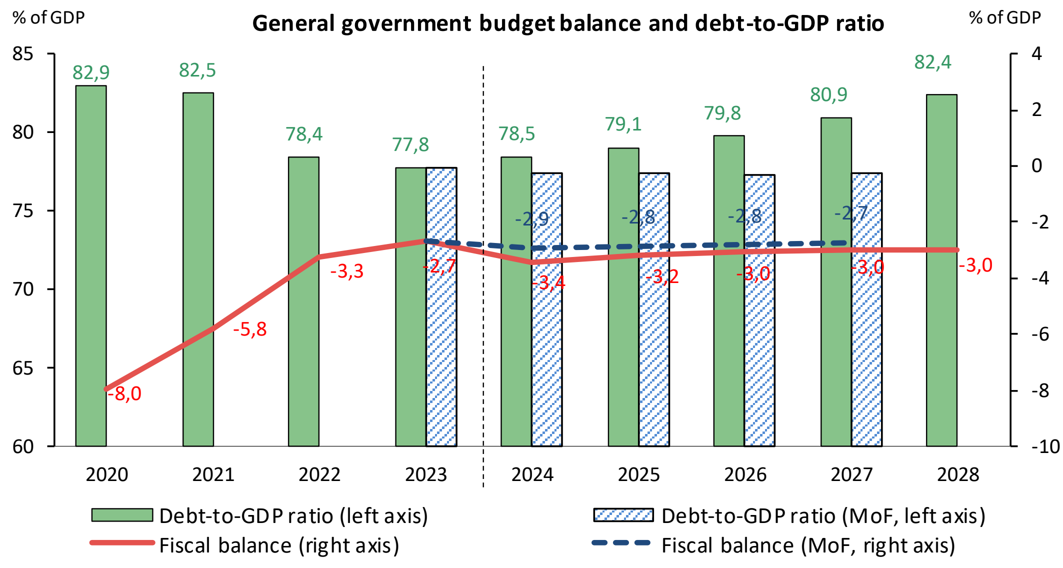
FISKALRAT
Austria

EXECUTIVE SUMMARY, RECOMMENDATIONS AND MAIN RESULTS OF THE FISCAL RULES COMPLIANCE REPORT FOR AUSTRIA FOR 2023 TO 2028 (JUNE 2024)

- In its latest fiscal forecast, the Fiscal Advisory Council expects Austria's general government deficit to increase significantly – to 3.4% of GDP – in 2024.
- The fiscal path for 2024 has so far been characterized by weak economic growth and inflation falling from its very high levels of the previous two years. Government expenditure on welfare benefits and on compensation of employees is rising strongly due to the lagged impact of inflation. At the same time, the pace of revenue growth has been slowing compared to the past few years.
- The budgetary effect of the economic stimulus measures taken during the crisis years of 2020 to 2023 is not easing off noticeably. Together with the 2024 eco-social tax reform, the support measures implemented during the coronavirus and energy crises generated a fiscal effect of EUR 12.1 billion.
- We expect government expenditure to remain high in 2025 to 2028; as a result, the expenditure ratio will drop only slightly until the end of the forecast horizon (from 53.2% of GDP in 2024 to 52.8% of GDP in 2028). The revenue ratio will reach 49.8% in 2024 and is forecast to remain stable until 2028. As a result, the budget deficit will shrink only slightly, according to the Fiscal Advisory Council's forecast, and will not drop below the 3% deficit threshold in the subsequent years.
- The Fiscal Advisory Council expects a significantly higher deficit for the years 2024 to 2028 than the Federal Ministry of Finance, which, in its report on economic and fiscal developments from 2023 to 2027, expects the deficit to stand at 2.9% of GDP in 2024 and to gradually decline to 2.7% of GDP in 2027.
- The Fiscal Advisory Council expects Austria's government debt to increase sharply, to 78.5% of GDP, in 2024. Given the high deficits projected for the subsequent years, the debt ratio will rise consistently to 82.4% of GDP in 2028.
- Deficits of 3% of GDP and more and the associated increase in the debt ratio mean that Austria's budget and debt path will not be in compliance with the Maastricht criteria and the requirements of the EU Stability and Growth Pact.



