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**FEDERAL MINISTRY
OF FINANCE**

Austrian Stability Programme

for the period 2006 to 2010

Federal Ministry of Finance

Vienna, March 2007

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1. Introduction and summary

In accordance with Regulation (EC) No 1466/97, amended by Regulation 1055/2005, Member States are required to submit a stability programme (members of EMU) or a convergence programme (non-members). Austria herewith submits its stability programme for the period 2006 to 2010. The programme's structure reflects the agreements reached by the ECOFIN Council on October 11th, 2005 (Code of Conduct).

The Austrian government is committed to pursuing a sustainable budgetary and financial policy with a balanced budget over the business cycle, ensuring the possibility to react to cyclical weaknesses in an appropriate manner. The central government pays attention to the joint budgetary responsibility of all regional authorities within the terms of the Austrian stability pact. Achieving a balanced budget over the business cycle requires discipline both on the expenditure and the revenue side. Leeway for future tax relief must be earned by prior budgetary discipline. Tax reductions shall not be at the expense of important investments with a positive impact on growth and employment, the Austrian business and research location, social security and other important public tasks.

With regard to its economic policy stance the Austrian government follows a three-pillar strategy:

- Balanced budget over the business cycle
- Promotion of investments in the field of R&D, infrastructure, education and universities as well as social protection for more growth and employment.
- Implementation of structural reforms in the field of public administration, competition policy and labour market in order to achieve savings which can be returned to the Austrian people in the form of a future tax reform.

All potential additional expenditures - with the exception of those agreed in the new Austrian government's programme, are subject to fiscal viability. The figures for public households presented in this stability programme are based on the agreed measures, particularly with regard to the Federal Budgets 2007 and 2008, as well as on a growth forecast until the year 2010. The forecast is based on the medium term outlook for growth by the Austrian Institute of Economic Research (WIFO).

This document can be retrieved from the website of the Austrian Federal Ministry of Finance at: <http://www.bmf.gv.at>

2. The Austrian economy

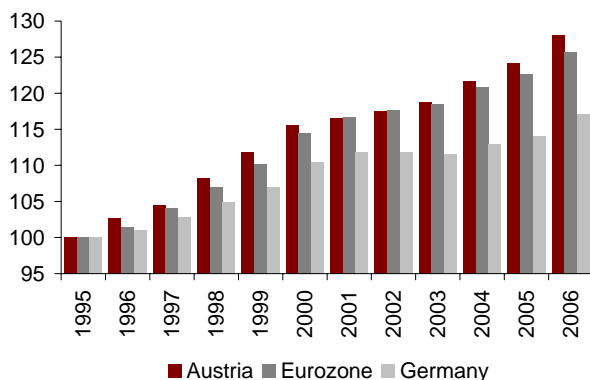
2.1. Economic developments until 2006

In 2006 the Austrian economy saw its highest growth since 2000. Real GDP grew by 3.1% in real and 4.6% in nominal terms. This means that, as in previous years, Austria grew faster than the Eurozone average. Important impulses came from the manufacturing sector which grew by 6.8% in real terms and hence contributed 1.2 percentage points of GDP to total growth. The other drivers of growth were the real estate sector, leasing of machinery and business related services. On the demand side, growth was supported by brisk demand for investment for both equipment and construction.

Figure 1 shows that Austria's growth performance has been better than that of its most important trading partner, Germany, since accession to the European Union. Starting from 2003, Austria also achieved continuously higher growth rates than the Eurozone average. Since 2004 Austria on average grew by 0.5 percentage points faster than the euro countries.

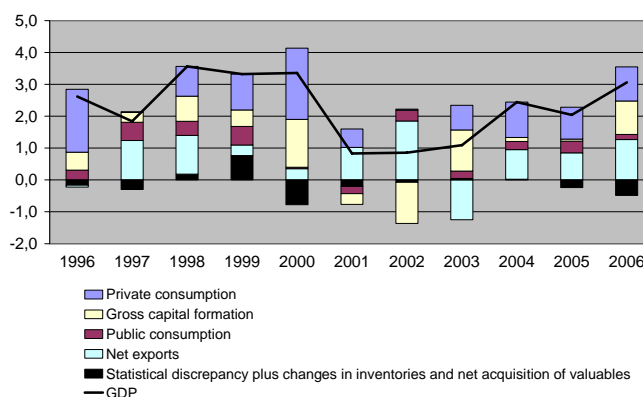
As is illustrated in Figure 2, consumption of private households and net exports have contributed positively to growth since 2004. The contribution of gross fixed capital formation is outstanding in both 2003 (introduction of a temporary investment premium) and 2006.

Figure 1: Growth Austria, Germany and Eurozone since 1995
Development of the real GDP, 1995=100



Source: Statistics Austria, Federal Ministry of Finance, European Commission

Figure 2: Contributions to growth since 1996
in % of GDP



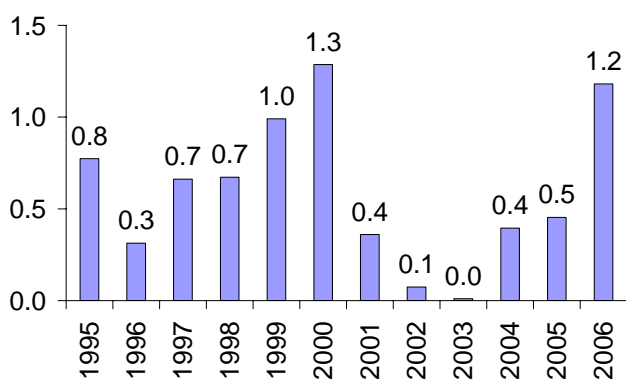
Source: Statistics Austria, Federal Ministry of Finance

Since 2006 growth has become more broadly based, with approximately equal contributions stemming from private consumption, investments and net exports. This is a good starting point for further self-supporting and robust growth.

With an increase of 8.5% in real terms, exports of goods contributed strongly to growth, as they did already in 2004. Since imports grew significantly slower, net exports contributed 1.0 percentage points to GDP (since 2001, the average contribution of net exports to growth has amounted to 0.8 percentage points of GDP). The growth engine of Austrian exports therefore continues to run at full speed. This can also be clearly seen by the contributions of manufacturing (Figure 3) and the increasing degree of openness of the Austrian economy (Figure 4).

Figure 3: Contributions of manufacturing since 1995

(preliminary value for 2006 according to the WIFO December forecast)
in % of GDP



Source: Statistics Austria, WIFO

Figure 4: Openness

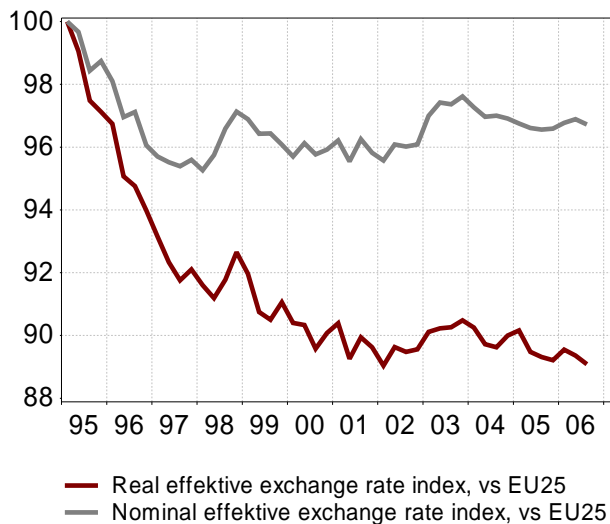
Right Chart: Openness of the Austrian Economy (Exports und Imports in % of GDP)
Left Chart: Exports and Imports in % of GDP



