

Local government finances

Preliminary data on the financial statements 2017

Municipalities' expenses made a downturn in 2017

According to preliminary financial statement data collected by Statistics Finland, the operating expenses of municipalities made a downturn in 2017. Municipalities' combined operating expenses totalled EUR 35.9 billion and they decreased by 2.3 per cent compared with the actual financial statement data for the previous year. Total operating revenue amounted to EUR 7.2 billion, which represented a decline of 6.1 per cent from the previous year's level. These data appear from the preliminary financial statement data of the statistics on local government finances, for which data were collected from all 311 municipalities and 141 joint municipal authorities in Finland.

Finances of municipalities and municipal groups in 2017, EUR million ¹⁾

	Municipalities		Municipal groups	
	2017	Change, %	2017	Change, %
Operating revenue, total	7 192	-6,1	24 653	2,9
Operating expenses, total	35 854	-2,3	50 758	0,4
Annual contribution margin	3 286	20,9	5 931	11,5
Net investments ²⁾	2 387	-2,2	5 836	3,3
Loan stock 31st Dec	16 170	0,2	34 713	2,6

1) Preliminary data

2) Net investments = investment expenses - financing contributions for investment expenses - proceeds from transfers of non-current assets

Finances of municipalities

According to the preliminary financial statement data for 2017, the local government operating margin amounted to EUR -28.3 billion. It strengthened by EUR 318 million or 1.1 per cent compared with the actual financial statement data of the previous year. The operating margin strengthened because operating expenses decreased more than operating revenue examined in euros.

Operating expenses declined by a total of EUR 827 million or 2.3 per cent. The drop in operating expenses was affected most by a EUR 968 million decrease in personnel costs. Personnel costs went down in total by 6.7 per cent from the previous year. Operating revenue, in turn, declined by EUR 470 million or 6.1 per cent. The drop in operating revenue was caused by a decrease in sales revenue, as well as in subsidy and grant income.

According to preliminary data, municipalities' tax revenues grew by EUR 446 million or 2.0 per cent from the year before. The share of income taxes in the tax revenue growth was EUR 33 million. Municipalities' share of corporation taxes increased by EUR 343 million. By contrast, central government transfers to local government decreased by EUR 289 million or 3.3 per cent. Tax funding formed of tax revenue and central government transfers to local government grew by EUR 157 million or 0.5 per cent. Calculated per capita, municipalities received a total of EUR 5,639 in tax funding.¹⁾ The growth in tax funding and the strengthened operating margin boosted the annual contribution margin to a growth of EUR 568 million in 2017.

Based on the preliminary data for 2017, the annual contribution margin was negative for four municipalities, while in 2016, there were 15 municipalities with a negative annual contribution margin. According to the combined financial statement data, the annual contribution margin covered 149.0 per cent of depreciations. The key figure improved from the previous year, when the annual contribution margin covered 127.9 per cent of depreciations.

In 2017, municipalities' net investments were EUR 2.4 billion. The decrease from the previous year amounted to EUR 54 million or 2.2 per cent. Municipalities' loan stock grew from the previous year by EUR 31 million, totalling EUR 16.2 billion. The loan stock was 0.2 per cent higher than in the year before. Loans per capita in municipalities amounted to EUR 2,933.²⁾ Municipalities' equity ratio, which describes the ratio of equity to total capital, was 60.8 per cent. The ratio went up from the previous year, when it was 59.9 per cent.

Finances of joint municipal authorities

According to preliminary financial statement data, joint municipal authorities' combined operating expenses amounted to EUR 13.6 billion and operating revenue to EUR 14.4 billion in 2017. Compared with the actual financial statement data of the previous year, operating expenses went up by EUR 1.2 billion or 9.2 per cent. Operating revenue grew by EUR 1.1 billion or 8.4 per cent year-on-year.

The annual contribution margin of joint municipal authorities weakened from the previous year by EUR 31 million and totalled EUR 674 million. It was 4.3 per cent lower compared with the previous year. The annual contribution margin covered 110.6 per cent of joint municipal authorities' depreciations.

Net investments grew by EUR 236 million and amounted to EUR 1.1 billion. During 2017, the loan stock of joint municipal authorities grew to EUR 3.5 billion, which corresponded with an 9.1 per cent overall growth compared with the financial statement data of 2016.

