

Local government finances

2019

Net costs of municipalities' social and health care activities grew in 2019 by almost one billion from one year back

The data of the statistics on local government finances for 2019 indicate that the net costs of municipalities' operational economy have grown to EUR 32.8 billion. Especially the net costs of social and health care activities and education and cultural activities grew. The net costs recorded in social and health care activities grew by 5.1 per cent year-on-year to EUR 19.2 billion. The net costs of education and cultural activities, in turn, grew by 4.0 per cent and were thus EUR 11.5 billion. Data for the compilation of Statistics Finland's statistics on local government finances were collected from all 311 municipalities and 139 joint municipal authorities in Finland.

Operational economy of municipalities in 2019, EUR million¹⁾

	Municipalities				
	Operating costs	Operating income	Net costs	Change	Change %
Social services and health care, total	21 353	2 116	19 237	926	5,1
<i>Of which: Specialised health care</i>	7 467	237	7 230	342	5,0
Educational and cultural activities, total	12 497	1 046	11 451	437	4,0
<i>Of which: Primary education</i>	5 559	293	5 267	230	4,6
Other activities, total	11 508	9 377	2 131	9	0,4
Operational economy, total	45 358	12 539	32 819	1 373	4,4

1) Operating costs include operating expenses, depreciations and reductions in value as well as costs carried forward. Operating income includes operating income and income carried forward, change in inventory of finished products and production for own use. Net costs are the difference between operating costs and operating income. Changes in net costs are calculated compared to the previous year.

Operational economy of municipalities

In 2019, total costs of municipalities' operational economy amounted to EUR 45.4 billion, and they grew by 2.5 per cent from the previous year. The income of municipalities' operational economy totalled EUR 12.5 billion, and it decreased by 2.1 per cent from the previous year's level.¹⁾ Thus, the net costs of the

1) In 2018, a number of municipalities transferred the responsibility for the organisation of healthcare and social welfare services to the joint municipal authority they had set up, but municipalities were still responsible for producing the services. The municipalities then applied the gross principle to record sales revenue and service purchases from joint municipal authorities, in addition to the expenses and revenue from their own service production. This recording procedure increased municipalities' operating costs and income in 2018, but it did not have a net effect. In 2019, the services were transferred to be produced by the joint municipal authority and the exceptional recording procedure ended, which decreased the operating expenses and revenue of these

operational economy were EUR 32.8 billion. The net costs of all task entities were higher than in the previous year. Net costs increased by 4.4 per cent in total from the previous statistical reference year.

As in previous years, municipalities recorded the majority of net costs of the operational economy in social and health care activities and thus, 58.6 per cent of the net costs of municipalities' entire operational economy were directed at this. During 2019, a total of EUR 19.2 billion in net costs were directed to social and health care activities, which was 5.1 per cent more than one year earlier. The share of specialised health care was highest relative to the net costs of all social and health care activities, while primary health care formed the second largest share. In total, EUR 7.2 billion on net was used for specialised health care and EUR 3.4 billion for primary health care services.²⁾

The second largest share of the net costs of the entire operational economy, or EUR 11.5 billion, was recorded in education and cultural activities. This share of the operational economy was 34.9 per cent. The total net costs of education and cultural activities were 4.0 per cent higher compared to one year ago. In the task entity of education and cultural activities, the highest net costs were recorded in primary education and the second largest in early childhood education. During 2019, EUR 5.3 billion was directed to primary education on net and, correspondingly, EUR 3.0 billion to early childhood education.

A total of EUR 2.1 billion, corresponding to a share of 6.5 per cent of net costs of municipalities' entire operational economy, was directed at other activities, which include all other activities apart from social and health care activities and education and cultural activities. In examination of the statistics on local government finances, the costs of other activities increased by 0.4 per cent from the previous statistical reference year.

Operational economy of joint municipal authorities

In 2019, total costs of joint municipal authorities' operational economy on gross amounted to EUR 18.3 billion and the corresponding operating income amounted to EUR 18.4 billion. In a gross examination, operating costs grew by 6.7 per cent from the previous year, or EUR 1.1 billion, and operating income by 6.5 per cent, or EUR 1.1 billion.

A majority of joint municipal authorities' gross operating costs were directed at social and health care activities, whose share of the gross costs of the entire operational economy was 76.3 per cent. The gross costs of these activities grew by 8.2 per cent from the previous year's level and totalled EUR 14.0 billion. The gross operating income of social and health care activities grew by 8.5 per cent in total and also amounted to EUR 14.0 billion.³⁾

In total, EUR 1.1 billion of the gross costs of joint municipal authorities' operational economy were directed at education and cultural activities, whose combined share of operational economy costs was 6.1 per cent. The accrual of gross income from education and cultural activities amounted to EUR 1.1 billion by the end of last year. Operating costs decreased compared with the corresponding period of the previous year by 0.3 per cent while corresponding income contracted by 1.2 per cent.

Information on the statistics

Statistics on local government finances contain data on municipalities' and joint municipal authorities' financial statements, operational economy, investments and activities. Data for the statistics are collected from all municipalities and joint municipal authorities in Finland.

municipalities from the year before. In addition to this recording procedure, the costs and income for 2019 were also affected by other changes in the production of social and health care services.

2) Primary health care services include outpatient care in primary health care, ward care in primary health care and oral health care.

3) Transferring the production of social and health care activities from some municipalities to joint municipal authorities increased the operating costs and income.

The data content and data collection of the statistics on local government finances were revised starting from the statistical reference year 2015, for which reason the data of the statistics on local government finances are not directly comparable with the data of statistics on finances and activities of municipalities and joint municipal authorities published in previous years. In the statistics on local government finances, municipal enterprises are combined with the data on basic municipalities and joint municipal authorities, while this was not done in the statistics on finances and activities of municipalities and joint municipal authorities. The revision also brought changes to the activity classification of municipalities and joint municipal authorities.

The data reported to Statistics Finland for the statistics are released as is at unit level in Statistics Finland's [Data on finances reported by municipalities and joint municipal authorities](#) database.

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	Municipalities			
	Net costs from social services and health care, EUR million	Net costs from social services and health care, EUR per capita	Net costs from educational and cultural services, EUR million	Net costs from educational and cultural services, EUR per capita
Whole country	19 237	3 482	11 451	2 072
Uusimaa	5 263	3 115	3 746	2 217
Southwest Finland	1 680	3 505	938	1 957
Satakunta	804	3 708	406	1 874
Kanta-Häme	595	3 480	305	1 785
Pirkanmaa	1 730	3 343	1 054	2 036
Päijät-Häme	705	3 533	372	1 862
Kymenlaakso	687	4 013	350	2 043
South Karelia	455	3 559	225	1 763
South Savo	618	4 342	254	1 782
North Savo	974	3 989	485	1 987
North Karelia	595	3 693	303	1 882
Central Finland	941	3 420	532	1 934
South Ostrobothnia	726	3 848	379	2 006
Ostrobothnia	648	3 591	417	2 312
Central Ostrobothnia	251	3 676	143	2 098
North Ostrobothnia	1 442	3 492	920	2 228
Kainuu	319	4 408	176	2 435
Lapland	748	4 223	371	2 092
Åland ²⁾	57	1 906	75	2 521

1) Data on residents 31 December 2019.

2) The health care of Åland is the responsibility of the Government of Åland.

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