Federal Ministry
Republic of Austria
Finance

Austrian Draft Budgetary Plan 2021

Vienna, 14 October 2020

Contents

1 Introduction

According to Article 4(2) regulation (EU) 473/2013 the DBPs are to be compiled until 15 October 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.

The Austrian Draft Budgetary Plan 2021 is drafted in accordance with the „Two Pack Code of Conduct". It is based on data from the national accounts (ESA2010), as compiled by Statistics Austria (STAT) as well as calculations and assessments by the Federal Ministry of Finance (BMF) and forecasts by the Austrian Institute of Economic Research (WIFO) from October 2020.

2 Economic Situation in Austria

2.1 Economic development (2019-2021)

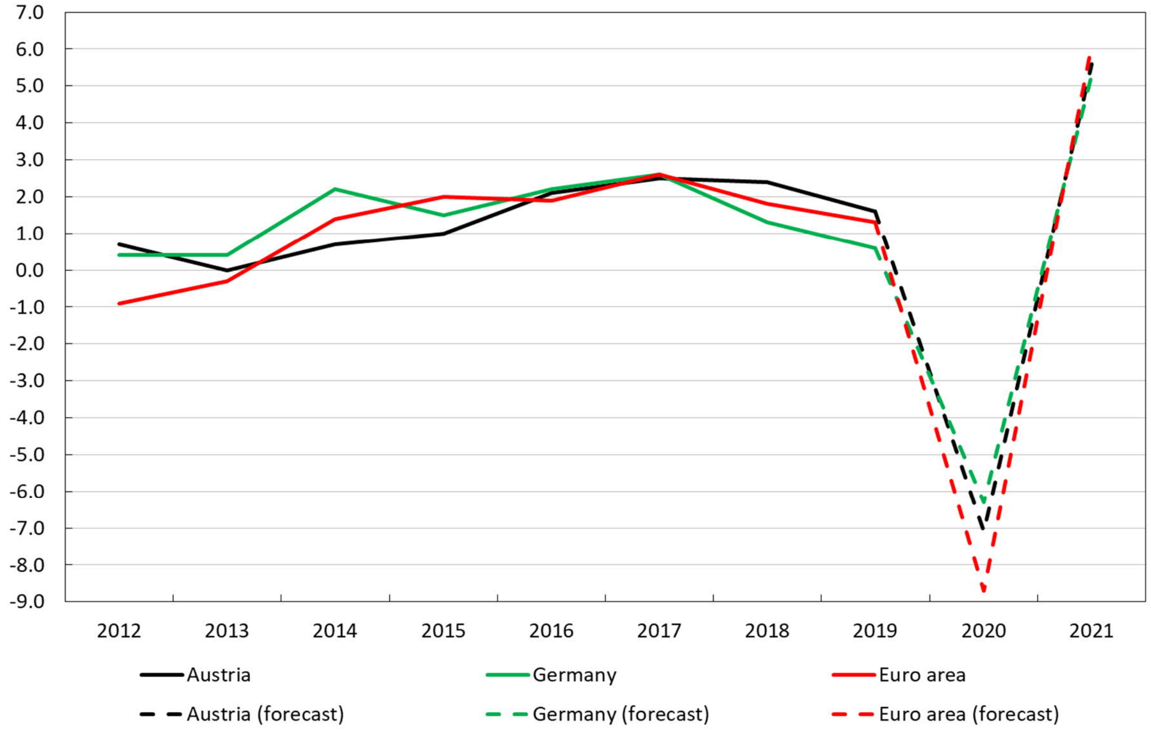
In 2019, the real GDP of Austria grew by 1.4 %. Thus, the real growth rate was below its level in 2018 (+2.6 %) and 2017 (+2.4 %). Not considering changes in stocks (net acquisition of valuables), all aggregate demand components positively contributed to the 2019 growth rate. To conclude, the composition of real GDP growth in 2019 was broad.

The number of employed persons increased by about 61,000 (+1.5 %) in 2019. Labour supply in Austria expanded by 50,200 persons. As a result, the unemployment rate - as defined by Eurostat - decreased by 0.4 percentage points and amounted to 4.5 %.

In 2019, consumer prices in Austria (CPI) rose by 1.5 %, and thus the inflation rate was below its level in 2018 and 2017. The lower inflation rate in 2019 (1.5 %) compared to 2018 (2.0 %) was caused by the price development of fuels. The price increase in 2019 itself was mainly driven by higher prices in the categories rents, operating costs, catering services and electric current.

The real GDP growth rate of Austria in 2019 exceeded both the growth rate of Germany (0.6 %) and the Euro areas growth rate (1.3 %). According to the European Economic Forecast (Summer 2020), the economic slump in 2020 is expected to be smaller in Austria than in the Euro area.

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



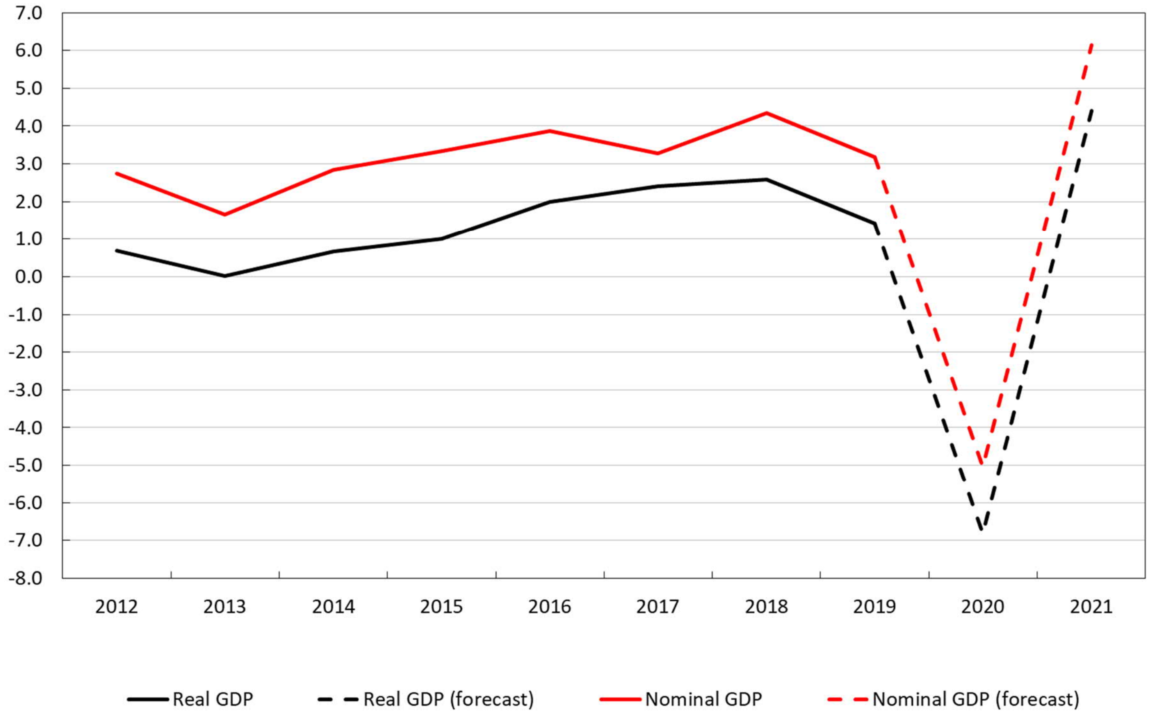
Left axis: Real GDP (rate of change over previous year in %)
2020 and 2021: EC Summer forecast, 2020
Sources: BMF, EC, EUROSTAT

The Austrian Institute of Economic Research (WIFO) published its forecast for 2020 and 2021 on 9 October 2020. In 2020, the economic development of Austria is impacted by the worldwide COVID-19 pandemic. Containment measures to deal with the pandemic and the associated decline in private consumption have caused a global economic downturn. The external environment for the Austrian economy is marked by a decline in world trade, international trade conflicts as well as measures to reduce mobility.

In 2020, the public sector's consumption is the only component of aggregate demand, which is expected to contribute to the real GDP growth rate positively. Gross fixed capital formation can be considered as cyclical and thus will decline by 5.6 %. The contribution of net exports to the growth rate is also negative. The current crisis increases the saving ratio of private households. Therefore, private consumption also negatively contributes to this year's growth rate. Real private consumption is estimated to decline by 6.8 %.

In 2020, the Austrian economy is expected to grow by -6.8 %, and the forecast for the subsequent year amounts to 4.4 %.

Figure 2: Real and nominal GDP growth

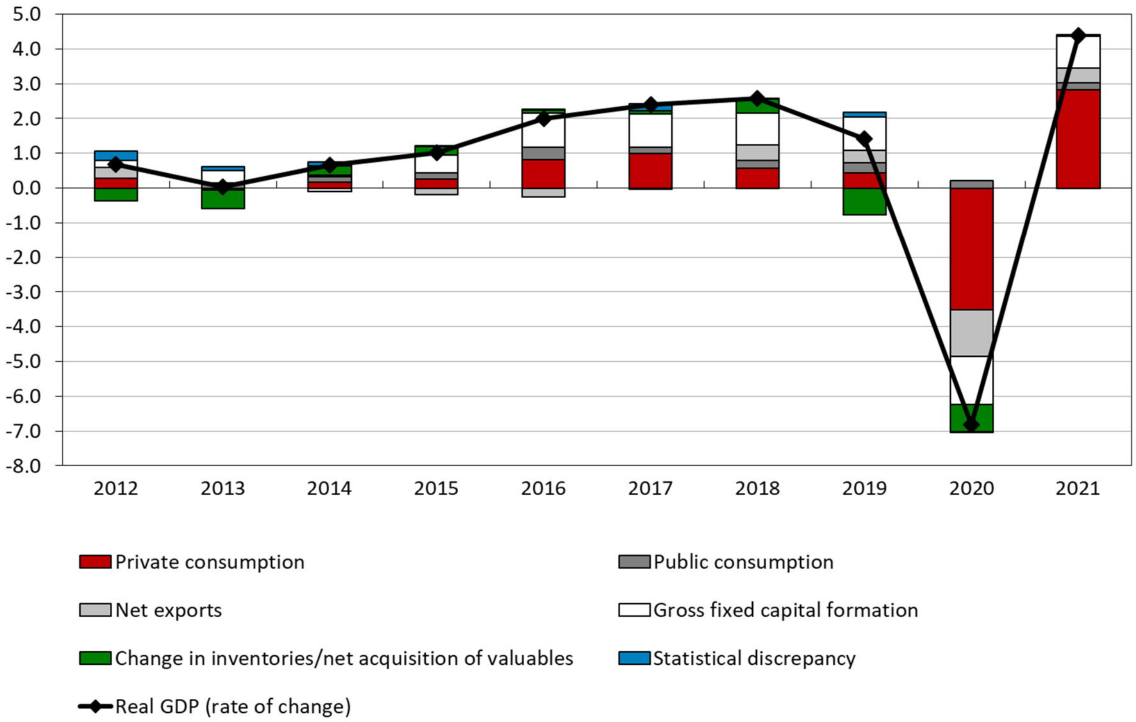


Left axis: Real GDP (rate of change over previous year in %)
Sources: BMF, STAT, WIFO

The Austrian short-time working scheme softened the effect of COVID-19 on the labour market. The number of actively employed persons (excluding self-employed persons) is expected to decline by 70,000 (-1.9 %). As a result, the 2020 unemployment rate – as defined by Eurostat – rises by 0.9 percentage points to 5.4 %.

