

Quarterly local government finances

2018, 1st quarter

Operating expenses of municipalities in Mainland Finland grew by 2.7 per cent in January to March 2018

The external operating expenses of municipalities in Mainland Finland grew by 2.7 per cent in the first quarter of 2018 compared with the first quarter of the year before. External operating revenue increased by 3.0 per cent. Municipalities received a total of EUR 6.0 billion in tax revenue and EUR 2.2 billion in central government transfers to local government. The external operating expenses of joint municipal authorities grew by 4.4 per cent and operating revenue by 3.3 per cent. These data appear from Statistics Finland's statistics on quarterly local government finances, for which data were collected from 80 municipalities and from 70 joint municipal authorities in Mainland Finland.

External quarterly data on the finances of municipalities and joint municipal authorities, EUR million¹⁾

	1st quarter			
	Municipalities		Joint municipal authorities	
	2018	Change, %	2018	Change, %
Operating revenue total	1 588	3,0	3 679	3,3
Operating expenses total	8 814	2,7	3 353	4,4
Annual contribution margin	1 066	29,0	305	-8,0
Loan stock	15 859	1,9	3 462	10,9

1) Operating expenses include expenses from production for own use. The change is calculated compared with the corresponding period in the previous year.

Finances of municipalities and joint municipal authorities

The external operating expenses of municipalities in Mainland Finland totalled EUR 8.8 billion in January to March 2018. Growth from the corresponding period of the previous year amounted to 2.7 per cent. Municipalities had EUR 1.6 billion in external operating income, which was 3.0 per cent more than in the first quarter of the previous year.

Municipalities' tax revenue grew by 8.6 per cent from January to March of the previous year. Central government transfers to local government, in turn, declined by 0.7 per cent. Municipalities received a total of EUR 6.0 billion in tax revenue and EUR 2.2 billion in central government transfers to local government.

Tax funding per inhabitant formed of these two items was EUR 1,504.¹⁾ The total contribution margin of municipalities was EUR 1.1 billion. The annual contribution margin grew by 29.0 per cent from one year ago.

In the first quarter of 2018, the investment expenses of municipalities amounted to EUR 0.4 billion. Growth from the corresponding period of the previous year was 1.2 per cent. The loan stock decreased from the end of the previous quarter by 1.0 per cent and stood at EUR 15.9 billion at the end of March. Calculated per inhabitant, the loans of municipalities in Mainland Finland were EUR 2,892.²⁾

Joint municipal authorities in Mainland Finland had external operating expenses of EUR 3.4 billion and external operating income of EUR 3.7 billion in January to March 2018. Operating expenses grew by 4.4 per cent from the corresponding period of the year before. Operating income went up by 3.3 per cent. The annual contribution margin of joint municipal authorities decreased by 8.0 per cent year-on-year and was EUR 0.3 billion.

Joint municipal authorities spent EUR 0.2 billion on investments during the first quarter of 2018. Investment expenses declined by 4.4 per cent compared with the previous year's first quarter. Joint municipal authorities' loan stock grew from the end of the previous quarter by 0.6 per cent and stood at EUR 3.5 billion at the end of the first quarter of 2018.

Information on the statistics

The statistics on quarterly local government finances are in the first to third quarters a sample survey that describes the development of the finances of municipalities and joint municipal authorities in Mainland Finland by quarter. For the statistical release on the fourth quarter, data are collected from all municipalities and joint municipal authorities in Mainland Finland. The data in the statistics on quarterly local government finances are preliminary and they might become revised in coming publications.

No data are released by municipality or joint municipal authority for the 1st, 2nd and 3rd quarters that are based on a sample survey. The financial statement estimate data received from municipalities and joint municipal authorities in the data collection concerning the fourth quarter will be released at unit level starting from data concerning 2017 on Statistics Finland's website in the database [Data on finances reported by municipalities and joint municipal authorities](#).

The data published in the statistics on quarterly local government finances are not directly comparable with the data of the statistics on local government finances by quarter because of the different way of handling local government enterprises. In the statistics on quarterly local government finances, local government enterprises are combined with the data on basic municipalities and joint municipal authorities, while this was not done in the statistics on local government finances by quarter published between 2013 and 2015.