Source: Statistics Austria, FISK spring forecast 2024 and Stability Programme 2023 to 2027. MoF = Ministry of Finance.

RECOMMENDATIONS FOR CURRENT AND MEDIUM-TERM BUDGET POLICIES

Background: According to the current fiscal forecast of the Fiscal Advisory Council, the general government deficit will increase significantly – to 3.4% of GDP – in 2024. This rise is attributable, in particular, to the weak economic environment, the lagged effect of the high inflation seen in previous years – more specifically, high expenditure on welfare benefits and compensation of employees in the public sector – and slower revenue growth compared to previous years as well as the persistently high budgetary impact of past economic stimulus measures. The budget deficit is expected to shrink only marginally over the medium term. This will go hand in hand with a continuous rise in the government debt ratio, from 78.5% of GDP (2024) to 82.4% of GDP (2028). Contrary to previous years, nominal GDP growth will not suffice to offset the debt-increasing effect of the budget deficits. In sum, the fiscal environment can be characterized as follows:

- Projected breaches of both Maastricht criteria: over the medium term, Austria will remain consistently above the Maastricht deficit cap of 3% of GDP, and the government debt ratio will be rising continuously.
- The deterioration in the debt ratio will negatively affect Austria's rating and refinancing conditions compared to triple-A countries like Germany, Switzerland or Denmark.
- The new EU fiscal framework, which came into effect at the end of April 2024, means that additional consolidation will be necessary for Austria to comply with the new EU fiscal rules.
- Without compensatory measures (either on the revenue or the expenditure side), the abolition of bracket creep and the indexation of certain expenditure categories (e.g. family benefits) to inflation, which was introduced at the same time, will create a significant deficit, which in the past has been temporarily concealed by automatic inflation-related increases in revenues.
- The structural budget deficit is becoming increasingly entrenched because of an increase in expenditure on health, long-term care and pensions given the ongoing ageing of the population, and as a result of the discretionary reduction in revenues (cuts in income and corporate income taxes, abolition of bracket creep in income tax).
- The Federal Ministry of Finance's official budget planning documents do not indicate that the local, regional or central authorities have the objective, or a medium-term strategy, to consolidate the general government deficit and achieve long-term debt sustainability.
- At the moment, there is no fiscal space for economic stimulus that may become necessary in the future, for the creation of budget buffers to prepare for future crises or for future investments to address the numerous economic and social as well as health- and climate-related challenges.
- The climate emergency and demographic change can be expected to generate significant additional financing needs and are therefore posing a substantial risk to the budget.
- The widening of the fiscal sustainability gap due to population ageing, which was reinforced by past ad hoc intervention in the statutory arrangements for automatic increases in pensions, will be accelerated by inflation-related high growth in pension expenditure (which will eat up as much as 15.2% of GDP in 2024).
- There is a need for reform in the health and long-term care system (e.g. eliminating inefficiencies in health care caused by a fragmented system) to help close the fiscal

sustainability gap permanently.

- Steps initially planned to prepare for reforms of responsibilities and structures, for a reform of the tax system (to, inter alia, strengthen the tax autonomy of subnational entities in line with the fiscal sharing agreement) as well as for efficiency-increasing measures for government functions have not yet yielded any results.

Against this background, the Fiscal Advisory Council, on June 12, 2024, adopted the following recommendations:

Reducing structural budget deficits in a timely and sustainable manner to regain fiscal space

- The federal government needs to: develop a comprehensive consolidation plan with both revenue- and expenditure-based measures that takes into account macroeconomic and distributional feedback effects. Empirical analyses indicate that expenditure-related consolidation measures have a more sustainable budgetary impact (Aiginger et al., 2010)[1];
- ensure long-term debt sustainability by reducing structural budget deficits in a sustainable manner, taking into account EU legislation under the Stability and Growth Pact;
- explore and tap into potential for revenues and savings (avoiding undesirable multiple subsidization, reducing deadweight losses, etc.);
- phase out, without delay, temporary crisis-related support measures;
- refrain from adopting measures without providing for compensatory funding, especially in the run-up to the general elections;
- develop and implement targeted climate policies to reduce climate-related risks to the budget that may materialize as costs of non-action (environmental damage, additional health costs, etc.), costs incurred through the purchase of emission certificates or penalties in case of failure to meet emission reduction targets. The choice of climate policies needs to take into account cost efficiency considerations, especially with regard to public infrastructure investments, greening the tax system, carbon pricing, legal requirements, reviewing subsidies for their ecological impact, financing the transformation.