Source: Statistics Austria, WIFO

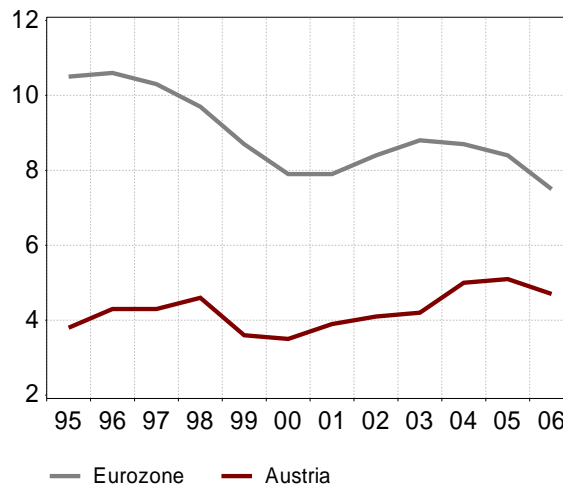
The fact that Austria was able to grow faster than the average of Eurozone members can be explained by the improvement of its external competitiveness (see Figure 5). Since Austria's accession to the European Union in 1995, Austria has depreciated in real effective terms by more than 10% vis-à-vis the other member states. After the introduction of the euro, the real effective exchange rate stabilised and restarted depreciating slightly in 2003. In particular during the most recent years, Austria was able to keep its external competitiveness vis-à-vis Germany, whose real effective exchange rate also fell significantly. This created favourable conditions for an excellent performance of exports. The current account balance switched from an average deficit of approximately 1% of GDP before 1995 into a solid surplus of approximately 1.3% (2005). Austria thus is currently one of the clear beneficiaries of European enlargement and globalisation.

Figure 5: Effective exchange rate
real and nominal, 1995 until 2006
(1. quarter 1995 = 100)



Source: Ecowin

Figure 6: Unemployment rate
Austria and the Eurozone
1995 - 2006, monthly values,
EUROSTAT/ILO-Definition in %



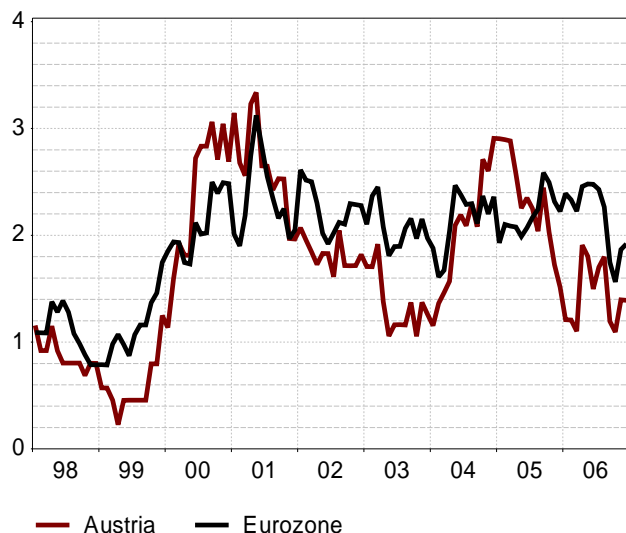
Source: Ecowin; not comparable with the previous data due to a census adjustment in Austria in 2004

The strong growth performance of the economy had positive impacts on the labour market. The number of active employees is rising continuously. In February 2007 3,265,283 economically active persons were counted, an increase of 2.44% year-on-year, or 77,723 in absolute numbers. According to the ILO-classification used by Eurostat, the seasonally adjusted unemployment rate for 2006 amounted to 4.8% (Figure 6). Austria thus ranked fourth in the Eurozone (behind the Netherlands, Ireland and Luxembourg) and fifth in the EU. In 2006 239,174 people were registered as unemployed on average, a reduction by 13,480 persons compared to 2005. Even when taking into account an increase in persons enrolled in training schemes, unemployment has been on a shrinking path since March 2006. Men are benefiting more from the positive dynamics on the labour market than women. This is consistent with the general picture of a robust upswing of the economic cycle which creates in particular full-time jobs in sectors with a high share of male employees. This is particularly true of the construction sector in which building projects could be advanced due to the very favourable weather conditions. Youth unemployment, as well, was positively affected by the very favourable position of the labour market. The number of registered unemployed young people aged 19 or less decreased by 942 year-on-year to 8,980 (2006).

During the last 18 months, the Austrian economy exhibited more price stability than the average. Since the second quarter of 2005, the increase in HICP was continuously lower than in the Eurozone. This impacts positively on the purchasing power of private households and on external competitiveness of domestic companies. Since 1996, the cumulative increase of the Austrian HICP is more than 5% below that of the Eurozone (Figure 7).

Figure 7: Consumer prices

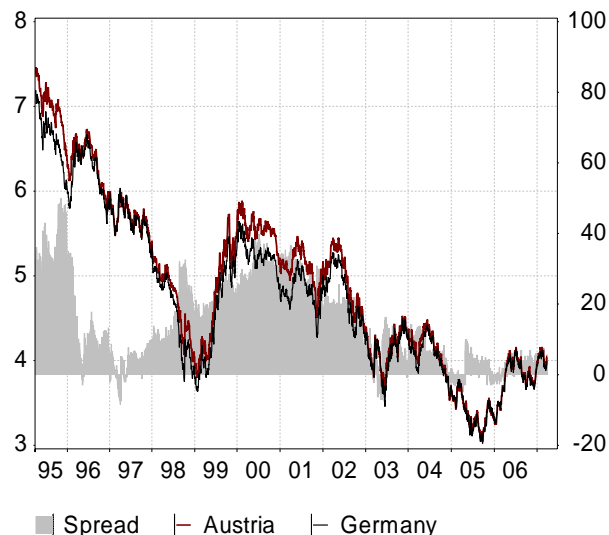
Austria and Eurozone 1998 –2006, monthly values, year on year change in %



Source: Ecwin

Table 8: Long term interest rates

in %, Austria and Germany since 1995 and spread in basis points (right chart)



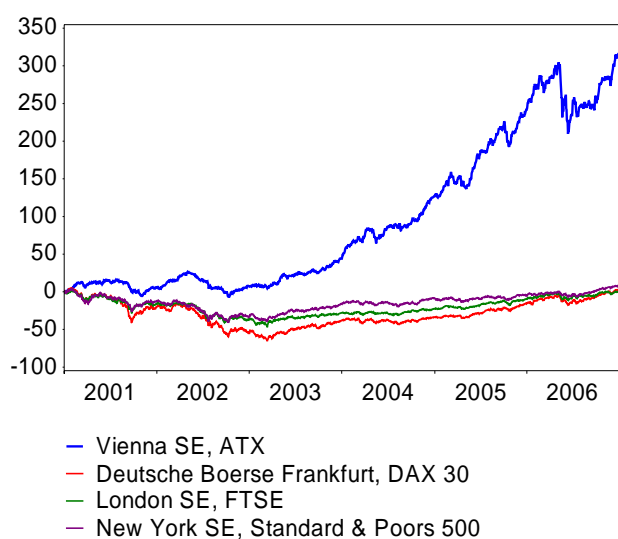
Source: Ecwin

Long term interest rates remain moderate. The average yield of 10 year government bonds fell to a historic low of 3.0% in September 2005. During the recent six months the yield hovered between 3.7% and 4.1%. The European Commission, in its autumn forecast 2006, assumed a level of 4.0% for the German benchmark (German Bunds with a 10 year maturity) for 2007 and a slight increase to 4.2% for 2008. The spread to the German benchmark remained mostly negative during the first quarter of 2006 and moved within a range of +1 and +7 basis points (Figure 8) by year-end.

The Vienna stock market showed an excellent performance during the last years (Figures 9 and 10). The listing of headquarters specialised on business in the new member states, in the former CIS countries and on the Balkans; recent tax reforms favourable to firms, in particular a significant reduction in the corporate income tax rate ; solid profits of Austrian firms; the state-subsidised pension savings scheme as well as measures that promote Austria as a financial market place have all contributed positively to this development.