Finances of municipal groups

According to preliminary data for 2017, the total operating margin of municipal groups totalled EUR -26.0 billion. It was EUR 2.2 billion stronger than municipalities' operating margin. The combined annual contribution margin of municipal groups improved by EUR 614 million from the previous year and totalled EUR 5.9 billion. Municipal groups' annual contribution margin was EUR 2.6 billion better than that of municipalities. The annual contribution margin was not negative for any municipal group, while in 2016, the annual contribution margin was negative for five municipal groups.

The net investments of municipal groups amounted to EUR 5.8 billion, which was EUR 186 million more than in the year before. Municipal groups' loan stock increased by EUR 896 million and totalled EUR 34.7 billion. The loan stock grew by 2.6 per cent compared with the previous year. The loans of municipal groups per inhabitant were EUR 6,296.³⁾

1) The population data used were the population of Finland on 31 December 2017.

2) The population data used were the population of Finland on 31 December 2017.

3) The population data used were the population of Finland on 31 December 2017.

The statistics comprise data on 298 municipal groups.⁴⁾

4) The missing municipal group data concern municipalities of Åland.

Contents

Tables

Appendix tables

Appendix table 1. Data on municipalities and joint municipal authorities' financial statements in 2017*, EUR million.....	5
Appendix table 2. Key figures by region in 2017*	5

Figures

Appendix figures

Appendix figure 1. Municipalities' internal investment acquisition costs, net investments and annual contribution margin in 2007 to 2017*	7
---	---

Appendix tables

Appendix table 1. Data on municipalities and joint municipal authorities' financial statements in 2017*, EUR million ¹⁾

	Municipalities		Joint municipal authorities	
	2017	Change, %	2017	Change, %
Operating revenue total	7 192	-6,1	14 356	8,4
Sales revenue	3 001	-8,3	13 316	7,8
Fees and charges	1 723	-6,1	623	16,0
Subsidies and grants received	500	-35,1	214	16,0
Other operating revenue	1 969	10,4	203	16,0
Operating expenses total	35 854	-2,3	13 610	9,2
Personnel expenses total	13 530	-6,7	6 666	6,1
Purchases of services	17 357	4,0	4 473	14,3
Materials, supplies and goods	1 854	-0,8	1 736	6,4
Allowances and grants	1 987	-23,2	206	12,9
Other operating expenses	1 127	8,3	529	18,7
Operating margin	-28 254	-1,1	754	-5,1
Tax revenue total	22 546	2,0		
Municipal income tax	18 924	0,2		
Share of corporation tax	1 899	22,0		
Other tax income	1 723	4,3		
Central government transfers to local government	8 541	-3,3		
Financing income and expenses	453	25,4	-81	-10,7
Annual contribution margin	3 286	20,9	674	-4,3
Depreciations and reduction in value	2206	3,8	609	2,5
Net investments	2 387	-2,2	1 053	28,9
Liquid assets 31st Dec	5 230	12,9	1 171	11,8
Loan stock 31st Dec	16 170	0,2	3 465	9,1
*Preliminary data				

1) Changes are calculated compared to the previous year.

Appendix table 2. Key figures by region in 2017* ¹⁾

	Municipalities' annual contribution margin, EUR per capita		Municipalities' loan stock, EUR per capita		Groups' loan stock, EUR per capita	
	2017	Change, %	2017	Change, %	2017	Change, %
Whole country	596	20,7	2 933	0,0	6 296	2,5
Uusimaa	901	21,1	2 677	-5,7	7 815	2,0
Varsinais-Suomi	352	-8,0	2 918	7,2	5 020	2,7
Satakunta	506	14,3	2 078	6,6	3 886	1,2
Kanta-Häme	425	48,2	3 140	-2,9	5 187	1,4
Pirkanmaa	454	13,5	2 453	1,3	4 931	5,5
Päijät-Häme	521	41,1	4 766	1,2	6 944	8,8
Kymenlaakso	430	33,7	3 608	3,1	6 422	-0,4
South Karelia	474	20,5	2 556	-0,2	6 174	0,0
Etelä-Savo	507	23,6	3 253	-0,5	6 713	4,1
Pohjois-Savo	481	30,2	2 826	2,5	7 042	1,6
North Karelia	596	34,3	2 258	9,1	4 847	6,8