Rebuilding resilience to crisis in an environment that is still marked by uncertainty

- The government needs to: use the necessary reduction in the government debt ratio to gradually create fiscal space and budget buffers, thereby providing for conditions under which future crises can be managed and challenges arising from demographic and digital change and the climate emergency can be addressed;
- strictly adhere to the budget and to prudent spending wherever possible to support the financing of future investments and the creation of budget buffers;
- establish a household income database that can be used by public authorities and refine the criteria for subsidies to businesses to better ensure that public support goes where it is really needed; minimize conflicts between the objectives of subsidies and minimize multiple subsidies, and further enhance transparency among local, regional and central authorities to keep costs low.

1 Aiginger, K., Pitlik, H. and M. Schratzenstaller-Altzinger (2010). Optionen zur Konsolidierung der öffentlichen Haushalte in Österreich. Ausgangslage und Erfolgsbedingungen. WIFO-Monatsberichte 83 (3). 219–232.

Full compliance with the new EU fiscal rules

- The government needs to: integrate a long-term fiscal consolidation plan (with both revenue- and expenditure-based measures) into the national fiscal structure plan, which must comply with the rules of the new EU fiscal framework and be submitted to the European Commission in September 2024;
- adopt the national budgetary framework in line with EU rules in a timely manner when establishing the specific requirements to be fulfilled by central, regional and local authorities, aiming, in particular, at reducing complexity and enhancing steering effects;
- coordinate activities at the central, regional and local government levels regarding reform and investment plans that support sustainable economic growth and sustainable public finances and at the same time can extend the adjustment period, thereby reducing the annual general government consolidation need;
- develop, without delay, transition arrangements for previous instances of noncompliance and associated consolidation requirements on the basis of the 2012 Austrian Stability Act that accumulated until 2019 (before the general escape clause was activated) and those that are arising from the emerging imbalances in the 2024 fiscal year;
- publish the statements of the federal government on the Fiscal Advisory Council's analyses and recommendations in a timely manner, i.e. within two months, in line with EU Directive 2024/1265;
- mandate the EU debt sustainability analysis task force, which is to be established for developing methodological improvements, to also address the question of how to reduce complexity.

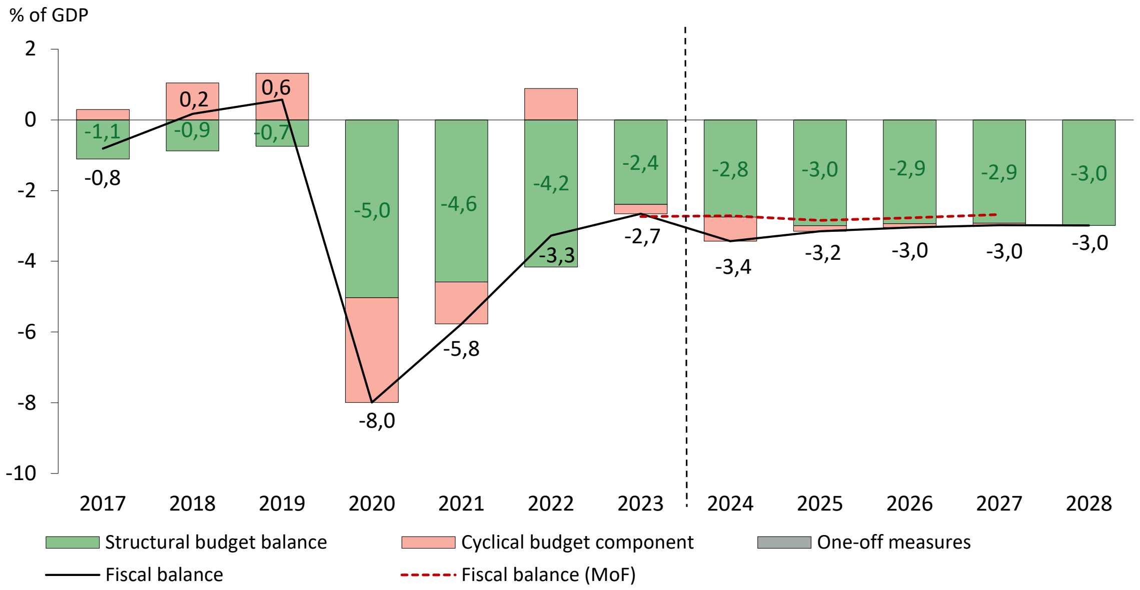
Keeping a lid on demographic-related spending to ensure sustainability in the long run