Table 9: Performance of the financial markets

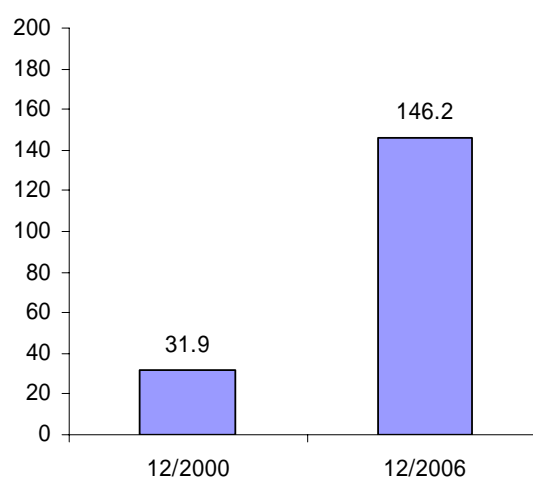
Performance of equity indices since 2001 in %



Source: Ecwin

Table 10: Market capitalisation

in bn. €



Source: Vienna SE

2.2. Economic developments from 2007 to 2010

The strong economic dynamics of 2006 continued during the first months of 2007. According to the most recent projection by the Austrian Institute of Economic Research (WIFO), brisk investment activity will continue in 2007. Investments in equipment may even accelerate relative to 2006, whereas construction investment may see a certain consolidation. For the period from 2007 until 2011, WIFO estimates an average GDP growth rate of 2.5% and a yearly employment growth of 1%. According to WIFO the reasons for this acceleration in the growth path relative to recent years (2000/2006: 1.7% and 1995/2000: 2.9%) are : an improvement in the economic conditions of Austria's main trading partner Germany, the strong inter-linkage of Austria with fast growing Eastern and South-Eastern European economies, a significant improvement in external competitiveness, a further rise in the R&D-ratio and a strong growth of labour supply. WIFO expects the unemployment rate to fall only slowly due to the increase in the labour supply. Wage increases will remain moderate and inflation will remain around 1¾% per annum.

The baseline scenario of the stability programme is based on ESA-data until 2006 provided by Statistics Austria, GDP growth rates for the projection are by WIFO.

Price increases are estimated to remain relatively stable until 2010. With respect to indirect taxes, no tax increases, other than those of gasoline and diesel, are planned which would exceed consumer price inflation. The programme assumes a continuation of the trend of slight improvement of external price competitiveness vis-à-vis other European member states.

It is an official government objective to push the unemployment rate below 4% and raise the participation rate of women above 65% by 2010. To achieve this, a number of measures are envisaged (see chapter 3.2).

Table 1a. Macroeconomic prospects

		2005	2005	2006	2007	2008	2009	2010
	ESA Code	Level in bn. €	Rate of change in %					
1. Real GDP	B1*g	240.6	2.0	3.1	2.7	2.3	2.5	2.6
2. Nominal GDP	B1*g	245.1	3.9	4.6	4.4	4.0	3.9	4.0
Components of real GDP								
3. Private consumption expenditure	P.3	135.3	1.7	1.8	2.1	2.0	2.0	2.0
4. Government consumption expenditure	P.3	43.5	1.9	0.9	1.6	1.6	1.0	0.7
5. Gross fixed capital formation	P.51	49.3	0.3	4.7	4.9	3.4	3.0	2.9
6. Changes in inventories and net acquisition of valuables (in % of GDP)	P.52 + P.53	0.3	-0.2	-0.1	0.1	0.0	0.2	-0.2
7. Exports of goods and services	P.6	129.5	6.4	8.5	7.1	6.2	6.2	6.6
8. Imports of goods and services	P.7	117.5	5.2	6.8	7.7	6.6	6.0	6.0
Contributions to real GDP growth								
9. Final domestic demand			1.4	1.9	2.5	2.2	1.8	2.1
10. Changes in inventories and net acquisition of valuables (in % of GDP)			-0.2	-0.1	0.1	0.0	0.2	-0.2
11. External balance of goods and services	B.11		0.9	1.3	0.1	0.1	0.4	0.7

Positions may not sum up due to rounding errors.

Source: Statistics Austria, WIFO, Federal Ministry of Finance

Table 1b. Price developments

	2005	2006	2007	2008	2009	2010
	Rate of change in %					
1. GDP deflator	1.9	1.3	1.7	1.7	1.2	1.3
2. Private consumption deflator	1.7	1.5	1.6	1.7	1.6	1.8
3. HICP	2.1	1.5	1.6	1.7	1.7	1.8
4. Public consumption deflator	2.2	2.2	1.9	1.9	1.8	1.7
5. Investment deflator	1.9	1.8	2.7	1.9	1.8	2.5
6. Export price deflator (goods and services)	2.7	2.4	1.1	0.7	2.8	2.7
7. Import price deflator (goods and services)	3.4	3.3	1.1	0.7	3.9	3.7

Source: Statistics Austria, WIFO, Federal Ministry of Finance

Table 1c. Labour market developments

	2005	2005	2006	2007	2008	2009	2010
	Level	Rate of change in %					
1. Employment, persons	3,500,403	1.3	1.6	1.3	0.7	0.7	0.7
2. Employment, hours worked (in mio.)	6,885.3	0.8					
3. Unemployment rate (Eurostat definition in %)	207,700	5.2	4.8	4.5	4.2	4.1	3.9
4. Labour productivity, persons	68,745.6	0.8	1.5	1.4	1.6	1.8	1.9
5. Labour productivity, hours worked	34.9	1.2					
6. Compensation of employees (in bn. €)	119.4	2.9	4.6	3.9	3.2	3.4	3.6

Source: Statistics Austria, WIFO, Federal Ministry of Finance

Table 1d. Sectoral balances

% of GDP	ESA Code	2005	2006	2007	2008	2009	2010
1. Net lending/borrowing vis-à-vis the rest of the world	B.9	1.3	1.9	1.8	1.9	1.9	1.9
<i>of which:</i>							
<i>1a. Balance on goods and services</i>							
<i>1b. Balance of primary incomes and transfers</i>							
<i>1c. Capital account</i>							
2. Net lending/borrowing of the private sector	B.9/EDP B.9						
3. Net lending/borrowing of general government	B.9	-1.5	-1.1	-0.9	-0.7	-0.2	0.4
4. Statistical discrepancy		0.0	0.0	0.0	0.0	0.0	0.0

Source: WIFO, Federal Ministry of Finance

3. Economic policy until 2010

3.1. Economic policy strategy, budget policy and medium term budgetary balance

Following its 3-pronged-strategy the Austrian government set the following targets for its economic and budgetary policy:

- Full employment (especially prevention of youth unemployment)
- Modernize Austria as a business location through technological, economic and social innovations
- Improve Austria's competitiveness
- Reach a balanced budget over the business cycle
- Financial sustainability of the social welfare system
- Gender equality in opportunities
- Increase efficiency of public administration
- Foster future-oriented public spending

The following chapter lays down the specific policy measures as agreed at the Government Retreat in early March 2007.

3.2. Public households from 2007 to 2010

Following the recommendations and targets of the Lisbon-Agenda, the Austrian government puts particular emphasis on more "growth and employment for Austria". For the legislative period up to 2010 it agreed upon seven main priority areas:

1. Austria as a central location for research, development and knowledge

Over the last years private and public R&D-spending has increased significantly, reaching 6.24 bn. € (2.43% of GDP) in 2006. This exceeds the EU average and roughly corresponds to the OECD average. Until 2010 an additional 800 million € of public funds will be channelled into R&D-spending. The total R&D-spending-rate shall reach 3% of GDP by 2010, of which 1/3 will be financed publicly and 2/3 privately. Additional contributions comprise funds by the National Trust, and 295 million € financed out of the "growth funds", as well as indirect support measures (like taxation).