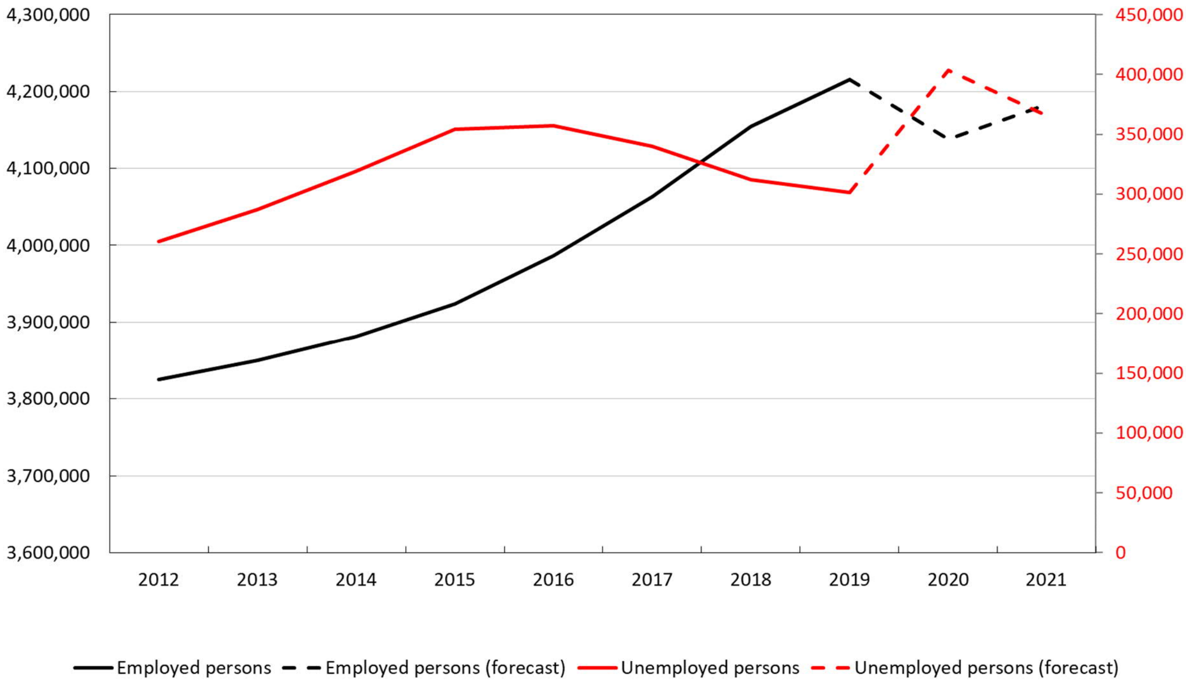
Despite the current economic situation, consumer prices (CPI) increase by 1.3 % this year. In 2019, the CPI increased by 1.5 %, and in 2021 it is expected to also increase by 1.5 %.

Figure 3: Contribution to real GDP growth



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

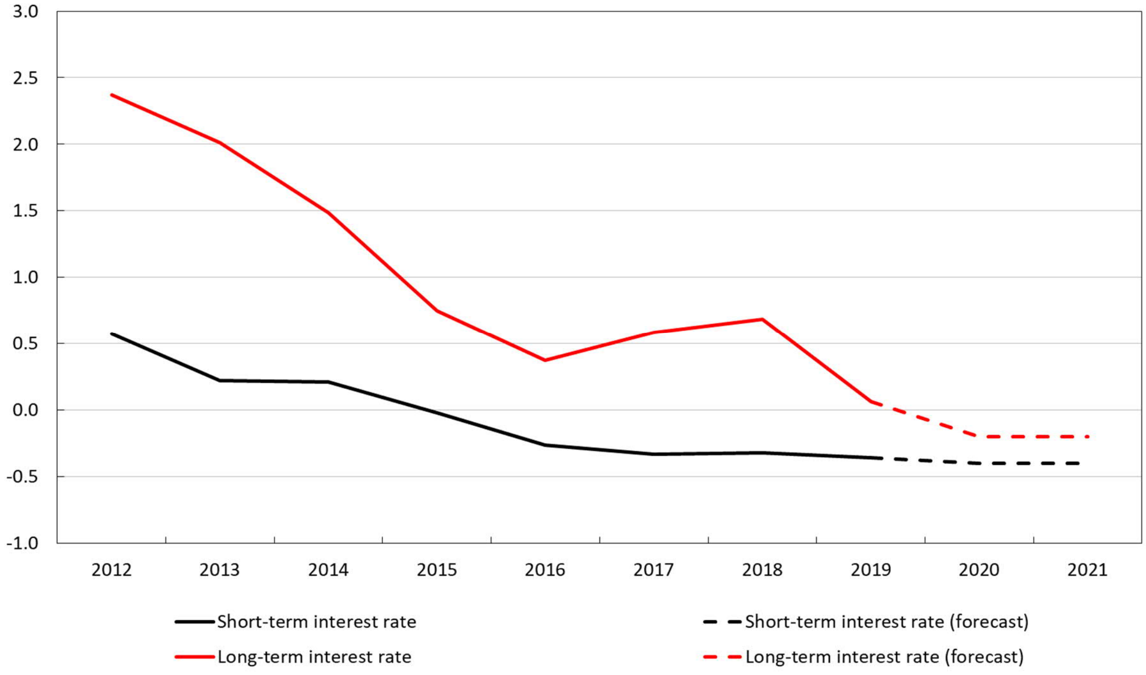
Figure 4: Employed and unemployed persons



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

From 2011 onwards, short-term interest rates in Austria have decreased and have even been negative since 2016. A negative short-term interest rate is also expected for 2020 and 2021. A similar trend can be seen for the long-term interest rate. This interest rate fell continuously from 2011 to 2016. In 2017 and 2018, the yield curve then showed a slight upward trend. In 2019, the long-term interest rate became negative, while the average long-term interest rate amounted to 0.1 %. In 2020 and 2021, a negative long-term interest rate of about -0.2 % can be expected.

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



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

2.2 Financial sector developments

The global economy already showed signs of weakness in 2019. The volatility on the financial markets increased sharply in February and March 2020 as the risks from the rapid global spread of the coronavirus had increased significantly and existing imbalances have not been reduced in 2019. In spring 2020 a severe economic slump due to the COVID-19 pandemic occurred.

In addition to monetary policy measures, the economic slump also led to significant budgetary countermeasures, which could only dampen the sharp economic decline. For the third quarter of 2020, however, positive GDP growth figures are expected compared to the previous quarter, as there has been a significant relaxation of containment measures.

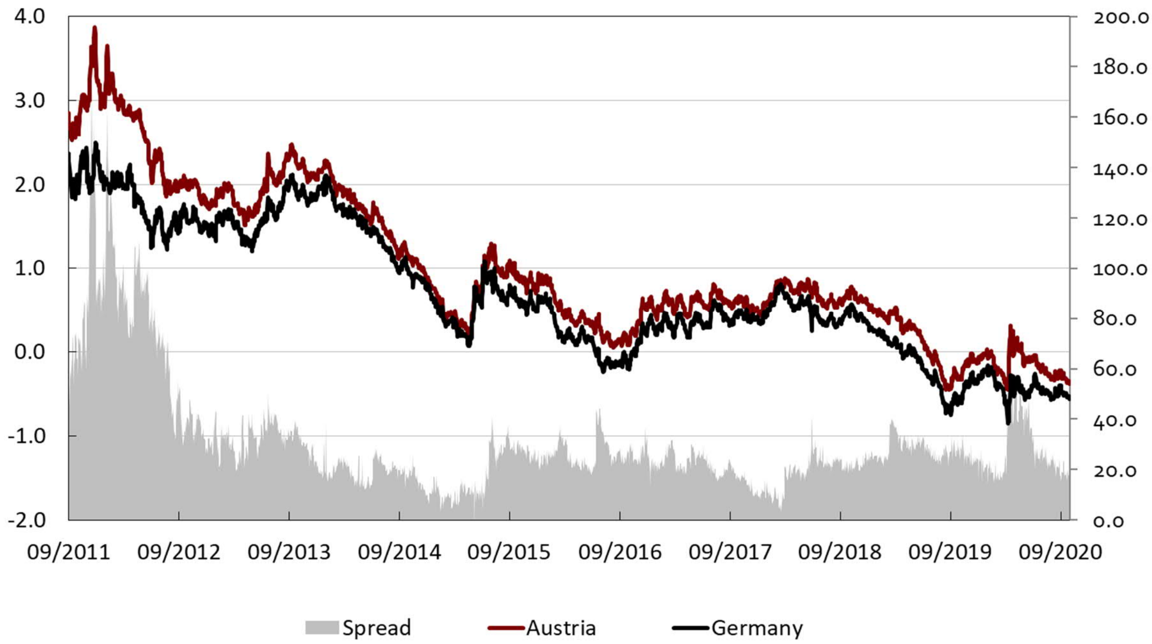
Economic and stability risks include a second wave of COVID infections, trade frictions, rising debt figures in numerous sectors, a permanent rise in the unemployment rate and corrections of overvalued assets.

2.2.1 Long-term interest rates

The long-term Austrian interest rate (10-year government bond yield) was 0.0 % at the beginning of 2020. In the course of the COVID-19 pandemic, there was a decrease to -0.45 % by the beginning of March 2020. During times of higher economic policy uncertainties, a flight into bonds of countries that are considered safe can be observed. By mid-March 2020, however, due to the significantly increasing global uncertainties, the Austrian yield rose to around 0.30 %, which was soon replaced by a decline in long-term interest rates with negative interest rates.

The spread of the 10-year Austrian yield to the 10-year German yield on government bonds (without maturity adjustment) has shown a relatively volatile movement since the beginning of the COVID-19 crisis and fluctuated between 30-60 basis points at the height of the corona pandemic in March 2020: from June 2020 the situation calmed down, due to the economic policy countermeasures and the yield spread to Germany has fluctuated between 15-30 basis points since then.

Figure 6: Long-term interest rates and spread

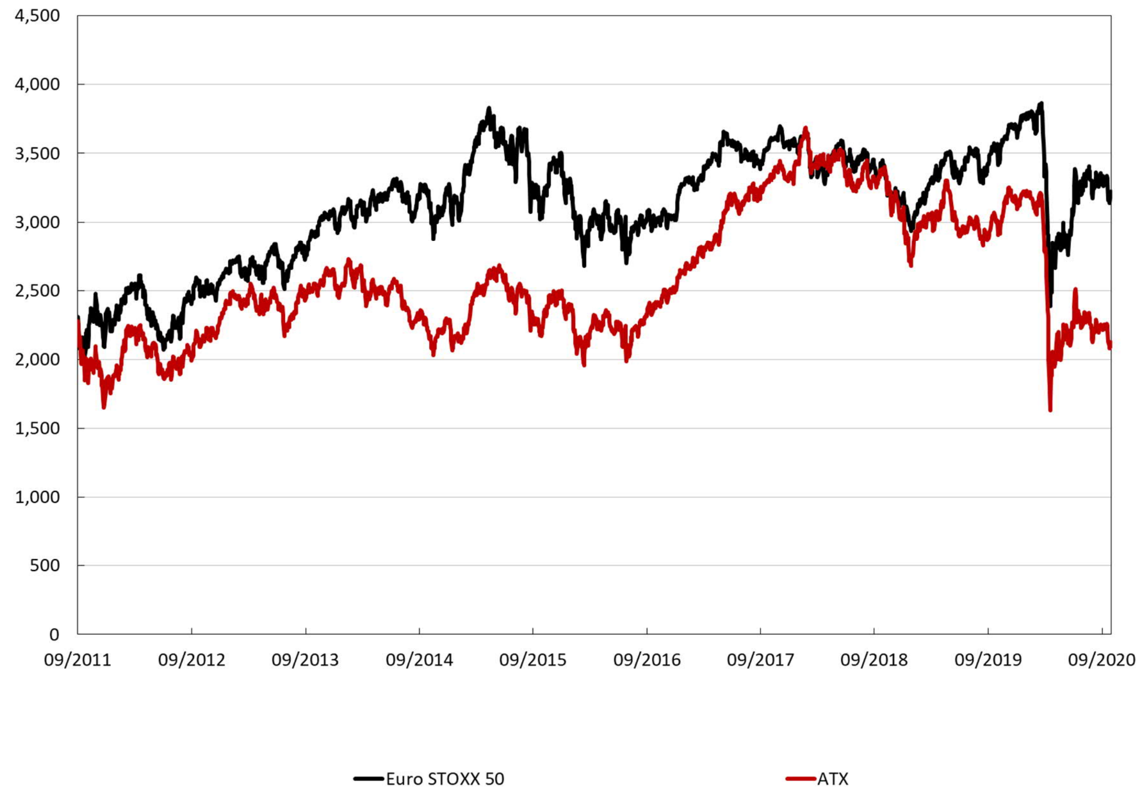


Left axis: Long-term interest rates in %
Right axis: Spread in basis points
Sources: BMF, Macrobond (30 September 2020)

2.2.2 Equity market

The Austrian stock market (ATX) has moved in line with the Euro-Stoxx-50 index in recent years. In 2019 there was a general upward movement on the stock markets, also in Austria, with the ATX increasing by 16 %. This was due to a more expansive orientation of the central banks, good corporate results and, in some cases, progress in trade disputes. In February and March 2020, a significant downward correction on the stock markets took place, triggered by the COVID-19 pandemic, which adversely affected global production chains and international trade. There were production losses and a sharp decline in international travel. From mid-February 2020 to mid-March 2020, the ATX collapsed by around 50 %, after which a recovery phase started in unison with international developments, but at the end of September 2020 the ATX was still well below the value before the outbreak of the pandemic.

