



Press release

Date: 16.09.2022

Federal Council adopts supplementary credit for Axpo Holding AG and 23 other credits

During its meeting on 16 September 2022, the Federal Council approved the second ordinary addendum to the 2022 budget. It is submitting 24 supplementary credits totalling CHF 5.6 billion to Parliament. These concern primarily the credit framework for Axpo Holding AG (4.0 bn), the intake of refugees from Ukraine (1.2 bn) and the installation of reserve power plants (160.0 mn). In addition, the Federal Council is requesting three guarantee credits from Parliament. The supplementary credit for Axpo Holding AG will be dealt with during an extraordinary parliamentary session.

The dispatch that the Federal Council is submitting to Parliament concerns two federal decrees. The first will be dealt with during an extraordinary session convened by Parliament from 26 to 28 September 2022. It concerns the supplementary credit for Axpo Holding AG (4.0 bn). The second federal decree, which will be dealt with during the winter session, concerns 23 further supplementary credits and three guarantee credits. Overall in the dispatch, the Federal Council is asking Parliament to approve supplementary credits amounting to CHF 5.6 billion for the 2022 budget.

The largest one concerns the line of credit for Axpo Holding AG. On 5 September 2022, the Federal Council decided to activate the rescue mechanism for the electricity industry and to grant Axpo the CHF 4.0 billion line of credit it had requested. With this support, the Federal Council wants to prevent Axpo from running into liquidity problems that could jeopardise Switzerland's energy supply in the worst-case scenario. On 5 September 2022, the Finance Delegation approved the urgent supplement of CHF 4.0 billion and an urgent guarantee credit of CHF 10.0 billion for subsidiary financial assistance to rescue system-critical companies in the electricity industry. The guarantee credit has since been approved retroactively by the Federal Assembly.

Additional requirements for migration and interest payable

Other major supplements concern the war in Ukraine and especially the costs associated with the intake of up to 110,000 refugees with Status 'S' (1.2 bn) by the end of the year, as well as the transport and installation of reserve power plants (160.0 mn) to alleviate power shortages from winter 2022/2023 onwards. Another major supplementary credit concerns interest payable on federal debt (bonds and money market debt register claims). With the June 2022 interest rate decision by the Swiss National Bank (SNB), long-term interest rates have risen into positive territory. In addition, significantly higher cash outflows from the federal budget are expected, leading to an anticipated additional requirement of CHF 135.0 million.

Two other significant supplementary credits involve compensation of CHF 42 million for tourist transport and local transport to mitigate the impact of the COVID-19 pandemic.

Table: Second set of supplementary credits for the 2022 budget

Rescue mechanism for the electricity industry*	4.0 bn
Intake of refugees from Ukraine*	1.2 bn
Reserve power plants	160 mn
Interest payable	135 mn
Tourist transport/local transport*	42 mn
Other supplementary credits	79 mn
Total	5.6 bn

* These credits are recognised as extraordinary payment requirements

Debt brake exception applied

The debt brake requirements can be met even when the requested credit increases are taken into account. Of the supplementary credits, an amount of CHF 4.9 billion is being requested as extraordinary payment requirements. This debt brake exception is being applied because the developments concerning the electricity market, the war in Ukraine and the COVID-19 pandemic are extraordinary events beyond the control of the federal government and the additional burdens cannot be absorbed in the ordinary budget.

What are supplementary credits and guarantee credits?

Supplementary credits are add-ons to the budget for the current year; they are to cover unavoidable expenses or investment expenditure, and require parliamentary approval. Applications for supplementary credits can be submitted if it was not possible to foresee the need for funds earlier, if a delay would result in considerable disadvantages and if it is not possible to wait until the next budget. The administrative units must provide full justification for their additional credit needs.

A **guarantee credit** sets the maximum amount of the financial obligations into which the Federal Council can enter for a specific project. It is used when the execution of a project causes payments beyond the budget year. The Financial Budget Act specifies the cases in which a guarantee credit has to be obtained. Corresponding requests are submitted to the Federal Assembly with either a special dispatch or the decrees on the budget and its addenda.

Further details:

Michael Girod, Communications
Federal Finance Administration FFA
Tel. +41 58 465 41 41, kommunikation@efv.admin.ch

Relevant department:

Federal Department of Finance FDF

The following can be found as an enclosure to this press release at www.finance.admin.ch:

- Dispatch
- Overview of COVID-19 expenditure for 2020, 2021 and 2022:
<https://www.efv.admin.ch/efv/en/home/aktuell/brennpunkt/covid19.html>)