Policy targets a structural change of the economy towards knowledge-based products and services, more internationally oriented research institutions, fostering excellence and headquarter strategies, and more women working in research and development. A modern research infrastructure as well as excellent research clusters should contribute to making Austria an attractive location for R&D and should help to spread new technologies to businesses in Austria. Equally important is the efficient and effective use of funds through an

enhanced use of management tools like portfolio-analysis, bundling and clustering and priority-programs. Existing barriers to researchers' mobility will be removed and 1,000 additional jobs for researchers will be created in universities.

2. Sustainable growth: climate protection, energy and environmental technologies

A broad array of measures shall help to secure affordable and environmentally friendly energy for both households and firms in the medium and long run: higher energy security, national production, more diversified energy sources (nuclear power not being a viable option) and increased competition on a European level. In addition to attaining a significantly higher degree of efficiency in energy production and use, the share of renewable energy should increase from today's 22% (already exceeding the EU-wide target) to 45%. Austria's internationally leading role in certain areas of energy and environmental technology should be strengthened further. A climate and energy fund of 500 million € will encourage the development of innovative energy technologies, their market penetration and diffusion. In order to reach the Kyoto-targets national environmental subsidies and JI/CDM-program funds will be increased by additional 10 million € in both 2007 and 2008 (compared to the year before).

3. Investing more in infrastructure:

The timely completion of all investment projects listed in the ÖBB and the ASFINAG 6-year-framework-programme with a total financing volume of 10.5 bn. € until 2010 (6 bn. € for railways and 4.5% for roads) is of utmost priority. Important investments in waterways and flood protection will help deal with future transport challenges as well as with current bottlenecks in the transport infrastructure (especially to Austria's Central and Eastern European neighbours). Planning processes of infrastructure projects in rail, road and energy networks will be shortened and facilitated.

4. Internationalizing Austria's economy, promoting SME and improving Austria's business environment

As a small open economy Austria benefited significantly from international trade and economic integration during the last years. Austrian foreign direct investment (FDI) increased by an average of 20% annually up to 57.8 bn. € (roughly 25% of GDP). During the same time FDI stocks in Austria increased to 53 bn. € in total. Exports increased by 12.7% to 106.8 bn. € in 2006. The Austrian government's internationalization strategy "go international" has successfully supported Austrian exports since 2003 and will be continued until 2010.

An attractive taxation system and an excellent business environment for both manufacturing and the rapidly growing service sector play a key role in securing Austria's position as a location for international headquarters and lead companies. Barriers to competition, for example in the liberal professions, shall be further reduced and regulation to strengthen competition shall be improved. Weekly maximum shop opening hours shall be extended to 72 hours in 2008 (but without easing restrictions on Sunday closing. The government plans to lower administrative costs for businesses (arising from information obligations) by 25% by 2010, as well as to further streamline administrative processes (e.g. one-stop-shops). Framework conditions for the Austrian capital market shall be improved even further to support the ongoing expansion of Austrian businesses in Central and Eastern European countries.

In 2006 the government enacted several measures to lower the tax burden on SME by 190 million €. The package comprises 1) a tax exemption for profits invested in the company, 2) tax deductibility of losses of the three previous years for enterprises using cash-basis-accounting, starting from 2007, 3) in the field of VAT legislation raising the lower limit for small companies from 22,000 to 30,000 Euro. Additional measures and a further reduction of administrative burden for SME complement the above mentioned measures.

5. "Good work"-initiative

The Austrian government aims to achieve full employment and to reduce the unemployment rate by 25% to below 4% by 2010. The focus will be on the following areas:

- to significantly increase labour flexibility: extending daily and weekly normal (up to 10 hours) and peak working hours (12/60), while at the same time taking into account flexicurity
- a qualification campaign targeting specific groups (e.g. youth, women, elderly, migrants): 930 million € additional funds for active labour market policy will be available over the next years, 2/3 of them ear-marked for qualification
- improving dual education (by extending the "Blum-Bonus" among others)
- improving compatibility of work and family life: increasing the number and flexibility of child-care facilities, supporting re-entry into the labour market and a more flexible use of financial child-care support (higher amount – shorter time-frame)
- securing an adequate supply of skilled employees for Austria's economy and preventing scarcity of skilled personnel
- better health protection and accident prevention at the work-place
- intensifying the fight against illegal work

6. Turning social protection into a productive force

Social stability has a positive impact on growth: it increases trust in the economy and in institutions, reduces economic insecurity and has a positive impact on consumption as well as on the willingness to invest and to take risks. The envisaged introduction of needs-oriented minimum protection schemes in the pension, social security and social welfare systems are expected to effectively combat poverty and social exclusion. Reforms are planned in the area of long term care insurance, in particular with a view to transform currently undeclared work into official employment, but also to improve the social security coverage of relatives involved in long-term care and to upgrade qualifications of people with disabilities.

Minimum pensions were increased to 726 € a month (14 times a year) at the beginning of 2007. 118 million € in 2007 and 2008 are earmarked for this purpose. In 2007 and 2008 there will be a total of 185 and 260 million € additionally spent for social protection.

7. Improving education and training

In addition to improving tertiary education and to strengthen research institutions the Austrian government will take the following measures:

- improve pre-school education, especially for children with an immigrant background
- begin to reduce class sizes (down to a maximum of 25 children, starting with 2007/2008) and increase day care availability in schools
- guarantee education or training for all below eighteen-years-old
- developing a life-long-learning strategy

50 and 145 million € will additionally be spent on education in 2007 and 2008. University funding will be increased by 172 and 197 million € in 2007 and 2008 compared to 2006 figures.

The federal government aims to economize on personnel and discretionary expenditures. Government employment shall be continuously reduced through limiting and carefully managing replacement in the public service. Established posts will be reduced by 833 in 2007 and 631 in 2008, altogether by 1,464. As in previous years, potential wage adjustments are not budgeted for 2008. In addition, the growth of spending on extra benefits shall be slowed down. The envisaged cut in personnel spending requires better management of existing and remaining resources. The federal government therefore plans to establish a central coordination unit responsible for personnel placement in all federal government institutions. The already ongoing administrative reform will be extended by additional projects in the ministries themselves (eGovernment).

Policy measures enacted in previous years still have a dampening impact on overall government spending, partly gaining momentum over the program period. Pension and labour market reforms should lead to significant savings. The budgetary impacts of previous competitiveness and growth policy packages will ease from 2007 on.

It needs to be mentioned that public expenditures from 2007-2009 comprise one-off measures according to Maastricht rules of military aircraft purchases. Thus during those years actual expenditures exceed structural ones. This needs to be taken into account when calculating the structural balance (see table 4).

In total, structural savings will amount to roughly 0.5% of GDP until 2010, while savings on interest payments will amount to 0.3% of GDP.

The currently favourable economic climate supports budget consolidation through higher tax revenues and lower social security spending.