Figure 7: Equity market performance



Left axis: Index
Sources: BMF, Macrobond (30 September 2020)

2.3 Assessment by rating agencies

The three largest rating agencies continue to assess Austria's creditworthiness at the second-best grade AA+ (Standard & Poor's, Fitch), and Aa1 (Moody's), respectively. All three agencies have assigned a stable outlook.

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

Compared to „AAA"-rated countries, the public debt stock is at a high level. In addition, high and rising pension expenditure and structural weaknesses (rigidities in the service sector, high tax burden, low employment rate of older workers) are assessed as negative factors.

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

"The Great Lockdown" differs in key points from a typical recession or a recession resulting from a systemic financial crisis. While in times of crisis the service sector usually collapses less than the industrial sector and has a stabilising effect, this time it is large parts of the service sector that are particularly hard hit. These include accommodation and food service activities, especially city tourism and night catering, the cultural and art sector, including the event industry, or tour operators. Moreover, many of the small and medium-sized enterprises in these sectors have a low equity base.

COVID-19 crisis management

In order to support solvent and healthy companies in this unique, not self-inflicted emergency situation, the Austrian government has put together a multi-layered rescue package that will continue to take effect in subsequent years. Some of the most important measures of the rescue package are listed below.

- Extending the fixed-cost subsidy (phase II): It is considered to expand the fixed-cost subsidy in order to support companies particularly in those industries that are still affected by COVID-19-restrictions.
- Extending the “Corona short-time work” (phase III): Although the number of employees on short-time work has fallen significantly – to around 295,000 people at the end of September 2020 – an extension of the programme was necessary and reasonable. At the same time, however, the aim is to avoid artificially preserving jobs that are not future-proof. Phase III of the “Corona short-time work”, which runs until March 2021, is therefore linked to specific criteria and includes advanced training and qualification measures.
- Continuation and follow-up measures of the hardship fund, the Corona family hardship compensation and for NPOs: In the context of the COVID-19 crisis management, additional budgetary resources are planned for the year 2021 for the hardship fund, the Corona family hardship compensation and follow-up measures of the NPO support fund and of the sports league COVID-19 fund.
- Prospects for the labour market of the future: The COVID-19-pandemic and the containment measures hit the Austrian labour market with full force. The newly created Corona Labour Foundation is the largest labour market policy programme in the Second Republic of Austria, from which up to 100,000 people will benefit and which will offer a sustainable and valuable perspective especially to unemployed people. It also addresses the structural change on the labour market and secures the medium and long-term demand for skilled labour in Austria. A total of 700 mn euro has been earmarked for the Corona Labour Foundation until 2022.
- Municipal Investment Act 2020 (KIG 2020): In support of municipal investment projects which secure services of general interest in the regions and for recovery from the crisis, the federal government steps in with a 1.0-billion-euro municipal package and takes over 50 % of the total cost of investment projects.

Economic stimulus measures

After announcing the rescue package at the beginning of the COVID-19-pandemic in Austria, it quickly became clear that additional economic stimulus measures are needed to cushion the economic impact of the crisis. Therefore, the Austrian government presented a comprehensive economic stimulus package, which includes a series of relief and investment measures in addition to continued aid measures for particularly hard hit industries. These investments are not only intended to stabilise the economy but also to accelerate Austria's path towards climate neutrality.

Relieve for low-income earners

In addition to one-off payments already made in 2020, such as the child bonus and the one-off payment to the unemployed, the Austrian government set permanent relief measures already set out in the government programme earlier than initially planned. These measures have a stimulating effect on the economy, as a substantial part of the relief for lower income groups is channelled into consumption. In addition, this will reduce the burden on labour, which is comparatively high in Austria by international standards. In detail, these are the following tax and social security measures:

- Lowering the initial tax rate: In order to ensure rapid and at the same time lasting financial support, the reduction of the marginal tax rate of the first wage and income tax bracket was brought forward. As of 1 January 2020, a tax rate of 20 % instead of 25 % will apply retroactively to incomes over 11,000 euro to 18,000 euro.
- Increase of the social security refund: Low-income earners with an annual income of less than 11,000 euro do not pay wage and income tax and hence do not benefit from the reduction in the initial tax rate. In order to relieve this group as well, the social security refund will therefore be increased retroactively as of 1 January 2020 from previously 700 euro to 800 euro (including the surcharge on the traffic deduction).
- Relief for agriculture and forestry: In accordance with the government programme, the federal government is implementing a series of tax and social security relief measures to ensure the livelihood of farmers.
- Extending the top tax rate: For annual incomes above 1 mn euro, the top tax rate of 55 % will be extended for another five years until 2025.
- Pension increase 2021: The federal government considers it important to strengthen the purchasing power of those who receive small and medium pensions. It has therefore decided on a socially staggered pension adjustment for 2021 and is increasing small and medium-sized pensions beyond the statutory adjustment factor.

Regional economic/location policy: Incentives to invest and to relieve businesses

Besides relieving the tax burden on labour, further targeted location policy measures are needed to avoid negative effects of the COVID-19-crisis on the international competitiveness of the Austrian economy. Investment incentives in the form of premiums and changes in tax law on depreciation play an important role in this context, with an emphasis on supporting investments in future areas. In particular, the following measures should contribute to securing business locations and jobs and to strengthening the innovative power and competitiveness of the Austrian economy:

- Loss carry-back: The creation of a tax loss carry-back enables the offsetting of losses from the assessment period 2020 against profits from the 2019 financial year (or in special cases, the 2018 financial year). The measure thus permits a smoothing of the tax results and has a liquidity and equity strengthening effect.
- Declining-balance depreciation: The possibility of declining-balance depreciation – as an alternative to the classic straight-line depreciation – will also have a positive effect on the economy. The resulting increase in depreciation at the beginning of the operating life leads to liquidity advantages for companies via a reduction in the tax base and has a positive influence on investment decisions. For buildings a separate form of accelerated straight-line depreciation is introduced.
- Investment premium: In the financial years up to 2024, the federal government will provide up to 2 bn euro for an investment premium. Eligible are new investments in fixed assets, both tangible and intangible, at the Austrian locations of businesses. The standard rate is 7 % of the new investment and increases to 14 % for new investments in the innovative fields of greening, digitalisation, health and life sciences. Climate-damaging investments are not eligible for funding.
- Tax reliefs in the catering sector: In addition to temporary crisis-related measures in the catering sector, the federal government also provides permanent relief. These include raising the lump-sum limit and the maximum limit for tax-free vouchers as well as abolishing the tax on sparkling wine. Furthermore, the VAT rate for food and beverages was massively reduced for a limited time period.
- Forestry package: In order to ensure the sustainable management and to keep Austrian forests vital and climate-fit, a package of measures amounting to 350 mn euro is adopted.

<u>Sustainable public investment in climate protection</u>

With its investment package, the Austrian government underlines that the COVID-19-pandemic will not diminish efforts of climate protection. The government sees the recovery measures in the wake of the COVID-19-caused recession as an opportunity to stimulate the economy through targeted investments and at the same time to accelerate the change towards a climate-neutral economy and society. The investment package for climate protection includes the following key areas:

- Domestic environmental support and “renovation offensive”: One focus of public investment in the next few years will be domestic environmental support and a broad-based “building renovation offensive”, for which a total of 773 mn euro will be available from 2021 to 2024 in addition to the funds budgeted so far.

- Expansion of renewable energies: The second pillar of the investment package in climate protection is the expansion of renewable energies. In order to be able to achieve the target of “100 % electricity from renewable energies” by 2030, an additional 263 mn euro will be made available in the years 2021-2024.
- Climate-friendly technologies: The federal government will provide additional budget funds of 100 mn euro each in 2021 and 2022 for research and innovation programmes to increase resource efficiency, reduce energy consumption and cut CO_2 emissions.
- Expansion of public transport: The federal government is committed to the nationwide expansion of a modern and decarbonised transport infrastructure and to improving public transport services. In addition to the funds already provided for in the Medium-Term Expenditure Framework 2020-2023, a further 300 mn euro will therefore be made available until 2023.
- Incentive for repair services: In order to promote the circular economy, the federal government is reducing the VAT rate for repair services from 20 % to 13 % in line with European law. This is intended to create incentives for repairs and against discarding as well as to support the relevant service companies.

Investing in the school of tomorrow

The educational level of tomorrow's workforce and thus the competitiveness and attractiveness of Austria as a business location are directly linked to the quality of our education system. The Austrian Government has therefore decided to implement an 8-point plan for digital teaching. This plan includes, among other things, equipping pupils and teachers with digital devices, expanding the basic IT infrastructure at schools or the “digital school” portal as well as standardising existing portals. For this purpose, 235 mn euro are planned for 2021 within the framework of the economic stimulus package.

2.5 The Recovery and Resilience Facility

The Recovery and Resilience Facility will provide European-level funding for public investment and reforms from 2021 onwards (the relevant EU regulation has yet to be finally adopted). This will help to make the European Union's economies more resilient and sustainable in the face of the COVID-19-crisis. These funds are to be used primarily in the area of greening and digitalisation as well as to support the member states in implementing the country-specific recommendations. In accordance with the conclusions of the European Council of 17-21 July, Austria will receive a fixed allocation of around 2.2 bn euro, with further funds being allocated in 2023 on the basis of the then current economic data (depending on the course of economic development, Austria could expect to receive 1.0 bn euro in further funds). Furthermore, the conclusions allow for the payment of an advance of 10 % of the allocation in 2021, which is why the draft of the budget 2021 (BVA-E 2021) provides for a corresponding payment of 220.0 mn euro in the budget subdivision 51 (UG 51).

The Austrian federal government will submit the specific investment and reform projects to the European Commission by 30 April 2021 as part of a “recovery and resilience plan”. The draft of the budget 2021 (BVA-E 2021) and the medium-term expenditure framework 2021-2024 (BFRG 2021-2024) already include numerous projects of the economic stimulus package and of the new priorities, which the federal government has set in the wake of the COVID-19-crisis to strengthen the resilience of Austria's business location, as well as projects of digitalisation and environmental transition, which can be submitted under the plan.

3 Budgetary development (2019 to 2021)

Before the outbreak of the COVID-19-crisis, Austria was well on track to achieve a general government debt ratio below 60 % of GDP by the end of the current legislative period. This would have been the first time since the EU membership in 1995 that the Maastricht debt target was reached. The need to counteract the economic consequences of the crisis and to take on new debt, together with the massive decline in nominal GDP, is now leading to a sharp increase in the public debt ratio. Towards the end of 2020, the debt ratio is expected to return to a level similar to its peak at the end of 2015 (84.9 %). This shows how important and essential the sound budgetary stance and the reduction of debt-to-GDP-ratio has been in recent years of economic prosperity. The outlook for the next years until 2024 is stable. The Republic of Austria is in the favourable position that even 10-year bonds currently carry negative interest rates and thus Austria's fiscal stability is secured in the medium term despite the high level of new borrowing.

However, this is precisely the reason why the spending momentum is to be curbed again and a return to sustainably sound public budgets is to be achieved, once the crisis management and economic stimulus measures have come to an end. This is the only way to create fiscal leeway against new crises and for future investments.

3.1 Budget outturn in 2019

Compared to the March-notification, the Maastricht balance of the federal government has deteriorated by 182 mn euro, mainly due to additional investments in extra-budgetary units. The states show a slight improvement to 0.2 % of GDP due to current transfers and the municipality sector is now slightly negative at 0.01 % of GDP. The deterioration of the municipality sector is mainly due to data for extra-budgetary units, which were not available at the time of the March-notification. The general government Maastricht balance is therefore +2.7 bn euro or +0.67 % of GDP in 2019. Public debt at the end of 2019 amounts to 280.3 bn euro or 70.5 % of GDP, a slight reduction of around 80 mn euro compared to the value of the March-notification.

3.2 Budget execution 2020

In 2020 public finances will be dominated by the budgetary effects of the COVID-19-crisis. The Austrian government reacted immediately and put together a comprehensive “corona aid package” as early as in March 2020, followed by a comprehensive economic stimulus package in June. In particular, the direct aid measures will have a major budgetary impact in 2020. These include, for example, the Corona short-time work, the hardship fund, the child bonus or the NPO support fund as well as all health care expenditures. Revenue-side relief measures to provide financial support to particularly hard-hit sectors in the COVID-19-crisis on the one hand, and to low-income earners on the other, include in particular payment reliefs, such as tax deferrals and reductions in advance payments, the loss carry-back, the relief for food services and the reduction of the marginal rate of the first bracket of the wage and income tax, including the increase in the social security refund. The budget implementation 2020 is thus characterised by countercyclical fiscal policy with the aim of financially relieving the population and the economy, promoting investment and thus supporting the economy. The downside is a high budget deficit and a sharp increase in public debt.