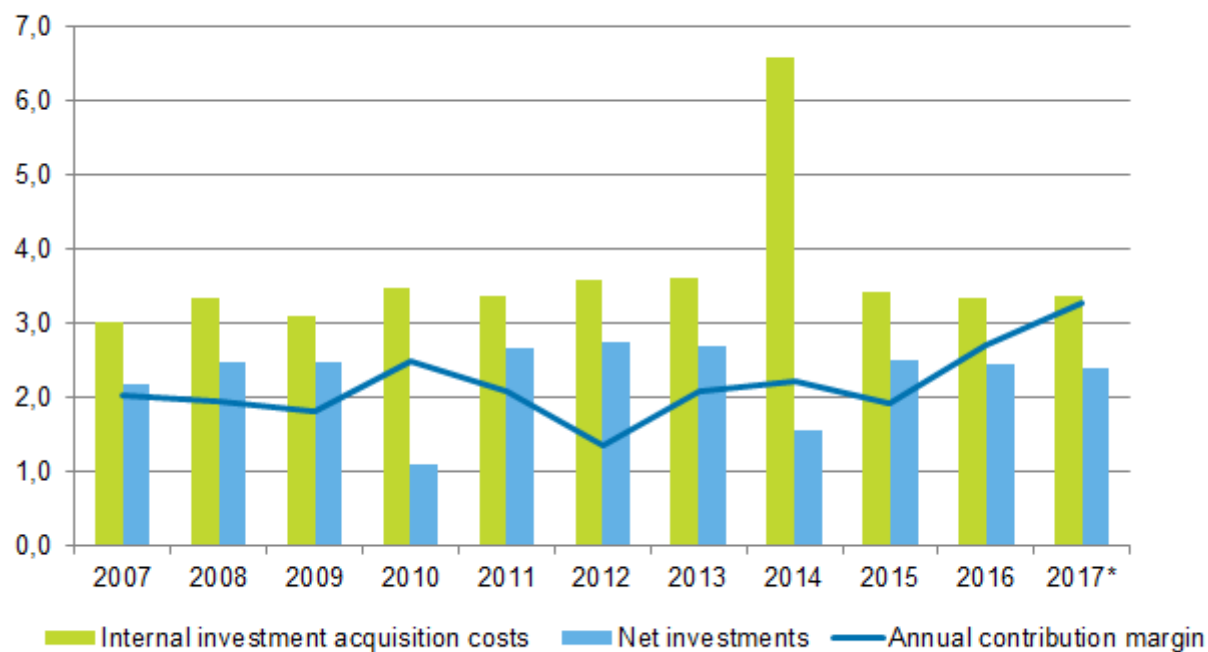
	Municipalities' annual contribution margin, EUR per capita		Municipalities' loan stock, EUR per capita		Groups' loan stock, EUR per capita	
	2017	Change, %	2017	Change, %	2017	Change, %
Central Finland	500	17,1	2 953	-2,8	6 624	0,0
South Ostrobothnia	489	19,0	3 642	5,8	6 848	6,4
Ostrobothnia	450	16,3	3 270	6,4	5 799	3,2
Central Ostrobothnia	392	65,7	4 922	3,5	8 997	2,5
North Ostrobothnia	521	37,1	3 459	0,0	4 929	-1,4
Kainuu	383	8,9	3 118	12,4	6 833	9,1
Lapland	417	9,0	2 674	-0,2	4 636	-2,0
Åland	673	-14,2	1 513	-11,3	2 989	-8,0
*Preliminary data						

1) The population data used are the population of each statistical reference year on 31 December. Changes are calculated compared to the previous year.

Appendix figures

Appendix figure 1. Municipalities' internal investment acquisition costs, net investments and annual contribution margin in 2007 to 2017*

EUR Billion



*) The data concerning 2017 are preliminary. Internal investment acquisition costs are the difference between investment expenses and financing contributions. Net investments are the difference between internal investment acquisition costs and proceeds from transfers of non-current assets.

Inquiries

Karen Asplund 029 551 3611

Jens Melfsen 029 551 2578

Director in charge:

Ville Vertanen

kuntatalous@stat.fi

http://tilastokeskus.fi/til/kta/index_en.html

Source: Local government finances 2017, preliminary data. Statistics Finland