- The government needs to: press ahead with structural reforms in areas with responsibilities across different levels of government (in particular, education, health care, long-term care) to unlock efficiency potential;
- further increase the effective retirement age through targeted measures aimed at keeping people in employment longer and implement measures to maximize the employment potential;
- refrain from ad hoc legal interventions in the pension system so as to safeguard its sustainability and, as a consequence, the sustainability of public finances;
- improve coordination between central, regional and local authorities to put together adequate needs assessments and development plans for long-term care services and ensure equal service performance and quality standards; an increase in expenditure is unavoidable, therefore a model for orderly and sustainable funding is needed;
- enhance the Austrian health system with the aim of establishing integrated health care services with better coordination in needs assessment, process planning, steering and funding.

MAIN RESULTS

The high general government deficits seen in recent years in the wake of crisis events gradually declined until 2023, to 2.7% of GDP at the last count. For 2024, however, the Fiscal Advisory Council expects a significantly higher deficit of 3.4%. This is due not only to the extension of support measures but also to the lagged value adjustments applicable to social benefits, in particular pensions, while high inflation-related revenue growth from previous years has weakened. The budgetary burden of the inflation-induced increase in government expenditure will continue in subsequent years and will contribute to deficits above the 3% deficit limit until 2028. The small share of the cyclical components in the deficits implies high structural deficits throughout the forecast period and shows that the fiscal policy stance remains highly expansionary (Chart 1). The government debt ratio will already be rising to 78.5% in 2024, as nominal GDP growth is no longer sufficient to offset the debt-increasing effects of deficits, unlike in previous years. By 2028, the debt ratio will be 82.4%, well above the level of 77.8% in 2023 (Table 2).

Chart 1: Austria's structural budget balance and its components from 2017 to 2028



Sources: Statistics Austria, FISK spring forecast 2024 and Stability Programme 2023 to 2027.

Despite a delayed economic recovery, the robust labor market and high negotiated wages are supporting budgetary developments in 2024

The economic recovery expected for 2024 is lagging behind the fall 2023 estimate, which means that real growth is now expected to be subdued at 0.2% this year. However, from 2025 onward, economic activity is expected to recover; this recovery is expected to continue until 2028. These economic developments are being accompanied by high negotiated nominal wages in 2024, which have followed inflation developments, as well as robust employment growth over the entire forecast horizon (compensation of employees in 2024: +8.2%; 2028: +3.0%). This means that wage-related taxes, such as social security contributions, wage taxes and the contributions to the Family Burden Equalization Fund, will continue to rise significantly, with momentum slowing in the following years. Spending on unemployment benefits will increase significantly (+10.9%) in 2024 due to the expected rise in unemployment and the significant wage increases seen in 2023 and 2024. From 2025 onward, expenditure will stagnate, though unemployment will decline. However, there will still be some lagged effects from inflation-induced wage increases.