Net borrowing: The assessment of the general government balance in 2020 remains subject to a high degree of uncertainty. The economic and consequently budgetary development depends to a large extent on the further course of the COVID-19-pandemic. Based on current developments and estimates, a general government Maastricht balance of around -35.8 bn euro or -9.5 % of GDP is forecasted for 2020.

Structural balance: In addition to the above-mentioned uncertainties in the estimate of net borrowing, the calculation of the structural balance is also dependent on the output gap and thus on future economic developments. Based on the current WIFO forecast, a structural balance of -6.5 % of GDP is expected in 2020. A more robust assessment of the structural balance in 2020 will only be possible in the context of the Stability Programme 2020-2024.

Public debt: The budgetary impact of the COVID-19-crisis puts an abrupt end to the continuous decline in the general government debt ratio that has been ongoing since 2016. The high level of net borrowing increases the nominal debt by around 36.6 bn euro. Depending on the actual GDP development, a general government debt ratio of 84.0 % is projected for the end of 2020. This represents an increase of 13.4 percentage points relative to GDP compared to the debt-to-GDP ratio at the end of 2019. The importance of reducing the debt-to-GDP ratio in the previous economically prosperous years is reflected in the fact that, despite this massive increase, the debt-to-GDP ratio in 2020 will be at a level similar to the peak at the end of 2015 (84.9 %).

Revenue: In 2020, general government revenues are expected to decline sharply, mainly as a result of the federal government's comprehensive relief measures to support particularly hard hit sectors, families and low-income earners. In addition to the reductions in advance payments of income and corporation tax, the main factors worth mentioning are the reduction of the marginal rate of the first wage and income tax bracket with retroactive effect from 1 January 2020, including the increase in the social security refund, the loss carry-back as well as the partly temporary tax relief in the catering industry. In total, a decline in revenues of 7.4 % is forecasted at the general government level. The general government revenue ratio falls by only 1.2 percentage points to 47.9 % of GDP due to the slump in nominal GDP.

Expenditure: The numerous rescue and economic stimulus packages in response to the COVID-19-crisis will lead to a very large increase in general government expenditure in 2020. Temporary measures such as the Corona short-time work, the fixed-cost subsidy, the hardship fund, the child bonus, the NPO support fund, the Corona Labour Foundation or expenditure on health care will cause a strong but temporary increase. This is compounded by the impact of automatic stabilisers following the slump in economic activity, in particular increased payments for unemployment insurance and emergency assistance. Overall, general government expenditure is expected to grow by around 12.6 % compared to 2019. As nominal GDP is also declining sharply in 2020, the general government expenditure ratio will rise to 57.4 % in 2020.

States, municipalities and social security: Like at the federal level, the COVID-19-crisis also has a massive impact on the public budgets of the states, municipalities and social security funds. Many states and Vienna as a municipality have put together complementary support and economic stimulus packages on top of the numerous measures taken by the federal government. On the revenue side, the states and municipalities have seen their income shares fall significantly. In total, the Maastricht deficit of the states and municipalities is expected to be around 0.6 % of GDP. The COVID-19-crisis has also affected the development of the social security providers, although especially the fact that the federal government is bearing the costs of the short-time work is dampening the loss of contribution income for social security providers. Overall, the social security sector will therefore have a small Maastricht deficit of 0.1 % of GDP in 2020.

3.3 Development of public finances in 2021

In 2021, the development on the general government level, based on the federal budget 2021, continues to be dominated by the effects of the COVID-19-crisis. However, in terms of expenditure measures, in addition to economic rescue packages and health policy measures, it is especially economic stimulus and investment measures in future areas that are gaining importance. These include in particular investments in climate protection, public transport and digitalisation as well as promoting education, science and research. Moreover, active labour market policy measures are becoming increasingly important, while expenditure on passive labour market policy, specifically on short-time work allowances, will be significantly lower in 2021 than in 2020. On the revenue side, relief measures such as the loss carry-back or the tax relief in the catering sector will also take full effect in 2021. Similarly, the permanent reduction of the marginal rate of the first wage and income tax bracket will have an impact on the development of the corresponding tax revenue. However, the projected strong economic recovery with above-average GDP growth will be favourable for the development of public budgets.

Net borrowing: As many temporary measures in the wake of the COVID-19-crisis, such as the fixed-cost subsidy, the loss carry-back or the tax relief in the catering industry, will continue to have an effect in 2021, the general government Maastricht balance will remain clearly negative. Based on the current assessment of the take-up and exhaustion of the support measures, the general government balance is expected to be -25.2 bn euro or -6.3 % of GDP in 2021. This calculation is based on the most recent WIFO economic forecast. However, similar to the current year 2020, the forecast of the Maastricht balance in 2021 is made with a high degree of uncertainty, due to uncertainties about the further course of the COVID-19-pandemic and the resulting economic and budgetary impacts.

Structural balance: Assuming that the COVID-19-pandemic is largely under control or manageable next year, a strong recovery in economic activity is expected in 2021. This implies an output gap that will be much less negative than in 2020. The structural balance is calculated at -5.3 % of GDP in 2021.

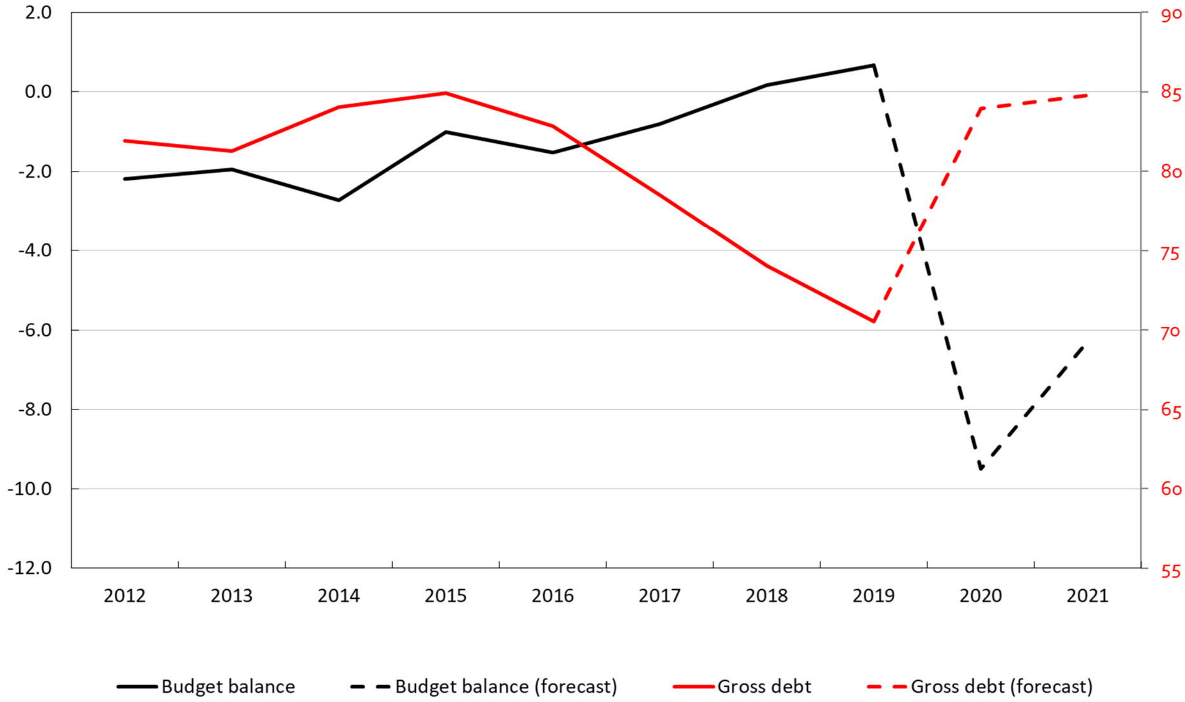
Public debt: The sharp increase in the general government debt ratio can be slowed down in 2021. While the net borrowing position will imply a further increase in nominal debt, nominal GDP will also grow significantly according to the current economic forecast. In relative terms, these two opposing effects broadly balance each other out in the calculation of the ratio. In comparison to 2020, the debt-to-GDP ratio is therefore expected to increase only slightly to 84.8 % of GDP.

Revenue: In 2021, the development of revenues will be influenced by three main factors. Overall, the forecasted significant economic recovery will have a favourable impact on the revenue situation. However, this will be offset by comprehensive relief measures to boost the economy. This concerns temporary measures that expire at the end of 2021 or in subsequent years. These include, for example, the loss carry-back, the tax relief in the catering industry or the possibility of declining-balance depreciation. The third factor is the permanent reduction of the marginal rate of first wage and income tax bracket as well as the increase in the social security refund, both of which were introduced retroactively from 1 January 2020. Compared to 2020, general government revenue is expected to grow by 4.3 %. Based on the projected GDP growth, the general government revenue ratio is expected to amount to 47.1 % of GDP.

Expenditure: Many expenditure-based support and economic stimulus measures to address the COVID-19-crisis will also have a significant budgetary impact in 2021. On the one hand, support measures for particularly hard hit sectors will continue next year – including the fixed-cost subsidy, the Corona short-time work or the NPO support fund. On the other hand, a focus will be placed on stimulating investments and subsidies in future-oriented areas. For example, the funds for investments in climate protection (especially thermal renovation including "Getting out of oil" and the expansion of renewable energies), public transport (expansion of regional transport infrastructure, improvement of public transport services, introduction of the first stage of the 1-2-3 climate ticket) and digitalisation (master plan digitalisation of schools, digitalisation fund, broadband expansion) will be increased substantially. Likewise, non-climate-damaging business investments are subsidised (investment premium) and expenditure on science, research and new technologies is significantly increased (financing of study places at universities of applied sciences, research institutions – basic research, climate-friendly technologies such as IPCEI). In the area of the labour market, a larger budget for active labour market policy will be made available within the framework of the Corona Labour Foundation. Compared with the crisis year 2020, with high spending on the Corona short-time work, among other things, general government expenditure will fall by 1.3 % according to current estimates. The general government expenditure ratio will be 53.4 % of GDP.

States, municipalities and social security: As in the case of the federal government, the public budgets of the state and municipal sectors will also be affected by the effects of the COVID-19-crisis in 2021. At the state level, revenue from income shares will further decrease slightly compared to 2020 due to shift effects, and expenditure growth is likely to slow down compared to the crisis year 2020. At the municipal level, a similar picture will emerge with regard to the development of income shares, but at the same time a recovery in revenues from own taxes, such as the municipal tax, is expected. Expenditure is expected to stagnate at the same level. Taken together, the Maastricht deficit of the state and municipal sector is expected to remain unchanged compared to 2020 at 0.6 % of GDP. Social security providers will benefit from the forecasted recovery of the economy in 2021, which will mainly imply higher revenues compared to 2020. Accordingly, the result of the social security sector will improve and is currently estimated to be close to balance (-0.0 % of GDP).

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



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

3.4 Macroeconomic and budgetary forecasts in accordance with EU law

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

Table 16 in the annex presents this comparison.

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

4 Comprehensive fiscal rules

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

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

Compliance with the fiscal rules is ensured by adequate sanctions.

The Federal Government is committed to the economic policy goal of a balanced federal budget, depending on economic developments and requirements.

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

Due to the COVID-19-pandemic, the year 2020 is a special year with impacts on the European Stability and Growth Pact and in further consequence on the Austrian Stability Pact 2012 (ASP 2012): according to article 11 ASP 2020, exemptions approved by the European Union are to be analogously applicable to the ASP 2012.

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

5 Annex

Table 1: Basic assumptions

	2019	2020	2021
Short-term interest rate (annual average)	-0.4	-0.4	-0.4
Long-term interest rate (annual average)	0.1	-0.2	-0.2
USD/€ exchange rate (annual average)	1.1	1.1	1.2
Nominal effective exchange rate	-0.7	1.3	0.6
Real GDP growth (World excluding EU)	3.1	-2.4	5.9
Real GDP growth (EU)	1.5	-6.9	4.9
Growth of relevant Austrian foreign markets	1.4	-9.0	7.5
Import volumes (World excluding EU)	-	-	-
Oil prices (Brent, USD/barrel)	64	42	43

Positions may not sum up due to rounding errors.