Table 2a. General government budgetary prospects

		2006	2006	2007	2008	2009	2010
	ESA Code	Level in bn. €	% of GDP				
	EDP B.9		Net lending by sub-sector				
1. General government	S.13	-2.8	-1.1	-0.9	-0.7	-0.2	0.4
2. Central government	S.1311	-3.8	-1.5	-1.3	-1.2	-0.7	-0.1
3. State government (excl. Vienna)	S.1312	0.6	0.2	0.2	0.3	0.3	0.3
4. Local government (incl. Vienna)	S.1313	0.5	0.2	0.2	0.2	0.2	0.2
5. Social security funds	S.1314	-0.1	0.0	0.0	0.0	0.0	0.0
General government							
6. Total revenue		122.8	47.9	47.6	47.4	47.1	47.0
7. Total expenditure		125.9	49.1	48.6	48.2	47.4	46.7
8. Net lending/borrowing	EDP B.9	-2.8	-1.1	-0.9	-0.7	-0.2	0.4
9. Interest expenditure (incl. FISIM)	EDP D.41	7.6	3.0	2.9	2.8	2.8	2.7
pm: 9a. FISIM		0.4	0.2	0.1	0.1	0.1	0.1
10. Primary balance		4.7	1.9	2.0	2.1	2.6	3.1
Selected components of revenue							
11. Total taxes		69.7	27.2	27.1	27.0	27.0	26.9
11a. Taxes on production and imports	D.2	36.4	14.2	14.1	13.9	13.8	13.7
11b. Current taxes on income and wealth	D.5	33.2	12.9	13.0	13.1	13.1	13.2
11c. Capital taxes	D.91	0.1	0.1	0.1	0.1	0.0	0.0
12. Social contributions	D.61	40.6	15.8	15.7	15.6	15.6	15.5
13. Property income	D.4	3.5	1.4	1.3	1.3	1.2	1.2
14. Other		9.0	3.5	3.5	3.4	3.4	3.4
15. Total revenue		122.8	47.9	47.6	47.4	47.1	47.0
Selected components of expenditure							
16. Collective consumption	P.32	17.7	6.9	6.8	6.7	6.8	6.8
17. Total social transfers	D.62 + D.63	75.3	29.4	29.1	28.9	28.8	28.6
17a. Social transfers in kind	P.31=D.63	28.2	11.0	10.9	10.9	10.9	10.9
17b. Social transfers other than in kind	D.62	47.1	18.4	18.2	18.0	17.9	17.7
18. Interest expenditure (incl. FISIM)		7.6	3.0	2.9	2.8	2.8	2.7
19. Subsidies	D.3	7.5	2.9	2.9	2.9	2.9	2.9
20. Gross fixed capital formation	P.51	2.9	1.1	1.1	1.1	1.1	1.1
21. Other		15.0	5.9	5.7	5.7	5.1	4.7
22. Total expenditure		125.9	49.1	48.6	48.2	47.4	46.7

Positions may not sum up due to rounding errors.

Source: WIFO, Federal Ministry of Finance

Table 2b. Additional budgetary effects compared to 2006

in mio. €, change compared to 2006	2007	2008	2009	2010
Central government				
1. Growth programme	517	822	1.112	1.342
<i>of which:</i>				
1a. R&D	50	100	250	400
1b. Education	50	145	180	200
1c. Social protection	185	260	340	400
1d. Infrastructure	60	120	120	120
1e. Universities	172	197	222	222
2. Military aircraft ¹⁾	403	983	218	65
3. Tax measures	110	-50	-50	-50
<i>of which:</i>				
3a. SME-package	190	190	190	190
3b. Increase of the petroleum tax	-80	-240	-240	-240
4. Savings	-813	-1.507	-1.667	-2.057
<i>of which:</i>				
4a. Administrative reform (incl. reduction of the discretionary expenditures)	-260	-380	-380	-400
4b. Ending of the investment bonus	-238	-238	-238	-238
4c. Ending of the indexation of configurable discretionary expenditures	-132	-264	-264	-264
4d. Effects of the pension reform	-113	-225	-315	-405
4e. Reduction of the unemployment rate	-70	-400	-470	-750
Central government (total)	217	248	-387	-700
State and local governments				
1. Savings, Administrative reform	-50	-150	-250	-350
Social security funds	-50	-170	-250	-310
1. Savings and increase in efficiency	-50	-50	-100	-160
2. Increase of contributions	0	-120	-150	-150
Measures (total)	117	-72	-887	-1360
of which: one-off measures (military aircraft)	403	983	218	65
Effects on the structural deficit	-286	-1.055	-1.105	-1.425
in % of GDP	-0,1	-0,4	-0,4	-0,5

Source: Federal Ministry of Finance

1) Maastricht-expenditures (procurement costs incl. other costs)

2) According to the Federal Budget proposals 2007/08; the additional increase in the petroleum tax on 21 March 2007 will be budget-neutral.

3.3. Evolution of general government debt

On December 31, 2006 general government debt amounted to 155.3 bn. € or 63.4% of GDP. This figure was forecast in the last stability programme. The debt path in Table 3 rests on moderate assumptions about the further evolution of the budget. No further privatisation revenues were budgeted until 2010. Because of the lower than expected budget deficit and a higher nominal GDP the debt ratio decreased to 62.2% of GDP in 2006, which is about one percentage point lower than expected in the last programme (November 2005). By 2008 the debt ratio should

drop below the Maastricht reference value of 60% of GDP and by 2010 a further reduction to 56.8% of GDP is expected.

Table 3. General government debt development

% of GDP	2006	2007	2008	2009	2010
1. Gross debt	62.2	61.2	59.9	58.5	56.8
2. Change in gross debt ratio	-1.2	-1.0	-1.3	-1.4	-1.6
Contributions to changes in gross debt					
3. Primary balance	1.9	2.0	2.1	2.6	3.1
4. Interest expenditure (incl. FISIM)	3.0	2.9	2.8	2.8	2.7
5. Stock-flow adjustment	0.5	0.7	0.3	0.6	1.0
p.m. implicit interest rate on debt	4.8	4.7	4.7	4.7	4.7

Source: Statistics Austria, Federal Ministry of Finance

3.4. Business cycle and budget from 2006 to 2010

The medium term projections of the Austrian Institute of Economic Research based on the EU method of calculating potential growth assume that the output gap will close in 2007 and open again in 2010. The cyclically adjusted balance and the structural balance will deviate from each other, especially in 2007 and 2008, because of the purchase of military aircraft. Between 2006 and 2010 the structural balance will improve by 0.9%, one third of which are due to lower interest payments. In 2009 an almost balanced structural balance is expected. If the consolidation targets are achieved, a tax reform is planned for 2010.

Table 4. Cyclical developments

in % of GDP	ESA Code	2006	2007	2008	2009	2010
1. Real GDP growth (%)		3.1	2.7	2.3	2.5	2.6
2. Net lending of general government	EDP B.9	-1.1	-0.9	-0.7	-0.2	0.4
3. Interest expenditure (incl. FISIM)	EDPD.41	3.0	2.9	2.8	2.8	2.7
4. Potential GDP growth (%)		2.0	2.2	2.3	2.3	2.2
<i>contributions:</i>						
- labour		0.2	0.3	0.3	0.2	0.2
- capital		0.8	0.8	0.8	0.8	0.8
- total factor productivity		1.0	1.1	1.1	1.2	1.2
5. Output gap		-0.3	0.1	0.2	0.4	0.8
6. Cyclical budgetary component		-0.2	0.1	0.1	0.2	0.4
7. Cyclically adjusted balance		-0.9	-1.0	-0.8	-0.4	0.0
7a. Structural balance		-0.9	-0.8	-0.4	-0.3	0.0
8. Structural primary balance		2.0	2.1	2.4	2.4	2.7
8a. Cyclically adjusted primary balance		2.0	1.9	2.0	2.4	2.7

Positions may not sum up due to rounding errors.

Source: Statistics Austria, WIFO, Federal Ministry of Finance

4. Sensitivity analysis and comparison with the previous update

4.1. Comparison with the previous update

The general government budget deficit for 2005 amounted to 3.7 billion €; it was around 1 bn. € lower than expected in the update of November 2005, due to higher corporate tax revenues. Lowering the statutory corporate tax rate (from 34% to 25%) did not lead to the expected revenue shortfall as significantly higher profits were realized. In 2006 the preliminary budgetary outcome was even more distinctly above the expectations of the last update. The better than expected budgetary outcome of 2006 was mainly due to the higher than expected economic growth rate and stronger than expected employment growth.

During the implementation of the 2006 federal budget higher than planned expenditures were overcompensated by higher than planned revenues. The deficit of the central government in 2006 was significantly lower than expected and improved from a planned deficit of 5.6 bn. to 3.8 bn. €. For the general government the improvement was not as strong, as the lower levels of government (state and local governments) were not able to improve their budgetary balance as of the end of February 2007. Furthermore, the social security funds will report a deficit of around 100 million € for the year 2006. The general government deficit (Maastricht definition) thus improved only by 0.9 bn. € to around 2.8 bn. €.