The subdued growth in gross operating surpluses and in economic activity will lead to a slowdown in the growth of profit-related taxes (corporate tax and assessed income tax). After two years of exceptionally high nominal growth in household consumption expenditure, growth appears to be normalizing in 2024. Nevertheless, growth rates projected until 2028 are well above historical averages. This means that consumption-related taxes, like VAT and other excise taxes, will increase considerably over the forecast horizon, though initial growth momentum will decline.

The high inflation rates recorded in recent years are leading to large expenditure increases, especially in 2024. The largest expenditure increases will be seen for the compensation of employees and cash welfare benefits (combined increase: +EUR 14.4 billion or +1.6% of GDP). They are explained by the inflation rates of the last two years, as in the case of pensions and family benefits. Social transfers in kind, in particular as related to social security spending in the health care sector, are also expected to show lagged effects of high inflation, albeit to a lesser extent. Interest expenditure on government debt will rise to EUR 8.0 billion by 2025, which corresponds to a 43.8% increase compared to 2023. This increase will be dampened only slightly by revenues from investment income tax. The main reason behind this is the projected level of long-term interest rates, which is well above the average interest rate of maturing government bonds from the low interest rate period of recent years. However, interest payments relative to GDP will remain at a historically moderate level of 1.6% until the end of the forecast horizon.

Table 1: Budgetary impact of selected measures

Selected measures (absolute budgetary effect vs. 2019* in EUR billion)	2023	2024	2025	2026	2027	2028
COVID-19-related measures	-3,5	-2,3	-1,6	-0,8	-0,4	-0,3
Eco-social tax reform	-4,4	-6,2	-6,7	-6,5	-6,4	-6,4
Inflation-relief measures	-8,3	-3,7	-0,6	-0,9	-0,9	-0,9
Energy crisis contribution electricity & fossil energy sources	0,3	0,1	0,0	0,0	0,0	0,0
Strategic gas reserve	-0,1	-0,1	0,0	0,0	0,0	0,0
Financial equalization mechanism 2024-2028	0,0	-0,8	-1,2	-1,8	-1,9	-1,9
Economic stimulus package for housing and construction	0,0	-0,4	-0,5	-0,4	-0,2	0,0
Other measures 2023/24	-0,2	-0,9	-1,0	-0,3	-0,2	-0,2
Total	**-16,3**	**-14,2**	**-11,7**	**-10,6**	**-9,9**	**-9,6**
Total (% of GDP)	**-3,4**	**-2,9**	**-2,2**	**-2,0**	**-1,8**	**-1,7**
of which: revenue-based (% of GDP)	-1,5	-1,7	-1,3	-1,1	-1,0	-0,9
of which: expenditure-based (% of GDP)	-1,9	-1,2	-0,9	-0,8	-0,8	-0,8

*) Negative values correspond to a deficit increase. Table only shows measures that had a budgetary impact in 2020 or later.
Source: FISK estimation based on official budget data (e.g. impact assessments).

Crisis management measures continue to have strong budgetary impact in 2024

The prolongation of inflation-related support measures decided at the end of 2023, in particular of the electricity price cap and the suspension of energy taxes, increase the budgetary burden resulting from coronavirus and energy crisis response measures to EUR 5.9 billion in 2024. In 2023, the budgetary burden totaled EUR 11.5 billion. New measures under an economic stimulus package targeted at residential construction and the measures agreed under the new fiscal sharing scheme (e.g. the "future fund") will have a fiscal impact of EUR 1.2 billion in 2024. The fact that profit-related taxes are already being weakened by subdued economic growth is made worse by measures introduced under the eco-social tax reform, such as the cut of the tax rate applicable to the 3rd income tax bracket and the cut in corporate income tax. The Fiscal Advisory Council forecasts that these new measures and the eco-social tax reform will not reach their full budgetary impact until 2025. In the following years, the effect of these measures on the fiscal balance will only slowly fade (Table 1). In addition, 2024 is an election year. Past experience teaches us that we often see additional measures in election years (Box 1). Introducing new measures without providing for compensatory funding would further worsen the budget balance and poses a downside risk to this forecast.