Source: WIFO

Table 2: Macroeconomic prospects

		2019	2019	2020	2021
	ESA Code	in bn €	rate of change		
1. Real GDP	B1*g	374.1	1.4	-6.8	4.4
2. Potential GDP		-	1.0	0.6	0.8
3. Nominal GDP	B1*g	397.6	3.2	-5.0	6.1
			Components of real GDP		
4. Private final consumption expenditure	P.3	191.4	0.8	-6.8	5.5
5. Government final consumption expenditure	P.3	71.7	1.5	1.1	1.0
6. Gross fixed capital formation	P.51g	91.7	4.0	-5.6	3.7
7. Changes in inventories and net acquisition of valuables (in % of GDP)	P.52 + P.53	-	0.8	0.0	0.0
8. Exports of goods and services	P.6	214.5	2.9	-12.4	6.1
9. Imports of goods and services	P.7	199.7	2.4	-10.6	5.6
			Contributions to real GDP growth		
10. Final domestic demand			1.7	-4.7	3.9
11. Changes in inventories[1]	P.52 + P.53		-0.6	-0.8	0.0
12. External balance of goods and services	B.11		0.4	-1.3	0.4

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

	2019	2020	2021
			rate of change
1. GDP deflator	1.7	1.9	1.7
2. Private consumption deflator	1.9	1.4	1.5
3. CPI	1.5	1.3	1.5
4. Public consumption deflator	2.3	2.0	1.5
5. Investment deflator	2.1	1.2	1.9
6. Export price deflator (goods and services)	0.0	-0.1	1.2
7. Import price deflator (goods and services)	0.3	-1.0	1.0

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 4: Labour market developments

		2019	2019	2020	2021
	ESA Code	Level			rate of change
1. Employment, persons		4,215,641	1.5	-1.8	1.1
2. Employment, hours worked (in m)		7,356.4	1.7	-6.8	4.1
3. Unemployment rate, EUROSTAT definition		-	4.5	5.4	5.0
4. Labour productivity, persons		88,729.8	0.0	-5.1	3.3
5. Labour productivity, hours worked		50.8	-0.2	0.0	0.3
6. Compensation of employees (in m €)	D.1	192,871.0	4.2	-0.7	2.7
7. Compensation per employee		45,751.3	2.7	1.1	1.6

Positions may not sum up due to rounding errors.

Sources: BMF, EUROSTAT, STAT, WIFO

Table 5: Sectoral balances

	ESA Code	2019	2020	2021
		in % of GDP		
1. Net lending/borrowing vis-à-vis the rest of the world	B.9	2.8	2.3	2.8
2. Net lending/borrowing of the private sector	B.9	2.2	11.8	9.1
3. Net lending/borrowing of the general government	B.9	0.7	-9.5	-6.3
4. Statistical discrepancy		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	2019	2020	2021
		in % of GDP		
		Net lending/net borrowing by sub-sector		
1. General government	S.13	0.7	-9.5	-6.3
2. Central government	S.1311	0.4	-8.8	-5.7
3. State governments (excl. Vienna)	S.1312	0.2	-0.4	-0.4
4. Local governments (incl. Vienna)	S.1313	0.0	-0.2	-0.2
5. Social security funds	S.1314	0.0	-0.1	0.0
6. Interest expenditure	D.41	1.4	1.4	1.2
7. Primary balance		2.1	-8.1	-5.1
8. One-off and other temporary measures		0.0	0.0	0.0
9. Real GDP growth		1.4	-6.8	4.4
10. Potential GDP growth		1.0	0.6	0.8
11. Output gap		2.4	-5.2	-1.8
12. Cyclical budgetary component		1.4	-2.9	-1.0
13. Cyclically-adjusted balance		-0.7	-6.5	-5.3
14. Cyclically-adjusted primary balance		0.7	-5.2	-4.1
15. Structural balance		-0.7	-6.5	-5.3

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 7: General government debt developments

	ESA Code	2019	2020	2021
			in % of GDP	
1. Gross debt		70.5	84.0	84.8
2. Change in gross debt ratio (in %)		-3.5	13.4	0.8
		Contributions to changes in gross debt		
3. Primary balance		2.1	-8.1	-5.1
4. Interest expenditure	D.41	1.4	1.4	1.2
5. Stock-flow adjustment		-0.6	0.2	-0.6
p.m.: Implicit interest rate on debt		2.0	1.7	1.4

Positions may not sum up due to rounding errors.

Source: BMF

Table 8: Contingent liabilities

	2018	2019	2020	2021
			in % of GDP	
Public guarantees	16.3	16.1	18.4	17.3
of which: Central government1)	11.5	11.5	13.8	13.0
of which: linked to the financial sector2)	0.2	0.1	0.2	0.1
of which: State and Local governments	4.8	4.6	4.6	4.3
of which: linked to the financial sector2)	1.4	1.3	1.3	1.2

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 or bank deposit insurance.

Positions may not sum up due to rounding errors.

Sources: BMF, State governments, STAT, WIFO

Table 9: Budgetary prospects

	ESA Code	2019	2020	2021
		in % of GDP		
		General government		
1. Total revenue	TR	49.1	47.9	47.1
1.1. Taxes on production and imports	D.2	13.9	13.5	13.3
1.2. Current taxes on income, wealth etc.	D.5	13.7	12.2	12.1
1.3. Capital taxes	D.91	0.0	0.0	0.0
1.4. Social contributions	D.61	15.4	16.1	15.6
1.5. Property income	D.4	0.7	0.7	0.6
1.6. Other		5.4	5.4	5.4
p.m.: Tax burden		43.1	42.0	41.2
2. Total expenditure	TE	48.4	57.4	53.4
2.1. Compensation of employees	D.1	10.5	11.2	10.9
2.2. Intermediate consumption	P.2	6.2	6.9	6.8
2.3. Social payments	D.62, D.632	21.9	24.9	23.7
of which: Unemployment benefits		-	-	-
2.4. Interest expenditure	D.41	1.4	1.4	1.2
2.5. Subsidies	D.3	1.5	5.1	2.5
2.6. Gross fixed capital formation	P.51g	3.0	3.2	3.4
2.7. Capital transfers	D.9	0.6	0.9	1.2
2.8. Other		3.2	3.7	3.6

Positions may not sum up due to rounding errors.

Source: BMF

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

		2019	2020	2021
	ESA Code	in % of GDP		
		General government		
1. Total revenue	TR	49.1	49.0	48.6
1.1. Taxes on production and imports	D.2	13.9	13.7	13.7
1.2. Current taxes on income, wealth etc.	D.5	13.7	13.2	13.2
1.3. Capital taxes	D.91	0.0	0.0	0.0
1.4. Social contributions	D.61	15.4	16.1	15.6
1.5. Property income	D.4	0.7	0.7	0.6
1.6. Other		5.4	5.4	5.4
p.m.: Tax burden		-	-	-
2. Total expenditure	TE	48.4	52.5	50.9
2.1. Compensation of employees	D.1	10.5	11.2	10.9
2.2. Intermediate consumption	P.2	6.2	6.7	6.5
2.3. Social payments	D.62, D.632	21.9	24.2	23.5
of which: Unemployment benefits		-	-	-
2.4. Interest expenditure	D.41	1.4	1.4	1.2
2.5. Subsidies	D.3	1.5	1.6	1.6
2.6. Gross fixed capital formation	P.51g	3.0	3.2	3.1
2.7. Capital transfers	D.9	0.6	0.7	0.7
2.8. Other		3.2	3.5	3.4

Positions may not sum up due to rounding errors.

Source: BMF

Table 11: Amounts to be excluded from the expenditure benchmark

	2019	2019	2020	2021
	in bn €	in % of GDP		
1. Expenditure on EU programmes fully matched by EU funds revenue	0.3	0.1	0.1	0.1
of which investments fully matched by EU funds revenue	0.1	0.0	0.0	0.0
2. Cyclical unemployment benefit expenditure at unchanged policies	-0.3	-0.1	0.2	0.1
3. Effects of discretionary revenue measures	-0.6	-0.2	-1.3	-0.6
4. Revenue increases mandated by law	0.0	0.0	0.0	0.0

Positions may not sum up due to rounding errors.

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

Discretionary revenue measures are presented as incremental changes.

Sources: BMF, STAT, WIFO

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

	2020	Q1	Q2
	ESA Code		
1. Net lending/net borrowing		-2,377	-14,456
2. Total revenue		44,362	43,631
3. Total expenditure		46,738	58,087

Positions may not sum up due to rounding errors.

Source: STAT

Table 13: Divergence from the latest Stability Programme (April 2020)

	ESA Code	2019	2020	2021
				in % of GDP
General government net lending/net borrowing	B.9			
SP Update April 2020		0.7	-8.0	-1.9
DBP October 2020		0.7	-9.5	-6.3
Difference		*-0.1*	*-1.5*	*-4.4*
Structural balance	B.9			
SP Update April 2020		-0.8	-6.2	-1.6
DBP October 2020		-0.7	-6.5	-5.3
Difference		*0.1*	*-0.4*	*-3.7*
Gross debt				
SP Update April 2020		70.4	81.4	79.3
DBP October 2020		70.5	84.0	84.8
Difference		*0.1*	*2.5*	*5.5*

Positions may not sum up due to rounding errors.

Sources: BMF, STAT, WIFO

Table 14: Country specific recommendations

The Council of the European Union herby recommends that Austria takes action in 2020 and 2021 to“	List of measures*	Description of direct impact
CSR1		
in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery;	Economy strengthening (Konjunkturstärkungsgesetz 2020 (KonStG 2020), BGBl I Nr. 96/2020)	Relief measures for low earners: • Reduction of the entry tax rate for wage and income tax from 25 % to 20 % for parts of income above 11,000 euro to 18,000 euro; effective retroactively as of 1 January 2020 • Increase of the traffic tax deduction from 300 to 400 euro, and increase of the SV-Bonus (social security bonus) within the framework of the SV-reimbursement from 300 to 400 euro (especially for employees with a taxable income up to 11.000 euro) • Investment and relief package for companies • Accelerated linear deduction for wear and tear (depreciation) for buildings • Degressive depreciation for assets acquired or manufactured from 1 July 2020 • 3-year distribution for profits in agriculture and increase of the accounting limit of agricultural and forestry holdings • Loss carryback for natural persons and corporate bodies
	1st COVID-19-Act (1. COVID-19-Gesetz, BGBl I Nr. 12/2020)	Establishment of a COVID-19 crisis management fund of 4 bn euro for measures • to stabilize the health care system • to stimulate the labor market • to maintain public order and security • in connection with the requirements in educational institutions (e.g. devices for students to support home learning) • to cushion the loss of income due to the crisis • Measures in connection with the Epidemic Law • Measures to stimulate the economy • Implementation of Corona short-time work (amendment to the Labour Market Policy Financing Act and Labour Market Service Act)

	2nd COVID-19-Act (2. COVID-19-Gesetz, BGBl I Nr. 16/2020)	• Establishment of a hardship fund in the amount of 2 bn euro to create a safety net for hardship cases, including those involving one-person enterprises (EPU) and micro-entrepreneurs, freelancers, non-profit organizations in the form of non-repayable grants • Support fund for artists in the amount of an additional 5 mn euro for the year 2020, to cushion loss of income • Special-purpose grant to the federal states in the amount of 100 mn euro to finance replacement structures in the care sector • Funds for the Austrian Health Insurance Fund amounting to 60 mn euro • Contribution law relief for employers in social security law (deferral options, no late payment surcharges or insolvency applications due to non-payment of due contributions)
	3rd COVID-19-Act (3. COVID-19-Gesetz, BGBl I Nr. 23/2020)	• COVID-19 Crisis Management Fund: Increase in resources from 4 bn euro to 28 bn euro; extends the scope of application for measures to stabilize the liquidity of companies • Increase in funds for short-time working from 400 mn euro to 1 bn euro and authorization to increase variable funds for short-time working to 3 bn euro • Guarantees and liabilities as collateral for loans to maintain business operations and bridge temporary liquidity bottlenecks • Tax exemptions on allowances and bonus payments for employees up to 3,000 euro for their work during the Corona crisis
	4th COVID-19-Act (4. COVID-19-Gesetz, BGBl I Nr. 24/2020)	Extraordinary support measures for daily newspapers amounting to around 9.7 mn euro. One-time increase in sales subsidies for daily and weekly newspapers by around 5.8 mn euro. An additional 15 mn euro was made available for commercial private broadcasting and 2 mn euro for non-commercial private broadcasting.
	Amendment of the Press Promotion Act 2004 (Änderung des Presseförderungsgesetzes 2004, BGBl I Nr. 82/2020)	Special funding for weekly, regional and online newspapers and magazines amounting to 3 mn euro.
	9th COVID-19-Act (9. COVID-19-Gesetz, BGBl I Nr. 31/2020)	• Standardization of the continued receipt of the last received, temporary benefit from the health insurance or pension insurance for the duration of the COVID 19 crisis in view of the fact that applications for benefits or legal proceedings cannot be decided due to lack of medical assessment, using the additional expenses for sickness benefits by the federal government from the COVID 19 crisis management fund • Standardization of the "risk certificate" and the possibility of exemption for patients at risk as well as the reimbursement of personnel costs for exempt employees by the health insurance company and compensation by the

