.6	2.9	3.0	3.1
Non self-employed without recipients of childcare benefits and without conscripts (in 1,000)	3,573.1	3,542.4	3,556.1	3,577.6	3,603.3	3,629.6
Unemployed (in 1,000)	340.0	352.2	347.1	350.2	356.0	362.4
Inflation (CPI, in %)	2.1	2.4	2.4	2.4	2.4	2.4
Private final consumption expenditure, real, rate of change in %	1.4	-0.8	0.6	0.8	0.9	1.1
Net lending/borrowing of general government in % of GDP	-0.7	-1.6	-1.7	-2.0	-2.2	-2.3
Gross debt in % of GDP	78.1	79.0	78.0	77.2	76.9	76.6

Sources: BMF, STAT, WIFO

Table 16: Interest expenditure in three interest scenarios

	2017	2018	2019	2020	2021	2022
					in % of GDP	
Baseline scenario	1.82	1.58	1.47	1.40	1.31	1.20
ECB scenario (November 2017)	1.82	1.58	1.46	1.37	1.26	1.16
Basler Ausschuss stress scenario	1.82	1.63	1.60	1.62	1.59	1.55

Sources: BMF, OeBFA

Table 17: Long-term sustainability of public finances

	2016	2020	2030	2040	2050	2060	2070
							in % of GDP
Total age-related expenditure [1]	28.5	28.3	29.4	30.6	31.1	31.9	32.1
Pension [2]	13.8	13.9	14.4	14.9	14.6	14.7	14.3
Health care	7.0	7.0	7.3	7.7	8.0	8.2	8.3
Long-term care	1.9	2.0	2.3	2.6	3.2	3.6	3.8
Education	4.9	4.6	4.7	4.7	4.6	4.8	4.9
Unemployment	0.9	0.8	0.7	0.7	0.7	0.7	0.7
Contributions to social security pensions	9.4	9.7	9.8	9.7	9.6	9.6	9.6
Assumptions							
Real GDP growth [3]	1.5	1.8	1.5	1.7	1.3	1.2	1.3
Labour productivity (change in %) [3]	0.7	1.0	1.4	1.5	1.5	1.5	1.5
Employment rate males (aged 15-64) [3]	75.5	76.5	76.3	76.3	75.7	75.8	75.9
Employment rate females (aged 15-64) [3]	67.7	68.8	70.4	73.8	73.4	73.4	73.6
Total employment rate (aged 15-64) [3]	71.6	72.7	73.3	75.0	74.6	74.6	74.7
Unemployment rate (aged 15-64, EUROSTAT definition) [3]	6.1	5.6	4.9	4.9	4.9	4.9	4.9
Persons aged 65+ in % of total population (aged 15-64) [4]	27.6	28.6	36.1	42.3	45.5	51.3	54.4

1) Data based on EC/EPC projections, "Ageing Report 2018"
2) Gross amounts incl. "Ausgleichszulage" and "Rehabilitationsgeld"
3) Data based on EC/EPC macro-economic assumptions
4) Data based on EUROSTAT demography projections
Positions may not sum up due to rounding errors.
Sources: BMASGK, BMF, EC, EPC, EUROSTAT, STAT

Table 18: Refugees – Impact on the headline balance – breakdown by functional categories

	2016	2017
		in m €
1. Initial reception costs	782.3	830.0
2. Transport (incl. rescue operations)	119.3	79.5
3. Health-care [1]	0.0	0.0
4. Administrative costs (incl. processing applications for asylum)	79.3	109.0
5. Contributions to Turkey Facility (excl. through EU Budget) and other int. aids	44.0	41.3
6. Other costs and measures	646.4	820.6
7. Total impact on headline balance	1,671.3	1,880.4

1) included in 1. and 6.
Values for 2016 as adopted by the European Commission in May 2017.
Positions may not sum up due to rounding errors.
Source: BMF

Table 19: Refugees – Impact on the headline balance – breakdown by ESA 2010 categories

	2016	2017
		in m €
1. Compensation of employees	95.5	106.8
2. Intermediate consumption	118.2	132.2
3. Social payments	1,210.8	1,354.0
4. Subsidies	5.4	6.1
5. Gross fixed capital formation	9.9	11.0
6. Capital transfers	8.0	9.0
7. Other	248.2	277.5
8. Total impact on headline balance 1)	1,696.0	1,896.6
9. Compensation from EU 1)	24.7	16.2
10. Total impact on headline balance (net of EU compensation)	1,671.3	1,880.4
11. Total impact on headline balance (net of EU compensation) in % of GDP	0.47	0.51

1) In some instances net expenditures are stated in other positions.