Fiscal Advisory Council forecast much more pessimistic than forecast by the Ministry of Finance

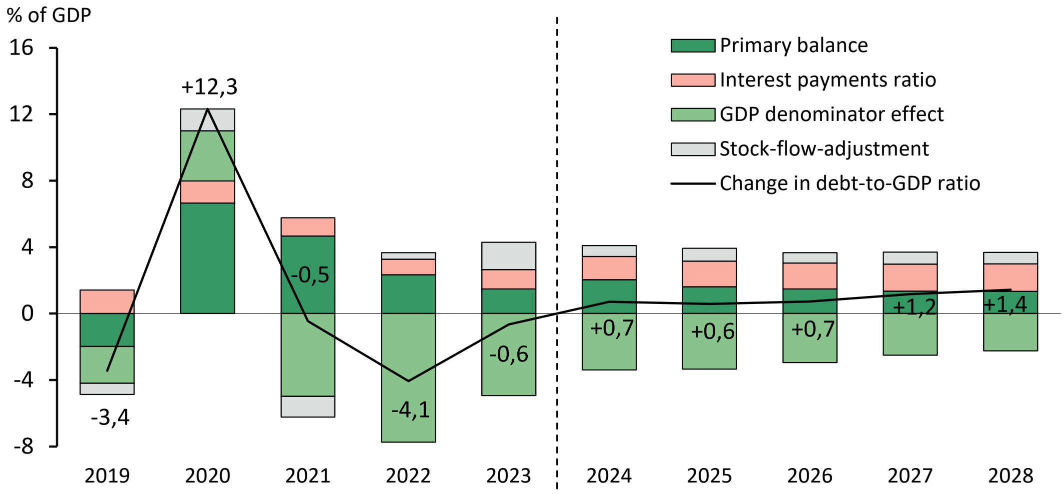
Table 2 also shows the expected path of the fiscal balance in the stability program[2]. The 2024 deficit according to the Fiscal Advisory Council's forecast is 3.4%, significantly above the Ministry of Finance forecast of 2.9%. While the Ministry of Finance consistently expects a smaller deficit below the 3% ceiling, the Fiscal Advisory Council expects deficit ratios of 3.0% and above, also for the years following 2024. The Ministry of Finance expects a higher revenue ratio and a lower expenditure ratio than the Fiscal Advisory Council, already for 2024. The main factors behind the different estimates are higher social contributions and indirect taxes, as projected by the Federal Ministry of Finance, as well as significantly lower spending on social benefits in cash and gross fixed capital formation.

Table 2: Main results of Fiscal Advisory Council spring forecast and the stability program

			FISK spring forecast 2024				
% of GDP	2022	2023	2024	2025	2026	2027	2028
Fiscal balance	**-3,3**	**-2,7**	**-3,4**	**-3,2**	**-3,0**	**-3,0**	**-3,0**
Cyclical budget component	0,9	-0,3	-0,7	-0,2	-0,1	-0,1	0,0
One-off and other temporary measures	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Structural budget balance	**-4,2**	**-2,4**	**-2,8**	**-3,0**	**-2,9**	**-2,9**	**-3,0**
Real GDP (%, year on year)	4,8	-0,8	0,2	1,8	1,4	1,2	1,1
Potential output (%, year on year)	1,1	1,2	0,9	0,9	1,0	0,9	1,0
Output gap	1,6	-0,5	-1,2	-0,3	-0,2	-0,1	0,0
General government debt	**78,4**	**77,8**	**78,5**	**79,1**	**79,8**	**80,9**	**82,4**
Memo: Fiscal balance (MoF)	***-3,3***	***-2,7***	***-2,9***	***-2,8***	***-2,8***	***-2,7***	.
Memo: General government debt (MoF)	***78,4***	***77,8***	***77,5***	***77,4***	***77,4***	***77,4***	.

Source: FISK spring forecast 2024, Stability Programme 2023 to 2027, WIFO and Statistics Austria.

Chart 2: Components contributing to changes in Austria's debt-to-GDP ratio*) from 2019 to 2028



*) - = reduction (+ = increase) of debt-to-GDP ratio.
Source: Statistics Austria, WIFO and FISK spring forecast 2024.