		federal government to the health insurance company from funds of the COVID-19 crisis management fund
	10. COVID-19-Gesetz, BGBl. I Nr. 41/2020	Additional funds for volunteer support in the amount of 0.6 mn euro for activities related to the management of the COVID 19 crisis. The funds come from the COVID-19 crisis management fund.
	17th COVID-19-Act (17. COVID-19-Gesetz, BGBl I Nr. 36/2020)	Amendment of the hardship fund law, extension of the safety net to persons in a marginal employment relationship.
	19th COVID-19-Act (19. COVID-19-Gesetz, BGBl I Nr. 48/2020)	Tax-free employer meal vouchers: Increase of the tax-free value limit from 4.40 euro per day to 8 euro per day. For vouchers that are also used to pay for food, the tax-free amount increases from 1.10 euro to 2.00 euro per working day.
	20th COVID-19-Act (20. COVID-19-Gesetz, BGBl I Nr. 49/2020)	Establishment of a non-profit organization support fund of 700 mn euro (from the COVID-19 crisis management fund) Support for organizations in the cultural, sports and social sectors, voluntary fire departments and legally recognized religious communities.
	COVID-19-Zweckzuschussgesetz, BGBl I Nr. 63/2020	The federation carries a purpose subsidy out of means of the COVID 19-Krisenbewältigungsfonds to the countries at height of their additionally developed expenditures for the months March to May for protection equipment and barrack hospitals and for the months March to April for personnel costs of the telephone health consultation 1450.
	22nd COVID-19-Act (22. COVID-19-Gesetz, BGBl I Nr. 64/2020)	Establishment of a fund of 90 mn euro for bridging financing for self-employed artists. The funds will be provided from the COVID-19 crisis management fund.
	Amendment to the VAT Act (Änderung Umsatzsteuergesetz, BGBl I Nr. 60/202)	Temporary reduction of VAT to 5 % in the restaurant and publication sector and in the cultural sector (including for food and beverages and for turnover from artists' activities, imports of works of art, books, sheet music, etc.)
	COVID-19 special credit line for foreign trade promotion	Program to support the export economy. To reduce the impact of COVID-19, an additional credit line of 3 bn euro will be made available to Austrian exporters in order to secure the liquidity of export companies and preserve jobs.
	Amendment to the ASVG and parallel acts, BGBl. I 105/2020	Procurement of protective equipment for professional groups such as doctors, pharmacists, midwives and maternity nurses, social workers, etc. by ÖGK (costs borne by the federal government from COVID-19 funds) as well as creation of a legal basis so that doctors in private practice can also carry out COVID-19 tests (costs also borne by the federal government; COVID-19 fund)
	Amendment to the Artists Social Insurance Fund Act (Künstler-Sozialversicherungsfondsgesetz), resolution of the federal council of ministers of 9 September 2020; decision of the National Council on 25 September 2020	Artists and cultural mediators have the opportunity to apply for subsidies from the COVID-19 fund of the Artists' Social Insurance Fund (KSVF) to cushion the loss of income. Increase of the original endowment of 5 mn euro by another 5 mn euro (see also above 2. COVID-19 Act, BGBl I No. 16/2020).

When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment;	Publication of monthly reports, January to July 2020	Ongoing budget control through reports to the National Council on monthly results, prior charges and overspending.
	Investment Control Act (Investitionskontrollgesetz) & Amendment to the Foreign Trade Act (Außenwirtschaftsgesetz, BGBl I Nr. 87/2020)	Direct investments from third countries in critical sectors that could pose a threat to the security of public order should be prevented. The Investment Control Act regulates the areas in which direct investments may pose a threat to the security of public order.
Improve the resilience of the health system by strengthening public health and primary care;	Primary care start-up initiative (Gründungsinitiative Primärversorgung)	Support for the expansion of primary care: Consistent implementation of a start-up initiative to expand the range of information and consulting services for start-ups, including communication work with the relevant target groups. Cooperation with the European Investment Bank and national banks to create attractive credit offers for PVEs.
	Amendment to the Care Fund Act (Pflegefondsgesetz, 2nd COVID-19 Act, BGBl I Nr. 16/2020) (see also above, 2nd COVID-19 Act)	100 mn euro grant to the federal states to finance replacement structures in the care sector.
	Austrian Health Fund (Österreichische Gesundheitskasse, ÖGK) (see also above, 2nd COVID-19-Act)	Grant of 60 mn euro
	Amendment to the Health Telematics Act 2012 (2nd. COVID-19-Act, BGBl I Nr. 16/2020)	Contactless issuing of prescriptions for the reduction of ordination contacts
	Amendment to the Health Telematics Act 2012, decision of the National Council on 23 September 2020	Introduction of an electronic vaccination pass (e-vaccination pass); start of piloting in 2020 (preparation for COVID-19 vaccinations)
	"Uni-Med Impuls 2030", resolution of the federal council of ministers on 29 July 2020 (see also below, national Europe 2020 research goal)	Strengthening of university medical research and education in Austria, including • Expansion of medical study places • New professorships or career positions • Improvement of the university building infrastructure with the aim of promoting clinical research, teaching and training of physicians • Focus Public Health, Epidemiology and Infectiology • (Translational) research collaborations: Cooperation with industry and clinical studies • Expansion and investment in a modern medical research infrastructure
	Epidemic Law 1950	• Adjustments to the Epidemic Law with regard to the COVID 19 pandemic • The measures covered by the Epidemics Act include o Screening programs o PCR tests o Loss of earnings for self-employed and employed persons o Secretions Epidemiologist
	Influenza vaccinations decision of the National Council on June 24 and 8 July 2020	• Inclusion of influenza vaccination in the free child vaccination concept • Purchase of 100,000 doses of influenza vaccines for people over 65

	Purchase of COVID 19 vaccinations, decision of the National Council on 29th July, 2020	• Joint process of EU countries and the European Commission to purchase COVID-19 vaccines • A total budget of 200 mn euro has been set aside for Austria. Up to 40 % of this amount is to be paid in 2020 and the remainder in 2021.
CSR 2		
Ensure equal opportunities in education and increased digital learning;	1st COVID-19-Ac (BGBl I Nr. 12/2020)	Purchase of IT-equipment for students to support e-learning (5.5 mn euro; funds from the crisis management fund)
		Determination of deadlines and inter-school year regulations, among other things concerning: • arrangement of remedial teaching • Arrangement of subject-related learning times or supplementary lessons • Regulations for the use of electronic communication for teaching, assessment and evaluation • Arrangement of location-independent lessons (for school types, school types, schools, school locations, individual classes or groups or parts of them) with or without guided development of teaching materials
	3rd COVID-19-Act (BGBl I Nr. 23/2020, see also below, national Europe 2020 target to reduce the school drop-out rate)	Implementation of an 8-point plan until 2023: • Portal Digital School • Unification of existing platforms • Teacher training • Eduthek - Orientation according to curricula • Seal of Approval Learning Apps • Expansion of the basic school IT infrastructure • Digital end devices for pupils • Provision of digital end devices in classes for teachers
	School Development Program 2020 (SCHEP 2020) (see also National Europe 2020 targets below), resolution of the federal council of ministers on 13 May 2020	This program implements the educational policy principles and objectives of the 2017 education reform package, with the aim of ensuring that schools in the region offer the same quality of education as possible and that the further development of the school building stock is geared not only to expanding the IT infrastructure but also to energy efficiency and sustainability. The school development program is to be implemented over a period of 10 years. Focal points among others: • Expansion of all-day school forms in the AHS lower grades • Digitization Master Plan - Expansion of the IT Infrastructure at Federal Schools • Reduction of spatial disparities in the school system

	Creation of new job profiles for dual training with a focus on competence orientation and digitization; resolution of the federal council of ministers on 12 February 2020	Emphasis is placed on the further development of existing and the development of new job profiles for apprenticeships, with the emphasis on digitization or the new digital applications. Another new feature is the division into subject-related and interdisciplinary areas of competence.
CSR 3		
Ensure an effective implementation of liquidity and support measures, in particular for small and medium-sized enterprises, and reduce administrative and regulatory burden;	3rd COVID-19-Act (3. COVID-19-Gesetz, BGBl I Nr. 23/2020)	• Guarantees and liabilities as collateral for loans to maintain business operations and to bridge temporary liquidity shortfalls (see also above, country-specific recommendation no. 1) • In the course of the increase of the resources for the crisis management fund from 4 bn euro to 28 bn euro (see also above 1. COVID-19 Act), measures to stabilize the liquidity of companies are also planned
	4th COVID-19-Act (4. COVID-19-Gesetz, BGBl I Nr. 24/2020)	• Extension of deadlines in insolvency proceedings • Temporary suspension of the obligation to file for insolvency in case of over-indebtedness • Bridging loans • Deferral of payment plan instalments • Limitation of interest on arrears and exclusion of collection costs • Exclusion of contractual penalties • Postponement of the due date of payments in credit agreements of micro-enterprises
	Economy Strengthening Act 2020 (Konjunkturstärkungsgesetz, KonStG 2020, BGBl I Nr. 96/2020)	• Possibility of a loss carryback to cushion the economic effects of COVID-19 for individuals as well as for corporations up to 5 mn euro of the total amount of income within the assessment 2019 and possibly 2018 (amendment to the Corporate Income Tax Act) • Extension of the granted tax deferrals and installment payments until 15 January 2021 (amendment to the Federal Fiscal Code) • Tax relief for farmers and foresters through the introduction of a three-year distribution of agricultural profits and an increase in the turnover limit for obligatory bookkeeping on agricultural and forestry enterprises from 550,000 euro to 700,000 euro • Electronic conduct of hearings, interrogations, taking of evidence etc. limited until 31 December 2020
	Amendment of the SME Promotion Act, Guarantee Act (BGBl I Nr. 57/2020)	Extension of the authorization to establish a COVID-19 liability framework until 31 December 2020 (aws and ÖHT)
	Art, Culture and Sports Protection Act (Kunst-, Kultur- und Sportsicherungsgesetz, KuKuSpoSiG, BGBl I Nr. 40/2020)	Organizers are given the opportunity to issue vouchers instead of the obligation to repay.

	Start-up package / deregulation package, resolution of the federal council of ministers on June 16, 2020)	Introduction of a new corporate form (Austrian Limited), including • Non-bureaucratic foundation, low founding capital • Tax incentives to strengthen growth financing (loss offsetting and tax deductibility of growth financing) • Deregulation measures (Once Only, Implementation Grace Period)
	Funding program KMU.E-Commerce	The funding program is aimed at stimulating e-commerce projects in SMEs in order to fully exploit the potential of online trade. The funding guideline has been in force since 7 September 2020. The subject of the funding is the implementation of e-commerce projects through new investments as well as related services from external providers (e.g. programming activities, overall service packages, etc.).
	Funding programme KMU.DIGITAL 2.1	Continuation and further development of the successful KMU.DIGITAL funding program to support small and medium-sized enterprises on their way to the digital future. The funding guideline has been in force since August 19, 2020 and provides for the following areas: • Digitization of business models and business processes • Introduction or improvement of IT and cybersecurity • Introduction or improvement of e-commerce and online marketing • Introduction or improvement of digital administration processes
	Comeback bonus, resolution of the federal council of ministers on 27 May 2020	Improving, expanding and increasing payments from the hardship fund are intended to provide entrepreneurs with sufficient support and prospects and to secure their livelihoods. • Support can be applied for a total of 6 months • Comeback bonus of 500 euro per month • Increase of minimum amounts to 500 euro each
Front-load mature public investment projects and promote private investment to foster the economic recovery;	Investment Premium Act (Investitionsprämiengesetz, BGBl I Nr. 88/2020, see also below)	Introduction of a temporary investment premium of 7 % (for assets purchased between 1 August 2020 and28 February 2021) to provide incentives for investment in fixed assets.

