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Government debt increased in the first half of 2023

Ratio of debt to GDP also increased slightly; government deficit rose to 4.1% of GDP

Vienna, 2023-09-29 – At the end of June 2023, government debt amounted to 366.0 billion euros and was thus 15.3 billion higher than at the end of 2022, according to Statistics Austria. The debt ratio – i.e. the ratio of government debt to gross domestic product (GDP) – increased from 78.4% to 78.6% in the same period, and the government deficit rose from 6.3 billion to 9.6 billion euros.

“The policy measures to cushion high energy prices and the inflation adjustment of pensions have caused government expenditures to rise significantly in the first two quarters of 2023. At the same time, government revenues have grown much less dynamically than recently. The budget deficit amounted to 9.6 billion euros at the end of the first half of 2023, which is 4.1% of GDP,” says Statistics Austria Director General Tobias Thomas.

Government deficit in the first half of 2023 at 4.1% of GDP

The **government deficit** in the first half of 2023 amounted to 9.6 bn euros. Responsible for this result was mainly the central government sector with a deficit of 8.1 bn euros and the local government sector with a deficit of 2.0 bn euros.

In percentage of GDP at current prices, government deficit was 4.1%. Compared to the first half of 2022 (deficit of 6.3 bn euros or 2.9% of GDP), this is an increase of 3.3 bn euros. The government revenue increased by 5.5% or 5.9 bn euros compared to the first half of 2022. The government expenditure rose by 8.2% or 9.3 bn euros.

Less dynamic increase of government revenue in the first half of 2023

86.4% of **government revenue** come from taxes and social contributions, which together make up 97.2 bn euros. This is an increase of 5.4 % or 4.9 bn euros compared to last year.

Although tax revenues increased by 4.1% overall in the first half of 2023, the increase was significantly lower than in previous years. Due to high inflation rates in the first half of 2023, especially taxes on products (+8.0%) were the main source of higher government revenue whereas taxes on income remained on a constant level due to the abolishment of the bracket creep. Social contributions had a more dynamic increase than tax revenue with +7.6%. Taxes on wealth (with 2.8 bn euros in the first half of 2023 compared to 1.6 bn euros in the first half of 2022), of which especially dividends, also led to an increase in government revenue.

Significant increase of government expenditure in the first half of 2023

The increase of **government expenditure** is mostly attributable to a strong increase of monetary social benefits (+3.5 bn euros, mainly due to an increase of retirement payments) as well as a rise in employee compensation of public servants (+1.8 bn euros). In addition, also subsidies grew stronger in the first half of 2023 than in the year before. This rise can be explained by additional expenditures to mitigate the high energy prices.

Government debt end of June 2023 at 366.0 bn euros

According to estimations of Statistics Austria, the **government debt** was at 366.0 bn euros on 30 June 2023, which are 15.3 bn euros more than at the end of the year 2022.

Categorised by **type of debt**, the government debt on 30 June 2023 is split into 322.0 bn euros of debt securities, 42.1 bn euros of loans and 1.9 bn euros of currencies and deposits. Like in the previous quarters, the major part of the increase of government debt originated in the central government sector with 13.8 bn euros. This increase was strengthened by other sectors by 1.5 bn euros, primarily by a short-term debt increase of the Social Security Funds.

Also at state and local government level a rise in liabilities was observed. In the state of Styria, additional shares of a public energy provider were secured by issuing extra debt.

The core unit Bund caused the biggest part of the increase of central government debt, the newly debt taken was used to secure liquidity.

For detailed results and further information about government finance please refer to our [website](#).

Table 1: Government finance – key data of government in the first half of 2023

	First half of 2020	First half of 2021	First half of 2022	First half of 2023
Government revenue in bn Euro	88,8	95,1	106,5	112,4
of which are				
Tax revenue	47,3	51,1	58,8	61,2
Social contributions	29,9	31,3	33,4	36,0
Sales	8,1	8,6	9,4	9,8
other	3,6	4,1	4,9	5,4
Government expenditure in bn. Euro	101,8	115,1	112,8	122,1
of which are				
Social benefits	45,1	48,4	49,7	53,8
Of which are monetary social benefits	37,4	39,7	40,1	43,5
Compensation of employees	21,2	22,2	23,1	24,9
Intermediate consumption	11,6	13,9	15,0	14,8
Subsidies	8,6	12,7	6,6	7,6
Investments	5,3	5,7	6,4	6,9
Property income	2,6	2,2	2,0	2,4
Other expenditures	7,3	10,0	10,1	11,7
Deficit/surplus in bn. Euro	-13,0	-20,0	-6,3	-9,6
Deficit/surplus in % of GDP	-7,1	-10,4	-2,9	-4,1
GDP in bn. Euro	184,1	192,8	217,0	235,2

S: STATISTICS AUSTRIA, Public finance. – Compiled on 29 September 2023. – Rounding differences not settled.

Table 2: Quarterly government debt, in absolute terms and in percentage of GDP, Q2 2023 vs. Q4 2022

Subsectors of the government	in bn Euro		In % of GDP	
	Q2/2023	Q4/2022	Q2/2023	Q4/2022
General government	366,0	350,7	78,6	78,4
Central government	320,4	306,5	68,8	68,5
State government	24,3	24,1	5,2	5,4
Local government	19,4	19,2	4,2	4,3

Subsectors of the government	in bn Euro		In % of GDP	
	Q2/2023	Q4/2022	Q2/2023	Q4/2022
Social security funds	1,9	0,9	0,4	0,2

S: STATISTICS AUSTRIA, Public finance. – Compiled on 29 September 2023. – Rounding differences not settled.

Information on methods, definitions: The government debt is defined in the EU regulation No. 222/2014. The connection for the classifications in this EU regulation is the European System of Accounts (ESA 2010, EU regulation No. 549/2013). The subsectors of the government include the municipalities (core units) as well as the matching extra budgetary units and chambers.

The government revenue and expenditure are categorised according to the European System of Accounts (ESA 2010, EU regulation No. 549/2013). Government deficit consists of the difference of government expenditure and revenue. The presented tax revenues and social contributions do include those taxes and social contributions, which are unlikely to be withdrawn.

For the estimation of the government debt, claims against other governmental units are deducted (intergovernmental claims or consolidated presentation). Hence, for the interpretation of the changes in government debt the development of liabilities and of intergovernmental claims need to be taken into account. This is true for the general government in total as well as for the contributions of the single subsectors to the total government debt.

If you have any questions on this topic, please contact:

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