2 In 2024, the Ministry of Finance, in the context of the new fiscal framework, published a report on economic and fiscal developments from 2023 to 2027 instead of a stability program. However, to keep things simple we will keep using the term "stability program" in the present report.

While the difference in the revenue ratio persists in subsequent years, the estimates of the expenditure ratio are converging.

Austria will fail to comply with both Maastricht criteria from 2024 onward

According to the Fiscal Advisory Council's spring forecast, neither the general government fiscal path nor the path of the public debt ratio (those key indicators subject to the "Maastricht criteria") will meet the requirements of the EU's Stability and Growth Pact over the forecast horizon from 2024 to 2028. Similarly, Austria is set to miss the structural budget targets that would start to apply again as of 2024 once the general escape clause has been deactivated. However, the regime change to the EU's new fiscal framework will take place in 2024. This means that, in September 2024, for the first time, Austria will need to present a national fiscal structure plan to the European Commission, which also needs to be approved by the ECOFIN Council. This plan needs to set out requirements for maximum permissible growth in net primary general government expenditure for the years 2025 to 2028. In the Fiscal Advisory Council's assessment, the non-binding reference value of 4.6% for 2024 aimed at limiting net primary expenditure growth will be significantly exceeded.

The national fiscal structure plan forms the basis for specific requirements to be fulfilled at the different levels of government, which still need to be determined in the course of renegotiating the Austrian Stability Pact.

Box 1: Political fiscal cycles in Austria: election sweeteners cause large budget risks

Empirical studies (e. g. de Haan and Klomp, 2013[3] as well as Shi and Svensson, 2006[4]) show that, in the run-up to elections, governments tend to adopt expansionary (stimulating) fiscal policies in order to bait voters. The behavior of Austrian governments observed prior to past elections suggests that such an approach is also conceivable in Austria. In Austria, the associated measures are known as "Wahlzuckerl," which roughly translates as election sweeteners. A systematic presentation of these election sweeteners requires an objective criterion for identifying them as such. Measures are hereinafter referred to as election sweeteners if they were adopted in the calendar year of general elections, and

- were decided on without the coalition partner's votes; or
- were not announced in the government program.[5]

Table 3 shows the budgetary impact of election sweeteners since 2008. The results show that, with the exception of the election year 2008, only measures with permanent (long-term) effects were adopted in the run-up to past general elections. Accordingly, almost all election sweeteners observed since 2008 continue to weigh on the budget balance. So far, the election sweeteners proffered in the run-up to the 2019 general elections have caused the greatest long-term budgetary burden. All in all, election sweeteners dished out since 2008 are putting strain on the 2024 budget balance to the tune of EUR 4.1 billion or 0.8% of GDP. The extent of election sweeteners seen in the past can be used as an indicator for the budgetary risk of new measures in the run-up to general elections. In this context, past election sweeteners show large additional fiscal strain, especially for the year after the respective elections, of

[3] de Haan, J. and J. Klomp (2013). Conditional Political Budget Cycles: A Review of Recent Evidence. Public Choice 157 (3–4). 387–410.

[4] Shi, M. and J. Svensson (2006). Political Budget Cycles: Do They Differ Across Countries and Why? Journal of Public Economics 90 (8–9). 1367–1389.

[5] The criteria chosen are an attempt to objectively show the budgetary impact of election sweeteners. These criteria alone do not make it possible to differentiate between economically necessary or socially useful measures, on the one hand, and less necessary or less useful measures on the other hand. The categorization as election sweetener hence does not imply an assessment of the usefulness of a measure.

between EUR 0.2 billion (2013 general elections) and EUR 1.0 billion (2019 general elections). The budget risk of possible election sweeteners in the run-up to the upcoming general elections in 2024 will therefore primarily affect the years from 2025 onward.