The strong tax revenues in the years 2005 and 2006 contributed to a slower than expected decline of the tax ratio.

Table 5. Comparison with the previous update

	ESA Code	2004	2005	2006	2007	2008
Real GDP growth (%)						
SP 2005		2.4	1.7	1.8	2.4	2.5
SP 2006		2.4	2.0	3.1	2.7	2.3
<i>Difference¹⁾</i>		0.0	0.3	1.3	0.3	-0.2
General government net lending (% of GDP)	EDP B.9					
SP 2005		-1.0	-1.9	-1.7	-0.8	0.0
SP 2006		-1.2	-1.5	-1.1	-0.9	-0.7
<i>Difference¹⁾</i>		-0.2	0.4	0.6	-0.1	-0.7
General government gross debt (% of GDP)						
SP 2005		63.6	63.4	63.1	61.6	59.5
SP 2006		63.8	63.4	62.2	61.2	59.9
<i>Difference²⁾</i>		0.2	0.0	-0.9	-0.4	0.4

1) A positive sign denotes an improvement.

2) A positive sign denotes a deterioration.

Source: Statistics Austria, WIFO, Federal Ministry of Finance

Table 5 shows that in the years 2005 and 2006 higher growth rates and lower budget deficits were achieved in comparison with the last update. For the years 2005 and 2006 a cumulative increase in the real GDP growth rate by 1.6 percentage points and an improvement of the budgetary balance by 1 percentage point were achieved.

4.2. Sensitivity of baseline scenario to exogenous shocks

The Austrian economy proved very resilient to price shocks during the period of strongly increasing commodity prices in 2005 and 2006, with the oil price reaching historic highs. This "third oil shock" has not remotely led to the severe consequences of the previous oil price shocks. Especially second round effects, the pass-through-effect of commodity price increases to inflation acting as a tax on consumption, have not occurred. The absence of second round effects can be interpreted as an indicator that the product and labour market reforms of the last years have contributed to a significantly higher flexibility and resilience of markets. The improving shock resistance and the absence of second round effects has enabled the ECB to keep the interest rate at historically low levels. Austria was especially stable within the stability-oriented eurozone. The social partners play a special role in preserving price competitiveness of the ever more export oriented Austrian economy, which could be a benchmark for other countries which have not yet achieved a satisfactory inflation level.

The risks to the medium-term developments described in chapter 2.2. are fairly balanced. Domestic demand should remain stable, the performance of profits creates room for manoeuvre for even stronger investment growth, and the high savings rate of private households leaves some room for more private consumption. Direct demand effects of a possible equity market correction should also prove moderate. Negative risks could primarily evolve from external shocks. The world trade system, the euro/dollar-exchange rate and the oil price are the most important risk factors. Traditionally the Austrian economy is relatively immune against interest rate shocks and has shown high real wage flexibility with positive competitiveness effects in the past.

Against this background the effects of different exogenous growth and price shocks to the macroeconomic scenario and the budgetary balance have been analysed.

In the first scenario a further significant price increase of imported commodities was assumed. Similar to what had been observed in the last years a significant increase of import prices (relative to the historical development) in the year 2008 by 2 percentage points (change of import prices in percent from 1.0 to 3.0) was assumed. As a result, the general price level (measured by the consumer price index) in Austria in the year 2008 increases to slightly over 2% and declines to under 2% from 2009 on. Monetary policy reacts with monetary tightening leading to an increase in the long-term yield of government bonds by 100 basis points. As a consequence interest expenditures for the existing debt stock increase significantly. Budget balance will be achieved only in the last programme year, and the debt ratio would decline below the Maastricht reference value only in 2010.

The second scenario describes the effects on the budget and debt ratios with respect to positive growth risks in the export sector. It is assumed that the Austrian export sector can increase its market share more strongly. This is simulated by the market growth rate to be higher by 0.5 percentage points relative to the baseline scenario. The simulation takes into account that such higher exports only gradually contribute to higher tax revenues. Therefore a relatively small improvement of the budgetary balance is observed for the years 2008 till 2010, in spite of the fact that nominal GDP 2010 is almost 1% higher than in the baseline scenario.

In the third scenario the potential effects of a decline in the Austrian export competitiveness on public finances are described. The growth losses are symmetric to the scenario with higher

export growth. However, the budgetary balance and the debt ratio react significantly stronger in the negative scenario. The development of the debt ratio is located approximately at half distance between the baseline scenario and the scenario with the significant increase in import prices.

Table 6. Economic growth and public finances in 3 scenarios

	2007	2008	2009	2010
Baseline scenario				
GDP, nominal, in bn. €	267.7	278.4	289.3	300.9
GDP, real, rate of change in %	2.7	2.3	2.5	2.6
Net lending/borrowing in % of GDP	-0.9	-0.7	-0.2	0.4
Gross debt in % of GDP	61.2	59.9	58.5	56.8
Scenario 1 - Oil price shock				
GDP, nominal, in bn. €	267.7	275.7	286.2	298.7
GDP, real, rate of change in %	2.7	1.2	2.1	2.9
Growth differential, real		-1.1	-0.4	0.3
Net lending/borrowing in % of GDP	-0.9	-1.2	-0.9	-0.2
Gross debt in % of GDP	61.2	61.0	60.3	58.9
Scenario 2 - High export growth				
GDP, nominal, in bn. €	267.7	279.0	290.9	303.5
GDP, real, rate of change in %	2.7	2.5	2.8	2.9
Growth differential, real		0.2	0.3	0.3
Net lending/borrowing in % of GDP	-0.9	-0.7	-0.1	0.6
Gross debt in % of GDP	61.2	59.7	58.0	56.0
Scenario 3 - Low export growth				
GDP, nominal, in bn. €	267.7	277.8	287.7	298.3
GDP, real, rate of change in %	2.7	2.1	2.2	2.3
Growth differential, real		-0.2	-0.3	-0.3
Net lending/borrowing in % of GDP	-0.9	-0.8	-0.5	0.0
Gross debt in % of GDP	61.2	60.1	59.2	58.1

Positions may not sum up due to rounding errors.

Source: Statistics Austria, WIFO, Federal Ministry of Finance

5. Quality of public finances

5.1. Health reforms from 2005 to 2010

The following measures of the health reform were already implemented in 2005 and 2006:

- Establishment of a Federal Health Agency and 9 regional Health Funds as instruments for joint planning, controlling and coordinated funding of the health care system. The main actors and financiers of the Austrian health care system are represented in these institutions.
- Agreement on the Austrian Structural Plan for Health (ÖSG) which serves as a framework for the planning of services supply

The following measures of the Health Reform 2005 are planned for 2007 and 2008:

- Joint pilot projects that enable integrated planning, implementation and funding of specialist treatment in the field of outpatient clinics as well as private practices.
- Further development and extension of the ÖSG to include more sectors of the health care system.

In addition to the savings amounting to 300 million € until 2008 that were agreed within the framework of the health care reform of 2005, further savings amounting to 100 million € until 2010 were agreed in the government programme of 11 January 2007. Contingent on the realization of these savings, social contributions will be raised by 0.15 percentage points.