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 20: Refugees – Country-specific information on costs

	2016	2017
1. Arrivals (incl. transiting refugees, in persons)	-	-
2. Arrivals who are transiting refugees (in persons)	-	-
3. First time applicants (in persons)	41,950	24,442
4. Positive decisions (in persons)	26,517	29,588

Positions may not sum up due to rounding errors.

Source: BMF

Table 21: Fight against terrorism – Impact on the headline balance

	2015	2016	2017
			in m €
1. Internal security	0.0	26.9	42.9
2. Defense	0.0	105.8	89.7
3. Total impact on headline balance	0.0	132.7	132.6

Positions may not sum up due to rounding errors.

Source: BMF

Table 22: Fight against terrorism – Impact on the headline balance – breakdown by ESA 2010 categories

	2015	2016	2017
			in m €
1. Compensation of employees	0.0	15.9	32.2
2. Intermediate consumption	0.0	8.0	7.0
3. Social payments	0.0	0.0	0.0
4. Subsidies	0.0	0.7	0.7
5. Gross fixed capital formation	0.0	95.5	92.7
6. Capital transfers	0.0	0.0	0.0
7. Other	0.0	12.6	0.0
8. Total impact on headline balance	0.0	132.7	132.6
9. Compensation from EU	0.0	0.0	0.0
10. Total impact on headline balance (net of EU compensations)	0.0	132.7	132.6
11. Total impact on headline balance (net of EU compensations) in % of GDP	0.00	0.04	0.04

Positions may not sum up due to rounding errors.
Sources: BMF, STAT, WIFO

Table 23: Country specific recommendations

See „National Reform Programme – Austria", April 2018

Table 24: Targets set by the Union's strategy for growth and jobs

See „National Reform Programme – Austria", April 2018

Table 25: Comparison of macroeconomic and budgetary forecasts

	2017	2018	2019	2020	2021	2022
						Real GDP growth
WIFO	2.9	3.2	2.2	1.9	1.6	1.5
European Commission	3.1	2.9	2.3	-	-	-
OeNB	3.1	2.8	1.9	1.6	-	-
IHS	2.9	2.8	1.9	-	-	-
Austrian Fiscal Advisory Council	2.8	2.8	-	-	-	-
						Inflation
WIFO	2.1	1.9	1.9	1.9	1.9	1.9
European Commission	2.2	2.1	1.9	-	-	-
OeNB	2.2	2.1	1.9	1.9	-	-
IHS	2.1	2.1	2.2	-	-	-
Austrian Fiscal Advisory Council	-	-	-	-	-	-
						Unemployment rate
WIFO	5.5	5.2	5.0	5.0	5.1	5.1
European Commission	5.6	5.5	5.4	-	-	-
OeNB	5.5	5.1	5.1	5.0	-	-
IHS	5.5	5.2	5.2	-	-	-
Austrian Fiscal Advisory Council	-	-	-	-	-	-
						General government net lending/net borrwing
BMF	-0.7	-0.4	0.0	0.1	0.2	0.4
WIFO	-0.8	-0.3	0.1	0.2	0.3	0.3
European Commission	-1.0	-0.9	-0.6	-	-	-
OeNB	-0.8	-0.5	-0.1	0.2	-	-
IHS	-0.6	-0.6	-0.4	-	-	-
Austrian Fiscal Advisory Council	-0.7	-0.6	-	-	-	-
						Gross debt
BMF	78.1	74.5	70.9	67.7	65.0	62.2
WIFO	79.5	75.7	72.3	69.0	65.9	63.3
European Commission	78.6	76.2	73.4	-	-	-
OeNB	78.3	74.9	72.1	69.3	-	-
IHS	-	-	-	-	-	-
Austrian Fiscal Advisory Council	77.8	74.5	-	-	-	-

A direct comparability is not possible due to diverging definitions!

Sources:

BMF, March 2017

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9. Literature and Sources

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