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

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

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Appendix table 1. External quarterly data on the finances of municipalities and joint municipal authorities in Mainland Finland (internal items eliminated), EUR million¹⁾

	1st quarter			
	Municipalities		Joint municipal authorities	
	2018	Change, %	2018	Change, %
Operating margin (+/-)	-7 188	2,7	328	-6,3
Tax revenue	6 037	8,6		
Central government transfers to local government	2 209	-0,7		
Financing income	51	-39,1	2	-67,7
Financing expenses	44	2,4	25	-0,1
Annual contributing margin (+/-)	1 066	29,0	305	-8,0
Depreciations and reductions in value	508	2,1	144	-3,3
Extraordinary items (+/-)	1	-96,2	0	-96,3
Financial result for the accounting period (+/-)	559	57,3	161	-12,0
Investment expenses total	446	1,2	182	-4,4
Loan stock, at the end of the quarter	15 859	1,9	3 462	10,9

1) Local government enterprises were combined to the data and internal items were eliminated. Changes are calculated compared to the previous year.

Appendix table 2. Quarterly data on the finances of municipalities and joint municipal authorities in Mainland Finland (incl. internal items), EUR million¹⁾

	1st quarter			
	Municipalities		Joint municipal authorities	
	2018	Change, %	2018	Change, %
Income statement:				
Operating revenue total	2 602	2,1	4 039	3,6
Sales revenue	1 098	-0,9	3 701	3,5
Fees and charges	376	-6,8	149	-2,3
Subsidies and grants received	99	-2,8	48	28,3
Other operating revenue	1 030	10,1	142	5,1
Change in inventories of finished goods and of work in progress (+/-)	0		0	-382,4
Production for own use	37	-10,9	2	17,4
Operating expenses total	9 828	2,5	3 713	4,5
Personnel expenses	3 157	-1,5	1 645	3,5
Purchases of customer services	3 225	5,5	429	6,7
Purchases of other services	1 590	4,5	828	4,6
Materials, supplies and goods	465	0,6	519	6,0
Allowances and grants	495	0,8	49	9,8
Other operating expenses	896	5,0	243	3,5
= Operating margin (+/-)	-7 188	2,7	328	-6,3

1) Data include local government enterprises and internal items between different functions of the municipality/joint municipal authority. Operating expenses include expenses from production for own use. Changes are calculated compared to the previous year.

Revision of data

Change from first release¹⁾

				1st release, EUR million	Latest release, EUR million	Revision of data, EUR million	Revision of data, %
Area	Item	Year	Quarter				
Municipalities	Operating revenue total	2017	1	1 546	1 541	-4	-0,3
			2	3 506	3 406	-100	-2,8
			3	5 172	5 072	-99	-1,9
			4	7 180	7 184	4	0,1
	Operating expenses total	2017	1	8 600	8 584	-16	-0,2
			2	17 820	17 784	-36	-0,2
			3	26 527	26 494	-33	-0,1
			4	35 737	35 724	-13	0,0
	Loan stock, at the end of the quarter	2017	1	15 616	15 566	-50	-0,3
			2	15 693	15 581	-112	-0,7
			3	15 188	15 158	-30	-0,2
			4	15 992	16 021	29	0,2
Joint municipal authorities	Operating revenue total	2017	1	3 637	3 560	-76	-2,1
			2	7 193	7 180	-12	-0,2
			3	10 810	10 691	-120	-1,1
			4	14 283	14 287	4	0,0
	Operating expenses total	2017	1	3 194	3 212	18	0,5
			2	6 677	6 669	-7	-0,1
			3	10 100	9 986	-114	-1,1
			4	13 503	13 526	24	0,2
	Loan stock, at the end of the quarter	2017	1	3 110	3 121	11	0,3
			2	3 199	3 199	0	0,0
			3	3 226	3 226	0	0,0
			4	3 430	3 443	13	0,4

1) Local government enterprises were combined to the data and internal items were eliminated.

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