	Municipal Investment Act 2020 (Kommunalinvestitionsgesetz 2020, BGBl Nr. 56/2020, see also below)	Support of municipal investment programs Special-purpose grant to municipalities amounting to 1 bn euro; compared to an earlier program (KIG 2017), the federal grant increases from 175 mn euro to 1.0 bn euro and from 25 % to 50 % of the investment costs. The special-purpose grant is intended for additional investments at municipal level, including in particular Construction, expansion, maintenance and refurbishment of day-care facilities for children and schools, of facilities for the care of the elderly and disabled persons; maintenance and refurbishment of sports and leisure facilities; measures to make the town center more attractive, refurbishment of municipal roads.
Focus investment on the green and digital transition, in particular on basic and applied research, as well as innovation, sustainable transport, clean and efficient production and use of energy;	Investment Premium Act (Investitionsprämiengesetz, BGBl I Nr. 88/2020, see also above)	The Investment Premium Act provides for an increased premium rate of 14 % for goods related to digitization, greening and health/life science. Explicitly excluded are climate-damaging investments.
	Municipal Investment Act 2020 (Kommunalinvestitionsgesetz 2020, BGBl Nr. 56/2020, see also above)	Support of municipal investment programs Special-purpose grant to municipalities amounting to 1 bn euro; compared to an earlier program (KIG 2017), the federal grant increases from 175 mn euro to 1.0 bn euro and from 25 % to 50 % of the investment costs. The special-purpose grant is intended for additional investments at municipal level, including in particular Public transport; internal settlement development; construction of renewable energy generation plants (e.g. photovoltaic plants), plants for the implementation of recycling management (waste disposal plants and facilities for waste avoidance); water supply and sewage disposal facilities; measures in connection with the area-wide expansion of broadband data networks; charging infrastructure for e-mobility.
	Scientific evaluation of IST Austria 2019, resolution of the federal council of ministers on 16 June 2020	IST-Austria increases the visibility of Austria as a location for first-class basic research and has been able to establish itself as a world-class research institute in physics, chemistry, life sciences, mathematics and computer sciences. The basic principles from the founding period of the Institute are fulfilled by IST-Austria in an exemplary manner and continue to provide guidelines for the growth and further development of the Institute: • World-class basic research • Training the next generation of researchers • Exemplary knowledge management • Role model for science education and technology transfer

	Acute funding SARS-CoV-2 by FWF (Research and Technology Funding Act)	• Immediate support for high quality projects aimed at studying humanitarian crises such as epidemics and pandemics using the example of SARS-CoV-2, thereby helping to better manage possible future humanitarian crises • Contribute to the global exchange of knowledge by making results freely available to the scientific community and society
	Research of medication	Funding of projects to research the efficacy of existing drugs against the coronavirus. Investments to accelerate necessary clinical studies (study-related costs, e.g. personnel or material costs). Provision of additional funds amounting to 23 mn euro. Processing is carried out by FFG (Forschungs-Förderungs-Gesellschaft). As well as the provision of additional funds in the amount of 2 mn euro within the framework of the service agreements for the medical universities for research activities.
	COVID vaccine research (Coalition for Epidemic Preparedness Innovations, CEPI)	Research contribution to COVID-19 vaccine development in the amount of 2 mn euro.
	Broadband expansion, resolution of the federal council of ministers on 16 June 2020	To promote the digital infrastructure, a second broadband billion will be made available.
	Environmental Promotion Act, amendment (BGBl I Nr. 95/2020)	Measures to improve water body structures and increase resistance to the effects of climate change. Provision of funding in the amount of 200 mn euro in the years 2020-2027 (from environmental and water management funds), among other things also to revive the economy which has collapsed due to COVID-19.
	Package of measures to expand public transport, resolution of the federal council of ministers on 29 June 2020	To strengthen public transport measures, additional funds of 300 mn euro are to be secured by 2023 for the expansion of rail passenger transport, investments in regional transport infrastructure and the expansion of regional rail infrastructure.
	Forest Fund Act (Waldfondsgesetz, BGBl I Nr. 91/2020)	350 mn package of measures for the forestry and timber sector, including Research measures on the topic "Wood gas and biofuels" and research facility for the production of wood gas and biofuels; support for timber construction, research measures on the topic "climate-friendly forests
	Implementation of the 123 climate ticket for Austria, resolution of the federal council of ministers on 29 July 2020 (see also below, national Europe 2020-CO2 reduction target)	Shifting mobility to climate-friendly public transport. Introduction of an Austria-wide annual network ticket for 1,095 euro (full price) in the first half of 2021. In a next step, regional network tickets with the federal states are to be implemented. Establishment of a neutral sales platform "ONE mobility".
	Renewable Expansion Act (Erneuerbaren-Ausbau-Gesetz, EAG) legislative package, resolution of the federal council of ministers on 16 September 2020 (see also below, Table 2, national Europe 2020 target for renewable energies)	Creation of a stable legal framework for accelerated expansion of electricity generation from renewable sources. Modernization of the current green electricity regime by adapting it to the EU energy acquis as well as the EU state aid legal framework.
	E-mobility campaign 2020 (see also below, national Europe 2020 target "Reduction of greenhouse gas emissions [-16 %]")	As a contribution to the economic recovery in the Corona crisis, the bonus system was expanded as part of the E-mobility Offensive 2019 and 2020 to promote e-

		vehicles and charging infrastructure for private individuals, businesses and communities. The increased offers of support for electric mobility with renewable energy will be implemented by BMK in cooperation with automobile importers, two-wheelers and sports retailers and will apply to all applications from 1 July 2020 to 31 December 2020 (or as long as budget is available).
CSR **4**		
Make the tax mix more efficient and more supportive to inclusive and sustainable growth;	Flight Ticket tax (amendment of the Air Tax Act; KonStG 2020, BGBl I Nr. 96/2020; Comes into force on 1 September 2020)	Promotion of the use of ecologically more favorable alternatives to air travel by adjusting the flight tax for short and medium-haul flights: uniformly priced flight tax (12 euro s); for short-haul flights (less than 350 km) 30 euro per ticket.

* Decisions following the submission of the Austrian Stability Programme (24 March 2020), the technical update (30 April 2020) and the National Reform Programme (14 April 2020)

Sources: BKA, BMF

Table 15: Targets set by the Union's strategy for growth and jobs

National headline targets for **2020**	List of measures*	Description of direct impact on targets
Employment		
Increase the Employment rate from 77 % to 78 %	New initiatives: Labour Market Service Act, amendment, BGBl I No. 71/2020	Extension of the maximum possible duration of the specialists-scholarship by the duration of the COVID-19 restrictions
	Amendment to Labour Market Policy Financing Act / Labour Market Service Act / Federal Directive on Short-Time Working Allowance (AMS)	Short-time work; avoidance of unemployment as a result of temporary economic difficulties and, as far as possible, maintenance of the workforce. Ensures companies skilled workers and liquidity regardless of industry and company size. Corona short-time work also applies to apprentices. The short-time work allowance is based on the previous net remuneration of employees: • Up to 1,700 euro gross remuneration, the allowance is 90 % of the previous net remuneration • Up to 2,685 euro gross remuneration, the remuneration is 85 % of the previous net remuneration • Starting from 2,685 euro gross remuneration, the remuneration amounts to 80 % of the previous net remuneration • For incomes up to the maximum contribution base, the AMS reimburses the employer for the additional costs incurred in comparison to the actual working hours

		• From October onwards, a new short-time work model can be applied for a maximum of 6 months. The minimum working time will be increased from 10 % to 30 %. However, with the agreement of the social partners, this may be reduced in exceptional cases. The maximum working time is 80 %. As before, employees on short-time work will receive 80 to 90 % of their net income. The actual work performed is still to be paid by the companies. The difference will be paid in full (including ancillary wage costs) by the Public Employment Service (AMS)
	Amendment to the Vocational Training Act, BGBl I No. 18/2020	New target groups are to be addressed in order to mirror the increasing importance of apprenticeship training for the Austrian economy. • Regular structural analyses of job profiles (digitization) • Inter-company apprenticeship training is more strongly oriented towards placement in companies • Parents with childcare obligations should be able to train in reduced daily or weekly working hours
	New start bonus - getting people back into employment, resolution of the federal council of ministers on 27 May 2020	Support for companies that want to restart their operations after the lockdown and for job seekers who want to re-enter the labor market after the COVID-19 crisis. Salary increase for people who voluntarily take a job of at least 20 hours per week. As an initial guideline, 80 % of the net wage before unemployment is applied.
	Corona Work Foundation, on 29 July 2020	Qualification measures for perspectives on the job market for up to 100,000 people: • retraining measures • Scholarship for skilled workers, to cover an increased demand for skilled workers in the care and climate sector and in MINT professions • Upskilling for formally well educated people • Qualification of employees - lower occupational capacity utilization due to the crisis should be used for training and further education
	Corona Work Foundation – Education bonus, resolution of the federal council of ministers on 9 September 2020; resolved in the NR on 23 September 2020	Persons who complete further training and retraining measures for at least 4 months within the framework of the Corona Work Foundation as of October 2020 will receive an education bonus of 4 euro per day in addition to unemployment benefit.
Research & Development		
3.76 % of GDP for research & development	Research Funding Amendment 2020, BGBl I No. 75/2020	The amendment standardizes long-term financing and planning security: • Definition of the central research and research promotion institutions • Introduction of an RTI pact, which in particular defines the strategic priorities of the central institutions in the form of a resolution of the federal government. The conclusion of three-year service and financing agreements with the central research and research promotion institutions
	New call for proposals for the funding program Research Competencies for Industry including Digital Pro Bootcamps:	Tailor-made qualification offers are to support companies in making their skilled workers fit for the future. Through the cooperation between companies and research institutions, the

	• Call for applications for qualification seminars with education bonus from 12 May 2020 to 16 October 2020 • Call for tenders Qualification networks from 12 May 2020 to 15 September 2020 • Announcement Digital Pro Bootcamps from 5 May 2020 to 30 October 2020	contents are prepared in close collaboration with the companies in a practice-oriented manner and according to the qualification requirements.
	Uni-Med-Impulse 2030, resolution of the federal council of ministers on 29 July 2020 (see also above country-specific recommendation no. 1)	Strengthening of university medical research and education in Austria, including • Expansion of medical study places • New professorships or career positions • Improvement of the university building infrastructure with the aim of promoting clinical research, teaching and training of physicians • Focus Public Health, Epidemiology and Infectiology • (Translational) research collaborations: Cooperation with industry and clinical studies • Expansion and investment in a modern medical research infrastructure
Reduction of greenhouse gas emissions		
Reduction of greenhouse gas emissions by 16 %	Consistent implementation of the measures already adopted (cf. National Reform Program 2020) Economy Strengthening (Konjunkturstärkungsgesetz 2020 (KonStG 2020), BGBl I Nr. 96/2020)	Introduction of a flight tax for short-haul flights (less than 350 km) of 30 euro per ticket; for all other flights the tax is 12 euro per ticket, in force from 1 September 2020
	Municipal Investment Act 2020 (Kommunalinvestitionsgesetz 2020, BGBl I Nr. 56/2020, see also above, No. 3)	Support of municipal investment programs Special-purpose grant to municipalities amounting to 1 bn euro; compared to an earlier program (KIG 2017), the federal grant increases from 175 mn euro to 1.0 bn euro and from 25 % to 50 % of the investment costs. The special-purpose grant is intended for additional investments at municipal level, including in particular Public transport; internal settlement development; construction of renewable energy generation plants (e.g. photovoltaic plants), plants for the implementation of recycling management (waste disposal plants and facilities for waste avoidance); water supply and sewage disposal facilities; measures in connection with the area-wide expansion of broadband data networks; charging infrastructure for e-mobility.
	Climate protection billion (Klimaschutzmilliarde), resolution of federal council of ministers on 16 June 2020 Decision of the National Council on 23 September 2020	Prolongation or expansion of existing subsidy programs for environmentally relevant investments by companies and in particular for investments in thermal-energetic renovation and boiler replacement for trade and private individuals: • Increase in the commitment framework for regular environmental funding in Austria (UFI) for 2020 by a further 20 mn euro for the expansion or densification of biogenic local heating networks to a total of 110 mn euro annually

