



Press release

Date: 19.10.2022

Billions in deficits: Federal Council adopts supplementary report to budget

During its meeting on 19 October 2022, the Federal Council adopted a supplementary report to the 2023 budget with the integrated financial plan for 2024 to 2026, thereby emphatically drawing Parliament's attention to the worrying budgetary developments ahead of the upcoming budget deliberations. For the time being, restraint and fiscal discipline are required at all levels in order to bring the federal budget back into balance and to make it resilient for dealing with crises.

As things currently stand, the debt brake requirements will be missed by a wide margin in the financial plan years 2024 to 2026. The high structural deficits are due to numerous unfunded increases in expenditure decided in recent months.

New expensive projects are the main cause

While the budget was still balanced a year ago, various costly projects had to be budgeted for in the new financial plan. Aside from the calls for an expansion of the Armed Forces, the Federal Assembly also took decisions on the indirect counter-proposals to the glacier initiative and the premium relief initiative.

in CHF bn	2024	2025	2026
Financial plan deficit (according to dispatch of 17.08.22)	1.1	3.0	3.1
<i>Major newly budgeted expenditure:</i>			
Increase in Armed Forces expenditure	0.6	1.0	1.4
Indirect counter-proposal to the glacier initiative		0.4	0.4
Indirect counter-proposal to the premium relief initiative (first chamber decision)		1.7	1.8
Increase in the deposit in the railway infrastructure fund	0.2	0.2	0.2
Horizon transitional and supplementary measures	0.2	0.1	0.1
Migration (Ukraine status 'S')	0.5		

Furthermore, discussions are currently being held on numerous additional matters that are not yet factored into the financial plan. These include the parliamentary initiative on childcare outside the family (570 mn p.a.), participation in various EU programmes (300 mn p.a.), the change in the tax regime for residential property (320 mn p.a. with an interest rate of 1.5%), the cushioning of high energy prices (unquantifiable) and SBB financing (1.2 bn, one-off). In the foreseeable future, it is unlikely to be possible to make room in the federal budget for additional burdens of this magnitude by means of cost-cutting measures.

Procedure to clear structural deficits

Consequently, the first step has to be preventing the situation from deteriorating further. The Federal Council and Parliament can and have to tackle this task together with immediate effect. New tasks will have to be covered by additional receipts or else be offset by savings in other areas. The Federal Council will define the main thrusts and adjustment measures in the coming months, in order to be able to set the parameters for a budget that complies with the debt brake at the start of 2023. In doing so, it will take account of Parliament's resolutions and requests concerning the budget and financial plan.

Further details:

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Relevant department:

Federal Department of Finance FDF

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

- Supplementary report to 2023 budget with ITFP for 2024 to 2026