Table 3: Election sweeteners ahead of general elections since 2008

Measures (absolute budgetary impact in EUR billion compared to the year preceding the relevant election*)

EUR million	2008	2009	2013	2014	2017	2018	2019	2020	2021	2022	2023	2024
2008 general elections	**-0,6**	**-0,9**	**-0,9**	**-0,9**	**-0,9**	**-0,9**	**-0,9**	**-0,9**	**-1,0**	**-1,0**	**-1,0**	**-1,1**
Cut in VAT on medication	0,0	-0,3	-0,4	-0,4	-0,4	-0,4	-0,4	-0,4	-0,4	-0,4	-0,5	-0,5
Abolition of university tuition fees	0,0	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2
Introduction of 13th family allowance payment[1]	-0,3	-0,3	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1
Abolition of waiting period preceding pension adjustments[2] and extension of credited contribution periods under early retirement scheme for workers with long employment	0,0	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1
Tax exemptions (travel per diems, overtime pay)	0,0	-0,1	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2
Increase in the pension adjustment for 2009	0,0	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1
Early pension adjustment for 2009	-0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Staggered one-off payment for pensioners	-0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Heating subsidy for pensioners	-0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
2013 general elections			**-0,2**	**-0,2**	**-0,2**	**-0,2**	**-0,2**	**-0,2**	**-0,2**	**-0,2**	**-0,2**	**-0,2**
Commuter allowance reform			-0,1	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2
Other			0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
2017 general elections					**0,0**	**-0,5**	**-0,6**	**-0,6**	**-0,6**	**-0,6**	**-0,6**	**-0,6**
Increase in study allowance					0,0	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1
Pension adjustment for 2018					0,0	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1
Long-term unemployment assistance: abolition of recognition of partner’s income					0,0	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1
Abolition of tax on residential lease agreements					0,0	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1	-0,1
Abolition of fee on terminations of employment contracts					0,0	0,0	0,0	-0,1	-0,1	-0,1	-0,1	-0,1
Other					0,0	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2
2019 general elections							**0,0**	**-1,0**	**-1,5**	**-1,7**	**-1,8**	**-2,2**
Inflation adjustment of long-term care benefits							0,0	0,0	-0,1	-0,1	-0,3	-0,5
Higher tax credits for pensioners							0,0	-0,2	-0,2	-0,2	-0,2	-0,2
Higher tax credits for travel expenses and refunds of social security contributions							0,0	0,0	-0,4	-0,5	-0,5	-0,5
Reduced health insurance contributions for the self-employed and farmers							0,0	-0,1	-0,1	-0,1	-0,1	-0,1
Staggered increase in pension benefits							0,0	-0,4	-0,4	-0,4	-0,4	-0,4
Abolition of deductions from pension benefits after 45 contribution years							0,0	-0,1	-0,2	-0,2	-0,1	-0,1
Abolition of one-year waiting period preceding the first pension adjustment[4]							0,0	0,0	-0,1	-0,1	-0,2	-0,4
Other							0,0	-0,1	-0,1	-0,1	-0,1	-0,1
Total	**-0,6**	**-0,9**	**-1,1**	**-1,1**	**-1,2**	**-1,6**	**-1,8**	**-2,8**	**-3,3**	**-3,5**	**-3,7**	**-4,1**
Permanent	-0,3	-0,9	-1,1	-1,1	-1,2	-1,6	-1,8	-2,8	-3,3	-3,5	-3,7	-4,1
Temporary	-0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

*) Negative values imply a deterioration of the budget balance.

[1]) The 13th family allowance payment was replaced with a start-of-school payment for children aged 6 to 15 in Federal Law Gazette I No. Since 2023, the start-of-school payment has been indexed to inflation as part of the inflation relief package (Federal Law Gazette I No.

[2]) Under the 2011 budget trailer bill (Federal Law Gazette I No. 111/2010), the waiting period was reintroduced as from 2011.

[3]) Previous regulations governing this retirement scheme had only been extended until 2013 in the run-up to the 2008 general elections.

[4]) From 2022 onward, a pro rata allocation of the first pension adjustment was introduced, replacing the previous one-year waiting period (Federal Law Gazette I No. 28/2021). Such allocations were suspended in both 2024 and 2025 (Federal Law Gazette I No. 36/2023).

Source: Estimation by the Austrian Fiscal Advisory Council based on official budget data (e.g. regulatory impact assessment).