		• Commitment framework for the federal government's renovation offensive including boiler replacement in 2021 and 2022 in the amount of 650 mn euro • Support for low-income households in 2021 and 2022: A total of 100 mn euro will be made available for 2021 and 2022 to cushion increased costs that may arise for low-income households from decarbonization measures (supported by funds from the renovation offensive) • Federal liability framework for energy contracting projects of max. 1 bn euro
	Federal building investment program (Investitionsprogramm Bundesgebäude), resolution of federal council of ministers on 16 June 2020	Public investment in the infrastructure of existing buildings and in the development of new, modern and environmentally friendly buildings.
	Investment programs in climate-friendly innovations & industries, resolution of federal council of ministers on 16 June 2020	Investments with a positive effect on the environment and climate and participation in European research initiatives (e.g. Call Showcase Region Energy, IPCEI Batteries, IPCEI Hydrogen)
	Package of measures to expand public transport, resolution of federal council of ministers on 29 June 2020 (see also CSR Nr. 3 above)	To strengthen public transport measures, additional funds of 300 mn euro are to be attributed by 2023 for the expansion of rail passenger transport, investments in regional transport infrastructure and the expansion of regional rail infrastructure.
	E-mobility offensive 2020 (see also above, CSR 3 above)	As a contribution to the economic recovery in the Corona crisis, the bonus system was expanded as part of the E-mobility Offensive 2019 and 2020 to promote e-vehicles and charging infrastructure for private individuals, businesses and communities. The increased offers of support for electric mobility with renewable energy will be implemented by the BMK in cooperation with automobile importers, two-wheelers and specialist sports retailers and will apply to all applications from 1 July 2020 to 31 December 2020 (or as long as budget is available).
	Implementation of the 123 climate ticket for Austria, resolution of federal council of ministers on 29 July 2020 (see also CSR Nr. 3 above)	Shifting mobility to climate-friendly public transport. Introduction of an Austria-wide annual network ticket for 1,095 euro (full price) in the first half of 2021. In a next step, regional network tickets with the federal states are to be implemented. Establishment of a neutral sales platform "ONE mobility".
Renewable energy		
Increase of the share of renewable energies to 34 %	Consistent implementation of the measures already decided (see National Reform Program 2020, Municipal Investment Act 2020 (KIG 2020, BGBl I Nr. 56/2020, see above, CSR 3)	Support of municipal investment programs Special-purpose grant to municipalities amounting to 1 bn euro; compared to an earlier program (KIG 2017), the federal grant increases from 175 mn euro to 1 bn euro and from 25 % to 50 % of the investment costs. The special-purpose grant is intended for additional investments at municipal level, including in particular Public transport; internal settlement development; construction of renewable energy generation plants (e.g. photovoltaic plants), plants for the implementation of recycling management (waste disposal plants and facilities for waste avoidance); water supply and

		sewage disposal facilities; measures in connection with the area-wide expansion of broadband data networks; charging infrastructure for e-mobility.
	Expansion of renewable energy / one million roofs, resolution of federal council of ministers on 16 June 2020	Expansion of large solar thermal plants, energy community plants, expansion and decarbonization of local and district heating and promotion of small-scale plants.
	Renewable Expansion Act, (Erneuerbaren-Ausbau-Gesetz EAG) legislative package, resolution of federal council of ministers on 16 September 2020 (see also above, CSR Nr. 3)	Establish a stable legal framework for accelerated expansion of electricity generation from renewable sources.
Energy efficency		
Reduction of energy consumption 25.1 million tons of crude oil units	Consistent implementation of the measures already decided (see National Reform Program 2020) See also above, national Europe 2020 target "Reduction of greenhouse gas emissions", especially the additional measures mentioned that lead to an improvement in energy efficiency	
School drop-outs		
Reduce the school drop-out rate to 9.5 %	Goal already achieved. Consistent implementation of the measures already decided (see National Reform Program 2020) 1st COVID-19 Act (1. COVID-19-Gesetz, BGBl I Nr. 12/2020)	Purchase of equipment for schoolchildren to support e-learning (5.5 mn euro; funds come from the crisis management fund)
	School Development Program 2020 (SCHEP 2020) (see also CSR Nr. 2 above), resolution of federal council of ministers on 13 May 2020	This program implements the educational policy principles and targets of the educational reform package 2017, where a regionally equivalent school offer is to be guaranteed and the further development of the school building stock, in addition to the expansion of the IT infrastructure, is also oriented towards energy efficiency and sustainability.
	3rd COVID-Act (3. COVID-19-Gesetz, BGBl I Nr. 23/2020)	Determination of deadlines and regulations across the school year, concerning • Arrangement of additional classes / intensive lessons • Arranging subject-related learning times or supplementary lessons • Regulation for the use of electronic communication for teaching, performance assessment and assessment • Arrangement of location-independent lesson (for school types, schools, school locations, individual classes or groups or parts of these) with or without guided development of teaching material
Tertiary Education		
Increase share of 30 to 34-year-olds with tertiary education to 38 %	Goal already achieved. Consistent implementation of the measures already decided (see National Reform Program 2020).	

	HG Amendment (Novelle Hochschulgesetz) - Further Development of the Universities of Education, resolution of federal council of ministers on 16 June 2020	Strengthening the teacher training colleges as a young tertiary institution, e.g. by • Quality management and quality assurance • New regulation of membership in the University Council based on the regulations of the University Act
	University reform package (Hochschulreformpaket) , resolution of federal council of ministers on 16 June 2020	Qualitative development of the higher education system: • University Quality Assurance Act (Hochschul-Qualitätssicherungsgesetz HS-QSG): Adaptation of the quality assurance procedures for the individual university sectors, inclusion of the universities of teacher education in the HS-QSG, adaptation of the committee structures • Fachhochschule Act - FHG: Introduction of the designation "Fachhochschule" with (institutional) accreditation, further development and simplification of the accreditation requirements • Private University Act (Privathochschulgesetz): Further development of the legal basis and requirements for accreditation, establishment of an internal differentiation in the area of privately (legally) supported university initiatives, expansion of reporting obligations and further development of minimum studying requirements.
Poverty		
Reduce the number of people at risk of poverty by 235,000	Consistent implementation of the measures already decided (see National Reform Program 2020) New initiatives:	
	Unterstützung für Familien in besonderen Notlagen (6th COVID-19 Act, BGBl I No. 28/2020) Support for families in special emergency situations	Altogether 130 mn euro additionally for the family hardship support (Family Burden Equalization Fund - FLAF) thereof: • "Family hardship fund": Support for families affected by unemployment, short-time work or drawing on the hardship fund (self-employed) as a result of the pandemic (100 mn euro) • "Family Crisis Fund": Support for families who were already receiving unemployment benefit or emergency unemployment assistance on the cut-off date of 28 February 2020 (17 mn euro) or for children in families receiving social assistance or minimum income support (13 mn euro). The funds come from the COVID-19 crisis management fund
	Family Burden Equalization Act (Familienlastenausgleichsfonds), amendment	Increase in family allowance in the form of a one-time payment of 360 euro for each child (in addition to the family allowance and the school starting fee in September 2020). The money comes from the COVID-19 crisis management fund.
	3rd COVID-19 Act (3. COVID-19-Gesetz, BGBl I Nr. 23/2020)	Tax exemptions and allowances of bonus payments, which are additionally made due to the COVID 19 crisis, are tax-free up to 3,000 euro in the calendar year 2020.

	Economic Strengthening Act (Konjunkturstärkungsgesetz, KonStG 2020, BGBl I Nr. 96/2020)	Reduction of the first tariff level/entrance tax rate from 25 % to 20 % (retroactively as of 1 January 2020); increase of the social security refund (negative tax) up to 100 euro retroactively as of 1 January 2020.
	Establishment of a COVID-19 school event cancellation hardship fund (COVID-19-Schulveranstaltungesausfall-Härtefonds) part of the 3rd COVID-19 Act (BGBl I Nr.23/2020)	Reduction of the first tariff level/entrance tax rate from 25 % to 20 % (retroactively as of 1 January 2020); increase of the social security refund (negative tax) up to 100 euro retroactively as of 1 January 2020.
	6th COVID-19 Act (6. COVID-19-Gesetz, BGBl I Nr.28/2020)	• Increase of emergency unemployment assistance to the level of unemployment benefit (until December 2020 at the latest) • Extension of eligibility period for family allowance for persons undergoing vocational training
	Change unemployment insurance law (AlVG) (BGBl. I No. 71/2020), resolution of federal council of ministers on 8 July	Recipients of unemployment benefit or emergency unemployment assistance receive a single payment of 450 euro to cover the special needs due to COVID-19.
	4th COVID-19 Act (4. COVID-19-Gesetz, BGBl I Nr. 24/2020)	• Limitation of the legal consequences of rent arrears in apartment leases • Postponing the due date of payments for consumer credit agreements • Limitation of late payment interest and exclusion of collection costs • Extension of fixed-term apartment rental agreements • Postponement of eviction execution
	Amendment to the General Social Insurance Act (ASVG), the Commercial Social Insurance Act (GSVG) and the Farmers Social Insurance Act (BSVG), (BGBl I Nr. 73/2020)	Securing the existence of small-scale agriculture, including • Reduction of the minimum contribution basis in health insurance according to the BSVG to the value in the ASVG and GSVG. • Lowering of the credit percentage for fictitious incomes (fiktives Ausgedinge) in the compensation allowance law from 13% to 10% • Increase in the pension insurance contribution base for children working full-time on the farm up to the age of 27 • Cancellation of the solidarity contribution according to the BSVG in the amount of 0.5 % of the benefit
	Renovation offensive (resolution of the federal council of ministers on 16 June 2020); Draft law on amendment of the Environmental Promotion Act (Umweltförderungsgesetz), decision of the National Council on 23 September 2020 (see also above, CSR Nr. 3)	Necessary investments in decarbonisation measures in the building sector can lead to increased costs for low-income households. A total of 100 mn euro will be made available to support low-income households in 2021 and 2022 in order to cushion the costs.
	Increase in the additional income limit for family allowance, resolution of the federal council of ministers on 9 September 2020; decision of the National Council on 23 September 2020	From the 2020 calendar year, the additional income limit for family allowances will be increased to 15,000 euro. This should create more flexibility for students in terms of additional income.
	COVID-19 risk group regulation	Employees who belong to the COVID-19 risk groups and for whom no protection against infection at work or home office is possible are entitled to exemption from work with continued remuneration (applies until 31 December 2020)

	Introduction of the education bonus, resolution by the federal council of ministers on 9 September 2020 and adopted in Parliament on 23 September 2020 (see also above national Europe 2020 employment target; Corona labour foundation)	Education bonus for people in continuing education and retraining measures within the framework of the Corona Work Foundation (4 euro per day for training courses lasting at least four months)
	Continuation of the special care period; resolution by the federal council of ministers on 9 September 2020	A maximum of 3 weeks between October 2020 and the end of February 2021 in the event of educational institutions being closed, relief for working people with care obligations. Can also be used when looking after people with disabilities and those in need of care.
	Package of measures to secure the jobs of people with disabilities based on the act on employment of handicapped people (Behinderteneinstellungsgesetz, BEinstG).	More and more flexible wage subsidies for employers to support people with disabilities in order to secure jobs: • Job security allowance when using the AMS short-time working model • Increase of job security grants • Bridging allowance
	Staggered pension increase 2021, the federal council of ministers on 29 September 2020	Strengthening the purchasing power of small and medium pensions through staggered pension increases of 3.5 % up to a monthly pension of 1,000 euro, then at a diminishing rate towards 1.5 % up to 1,400 euro, 1.5 % up to 2,333 euro and then a fixed amount of 35 euro

* Decisions following the submission of the Austrian Stability Programme (24 March 2020), the technical update (30 April 2020) and the National Reform Programme (14 April 2020)

Sources: BKA, BMF

Table 16: Comparison of macroeconomic and budgetary forecasts

	2019	2020	2021
			Real GDP growth
WIFO	1.4	-6.8	4.4
European Commission	1.6	-7.1	5.6
OeNB	1.5	-7.2	4.9
IHS	1.4	-6.7	4.7
Austrian Fiscal Advisory Council	-	-	-
			Inflation
WIFO (CPI)	1.5	1.3	1.5
European Commission (HICP)	1.5	0.8	1.2
OeNB (HICP)	1.5	0.8	0.8
IHS (HICP)	1.5	1.4	1.6
Austrian Fiscal Advisory Council	-	-	-
			Unemployment rate
WIFO	4.5	5.4	5.0
European Commission	4.5	5.8	4.9
OeNB	4.5	6.8	5.8
IHS	4.5	5.4	5.3
Austrian Fiscal Advisory Council	-	-	-
			General government net lending/net borrwing
BMF	0.7	-9.5	-6.3
WIFO	0.7	-9.4	-4.7
European Commission	0.7	-6.1	-1.9
OeNB	0.7	-8.9	-3.9
IHS	0.7	-11.7	-6.1
Austrian Fiscal Advisory Council	0.7	-9.4	-3.0
			Gross debt
BMF	70.5	84.0	84.8
WIFO	70.4	84.1	83.0
European Commission	70.4	78.8	75.8
OeNB	70.4	84.4	83.7
IHS	-	-	-
Austrian Fiscal Advisory Council	70.4	82.4	81.8

A direct comparability is not possible due to diverging definitions.

Sources:

BMF, October 2020

WIFO, October 2020

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Figures

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