5.2. Better regulation

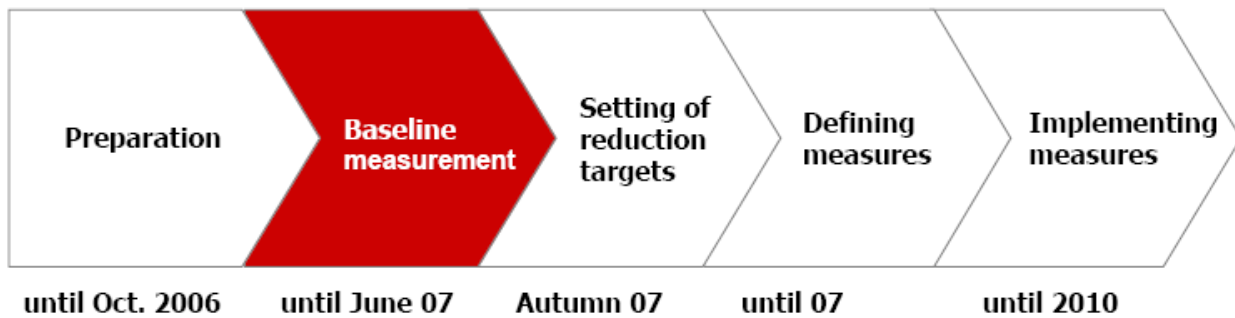
The Austrian Government set itself the target of an ambitious administration reform programme. A core element of this programme is the reduction of administrative costs of enterprises due to federal legislation by 25% until 2010. The target of this initiative is the reduction of costs borne by enterprises due to information obligations in federal laws and regulations by 25% until 2010 employing the Europe-wide used Standard Cost Model. Analogous to the Dutch experience, administrative costs amounting to 8 bn. € can be assumed – by reducing administrative costs by 25%, cost savings for enterprises amounting to about 2 bn. € (0.8% of GDP) could be anticipated. Moreover, the reforms have the side effect to reduce administrative costs within the federal government.

This initiative will lower business burdens substantially, create potential for investments, thereby enhancing growth and employment and boosting the attractiveness of Austria as a business location.

Within the framework of the initiative "reducing administrative costs for businesses" federal and common European information obligations are measured, analysed and reduced using the international standard cost model.

All federal ministries take part in this initiative. The Federal Ministry of Finance assumes the coordination.

Timetable



Present stage: measuring the starting basis

- Since the beginning of November 2006, consultants measure the starting basis together with the Federal Ministries.
- All federal laws in force on the reference day 31.12.2006 that contain information obligations for businesses are collected, analyzed and priced.
- More than 500 laws were identified; they contain between 5,500 and 6,000 information obligations.
- The administrative costs incurred for enterprises will be measured by means of personal interviews in the enterprises and through expert panels from March to May 2007.
- The results of the inquiry will be available at the end of June 2007.

Next steps

- In autumn 2007, on the basis of the results of the measurement exercise, a resolution on department-specific reduction targets will be adopted. This will assure that the overall 25% reduction of administrative cost for enterprises can be accomplished by 2010.
- By the end of 2007, Federal Ministries will prepare action plans to reach department specific targets and will start implementation of the respective measures.
- Until 2010: Implementation of measures: During the implementation of these measures administrative costs of additional information obligations should be considered. Because of the fixed reduction targets per each Federal Ministry, the principle of reducing existing costs has to be applied also to new obligations.
- Within the scope of the financial effects of legal measures administrative costs due to informational obligations should be evaluated with the standard-cost-model.

Standard-cost-model method as an instrument of the administrative reform

The internationally proven standard-cost-model is a tested model to measure administrative cost which arise to enterprises due to the fulfilment of legal information obligations. Throughout the next months new areas of application for the standard-cost-model will be examined.

5.3. Evolution of the structure of public expenditure

Table 7 shows the shift of the focal points of the respective budgets since 1995. The biggest reduction in total expenditures by 2.4 percentage points was achieved in public administration as a result of administrative reforms, the application of IT-Instruments, the reduction of overlaps, the reduction of personnel and the introduction of performance-oriented remuneration schemes. Social expenses show the biggest increase, whereas the dampening effects of the pension reforms 1997, 2001, 2003 and 2004 are outweighed by extra expenses for active labour market policy, the fight against poverty and for families. Education and economic affairs (increase in R&D spending) were active focal areas of the government.

Table 7. General government expenditure by function

% of total expenditure	COFOG Code	1995	2000	2005
1. General public services	1	16.2	16.2	13.8
2. Defence	2	1.8	1.8	1.8
3. Public order and safety	3	2.7	2.8	2.9
4. Economic affairs	4	8.9	7.6	10.1
5. Environmental protection	5	2.5	0.8	0.7
6. Housing and community amenities	6	1.9	1.7	1.1
7. Health	7	13.7	14.9	13.9
8. Recreation, culture and religion	8	2.1	2.0	2.0
9. Education	9	11.2	11.5	12.0
10. Social protection	10	39.1	40.7	41.7
11. Total expenditure	TE	100.0	100.0	100.0

Positions may not sum up due to rounding errors.

Source: Statistics Austria, Federal Ministry of Finance

5.4. Privatisation of public property

The privatisation program for the past legislative period was executed fully by ÖIAG (Österreichische Industrieholding AG, Holding and Privatisation Management for Austria). The targets defined within the government assignment were achieved:

- The debt from the former state-owned enterprises was eliminated.
- The value of the ÖIAG enterprise investments increased markedly.
- The net wealth of the ÖIAG was multiplied.
- Austrian has been boosted as a business location.

The revenues from privatisations amounted to 0.4 bn. € in 2005 and around 1.0 bn. € in 2006. These revenues made the eventual elimination of the debt possible. Per 31.12.2006 there is no longer any net debt of ÖIAG, compared to 6.3 bn. € in 1999. Cumulative privatisation revenues since 2000 amount to 6.4 bn. €. At the same time the portfolio value increased to 8.2 bn. €. Today, the portfolio of the ÖIAG consists of shares in the Austrian Airlines AG, OMV AG, Telekom Austria AG, as well as the Österreichische Post AG, which was listed on the Stock Exchange with 49% of its equity in the year 2006. ÖIAG still holds 100% of the shares of the GKB Bergbau GmbH which is occupied with post-mining activities.

6. Sustainability of public finances

The new government proposes a sustainable budgetary policy in line with the three-pronged strategy at EU level. This also represents one of the seven priorities within the framework of the Lisbon National Reform Programmes for Growth and Jobs. Austria's long-run strategy to secure the sustainability of public finances involves:

- A reduction of the debt-to-GDP ratio to below 60% of GDP by 2010 and a roughly balanced budget by 2009
- Sustainable financial safeguarding of pensions, health care and long term care systems at appropriate performance levels and fairness among the generations
- A clear increase in employment rates and a rise in the growth of productivity through future-based policies towards a higher knowledge base and innovative ability of the economy.

The national debt ratio continued to fall during the past years despite slow economic growth. It declined from 66.0% of GDP in 2001 to 62.2% of GDP in 2006, due to slowdowns in expenditure dynamics in major areas of the public budget. In 2008 the national debt ratio is to decline to below the reference value of the Maastricht treaty of 60% of GDP. It should further decrease to 57% of GDP by 2010. This will create additional leeway for a strengthened emphasis on future-oriented tasks within public budgets and a further tax relief from 2010 on.

In the coming decades, the size and age-structure of Austria's population will undergo massive changes due to low fertility rates, continuous increases in life expectancy and the retirement of the baby-boom generation. The share of 65+ year-olds in the working-age population will double to over 50%. An ageing population will pose major economic, budgetary and social challenges. According to EU projections the rate of potential growth will decline in the long-run by about 1 percentage point by 2050 in comparison to about 2¼% (real) today – despite an explicitly projected increase in the employment rate from 68.6% to 76%.

The long-run sustainability of public finances is assured due to the low budget deficit and the recent pension and health care reforms. According to the long-run EU projections total public expenditures on pensions will rise from 14.1% of GDP in 2005 to a peak level of 15% in 2032, after which they will fall to 13.1% of GDP in the year 2050. A considerable dampening effect on pension expenditures comes from the parametric pension reforms of recent years. These reforms will secure an adequate income level in the future through the formula „65-45-80“¹ together with an improved minimum pension provision and a link to the extension of the second and third pillars (firm-related benefits and private pension plans). Simultaneously, age-related public expenditures hardly increase. Thus, the debt-to-GDP ratio will also be stable in the long-run. Consequently Austria belongs to those EU Member States with the lowest risk to the sustainability of public finances, as also acknowledged by the EC.

¹ Pension entitlements are subject to individual lifetime earnings, reaping the maximum benefits of 80% of average earnings in the case of 45 insurance years at the statutory retirement age of 65 years.

Table 8. Long-term sustainability of public finances ¹⁾

in % of GDP	2005	2010	2020	2030	2050
Age-related expenditures	25.9	24.6	25.1	27.1	26.1
Total pension expenditure ²⁾	14.1	13.4	13.7	15.0	13.1
of which: Social security pension	10.4	10.1	10.7	12.2	11.9
Health care ³⁾	5.3	5.4	5.9	6.3	6.8
Long-term care ³⁾	0.6	0.6	0.8	1.0	1.5
Other age-related expenditures ⁴⁾	5.9	5.2	4.7	4.8	4.7
Revenue from pensions contributions ⁵⁾	8.9	9.0	9.0	8.9	8.7
Assumptions					
Real GDP (potential growth in %)	2.0	2.2	1.6	1.0	1.2
Labour productivity (potential growth in %)	1.8	1.9	1.8	1.7	1.7
Employment rate males (aged 15-64)	75.4	76.8	80.3	79.9	80.3
Employment rate females (aged 15-64)	62.0	65.4	70.5	70.7	71.6
Employment rate (total, aged 15-64)	68.6	71.2	75.4	75.3	76.0
Unemployment rate ⁶⁾	5.2	3.9	3.9	3.9	3.9
Population aged 65+ as a percentage of the working-age population	23.6	26.3	30.3	40.8	53.2

Source: EK, EPC, EUROSTAT, Federal Ministry of Finance, Federal Ministry of Social and Consumer Protection

1) Based on EPC and EC forecasts

2) excl. additional social assistance benefits, cp. pension expenditure based on EPC forecasts for 2005 amounting to 13.4% of GDP: in that case expenditures from the pension insurance for administration, rehabilitation, etc. amounting to 0.9% are not considered

3) according to EPC forecasts

4) Incl. unemployment assistance and expenditures for education, according to EPC forecasts

5) Social security and public servants, according to EPC forecasts

7. The institutional framework of the stability programme

The general elections on October 1, 2006 and the following government negotiations have delayed the ordinary budget plan by several months. As in 2000 and in 2003 the year 2007 started with a provisional budget that was basically a prolongation of the 2006 budget without structural changes. The new government started drawing up strategic plans shortly after its inauguration in January by identifying the expenditure and revenue developments within the next five years. Based on this exercise the main directions in the new government policies were developed (see chapter 3).

The present government was inaugurated on January 11 and the budget proposals were transmitted to the line ministries by the end of January. Following intensive negotiations the budget was finalized by the end of February. Due to its top down approach the ministry of finance monitors only the politically fixed global budgetary framework while the details are finalized in the responsible line ministries. The completed budget is then delivered to the ministry of finance.

On March 29, 2007 the parliamentary debate of the budgets for 2007 and 2008 started with a budget address by the minister of finance to the parliament. Like in the previous years the budget has a two year's horizon. This enhances budget planning and discipline. This is of special importance when an ambitious household plan with a considerable amount of savings is designed. The budget will be finalised on May 3 2007.

7.1. Medium term budget plan

The Austrian medium term budget plan rests on three pillars: on the general government budget plan, on the national stability pact and on the stability programme. These three programmes are closely interconnected.

The new government has to present its budget programme which includes its principal budget strategy up to 2010 within 6 month after its inauguration to parliament(July 11 at the latest).

The national stability pact 2005 (with duration from 2005 until 2008) was ratified by all nine states and the central government. Within this period it is closely linked with the revenue sharing scheme. (The present revenue sharing agreement will expire end of 2008). The stability pact for states and communes is based on estimates of their economic development. If the pact states and communes fulfil the pact completely they will achieve a budget surplus.

At present the ministry of finance is working on a far reaching reform of the budget law. This includes as a central element the implementation of binding expenditure ceilings for the medium term. With this instrument multi-annual budget planning and the budget discipline should be further improved.

The federal government submits the Austrian stability programme to the Council of the European Union, the European Commission, the Austrian parliament, and the partners in the revenue sharing framework and the Social partners within the framework of the European stability and growth pact. The Austrian stability pact is based on revolving planning and

forecasting. It is stricter during the parliamentary period. The position of the present Austrian stability programme within the time horizon of the Austrian public household planning is as follows: For the years 2007 and 2008 the stability programme is harmonized with the corresponding budget proposals for 2009 and 2010 the stability program follows the directions of the government agreement.

Table 2a. Budgetary developments 2006 - 2010

		2006	2006	2007	2008	2009	2010
	ESA95 classification	level in bn €	in % of GDP				
	EDP B.9		net lending according to sub-sector				
1. General government	S.13	-2,9	-1,1	-0,9	-0,7	-0,2	0,4
2. Federal level	S.1311	-3,8	-1,5	-1,3	-1,2	-0,7	-0,2
3. State level (without Vienna)	S.1312	0,6	0,2	0,2	0,3	0,3	0,3
4. Local level (including Vienna)	S.1313	0,4	0,1	0,2	0,2	0,2	0,2
5. Social security	S.1314	-0,1	0,0	0,0	0,0	0,0	0,0
General government							
6. Total revenue		123,0	48,0	47,6	47,4	47,2	47,1
7. Total expenditure		126,2	49,2	48,7	48,3	47,5	46,9
8. Budgetsaldo	EDP B.9	-2,9	-1,1	-0,9	-0,7	-0,2	0,4
9. Interest paid (incl. FISIM)	EDP D.41	7,7	3,0	2,9	2,9	2,8	2,7
pm: 9a. FISIM		0,4	0,2	0,1	0,1	0,1	0,1
10. Primary balance		4,9	1,9	2,0	2,1	2,6	3,1
Revenue							
11. Tax revenue (11=11a+11b+11c)		69,8	27,2	27,1	27,1	27,0	27,0
11a. Taxes on production and imports	D.2	35,9	14,0	13,9	13,8	13,6	13,5
11b. Taxes on income and wealth	D.5	33,7	13,2	13,2	13,3	13,3	13,4
11c. Capital taxes	D.91	0,1	0,1	0,1	0,1	0,0	0,0
12. Social contributions	D.61	41,0	16,0	15,8	15,8	15,7	15,6
13. Property income	D.4	3,5	1,4	1,3	1,3	1,2	1,2
14. Other (14=15-(11+12+13))		8,6	3,3	3,4	3,3	3,3	3,3
15. Total revenue		123,0	48,0	47,6	47,4	47,2	47,1
Expenditure							
16. Collective consumption	P.32	17,7	6,9	6,9	7,1	6,7	6,6
17. Social transfers	D.62 + D.63	75,2	29,3	29,1	28,9	28,7	28,5
17a. Social transfers in kind	P.31=D.63	28,2	11,0	10,9	10,9	10,9	10,9
17b. Social benefits other than social transfers in kind	D.62	47,0	18,3	18,1	18,0	17,8	17,6
18. Interest paid (incl. FISIM)		7,7	3,0	2,9	2,9	2,8	2,7
19. Subsidies	D.3	8,2	3,2	2,9	2,9	2,9	2,9
20. Gross fixed capital formation	P.51	2,7	1,1	1,1	1,1	1,1	1,1
21. Other (21=22-(16+17+18+19+20))		14,6	5,7	5,7	5,4	5,2	5,1
22. Total expenditure		126,2	49,2	48,7	48,3	47,5	46,9

Differences due to rounding.

Source: WIFO, Federal Ministry of Finance

Table submitted per email on 26 April 2007 by Ministry of Finance Austria