

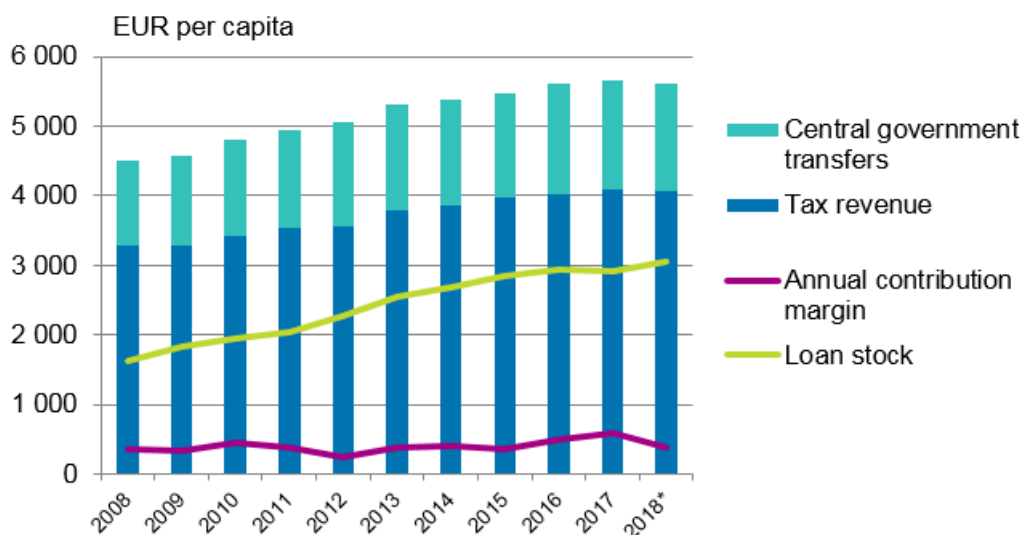
Quarterly local government finances

2018, 4th quarter

Municipalities in Mainland Finland estimate the annual contribution margin to have weakened in 2018

According to the financial statement estimates reported by municipalities in Mainland Finland, the combined annual contribution margin of municipalities weakened by EUR 1.2 billion in 2018, that is, over one-third compared to the financial statements of the previous year. Municipalities' loan stock increased by 3.8 per cent to EUR 16.7 billion. These data appear from Statistics Finland's statistics on quarterly local government finances, for which financial statement estimate data concerning 2018 were collected from all 295 municipalities and 134 joint municipal authorities in Mainland Finland.

Central government transfers, tax revenue, annual contribution margin and loan stock per capita of municipalities in Mainland Finland in 2008 to 2018*



The population figures on 31 December for each year has been used as the population data for 2008 to 2017. The population figure on 31 December 2017 has been used in the estimate data for 2018.

*Financial statement estimates

Finances of municipalities and joint municipal authorities

According to the financial statement estimate data for 2018, the external operating expenses of municipalities in Mainland Finland were 3.3 per cent higher than in the previous year and totalled EUR 36.9 billion. External operating revenue grew by 4.6 per cent to EUR 7.5 billion. Operating expenses and revenue increased in part due to certain recording procedures in purchases of services between municipalities and joint municipal authorities.¹⁾ The operating margin totalled EUR -29.1 billion and it weakened by 3.4 per cent from the financial statements of the previous year.

According to the financial statement estimates, the tax revenues of municipalities in Mainland Finland amounted to EUR 22.3 billion in 2018. They went down by 0.5 per cent from the previous year's financial statements. Municipalities received EUR 8.5 billion in central government transfers to local government, and they decreased by 0.6 per cent. Tax funding formed of tax revenue and central government transfers to local government was EUR 5,613 per capita.²⁾ The combined annual contribution margin of municipalities decreased from the previous year by 35.5 per cent and was EUR 2.1 billion. The annual contribution margin was negative for 38 municipalities in the financial statement estimates. In the previous year, the annual contribution margin was negative for four municipalities according to the financial statement data.

Based on the municipalities' estimates, their combined loan stock was EUR 16.7 billion at the end of 2018. It was EUR 3,051 per capita.³⁾ The loan stock grew by 3.8 per cent from the period one year earlier. Municipalities' investment expenses amounted to EUR 3.6 billion in the year. The growth from the year before amounted to 3.4 per cent.

According to financial statement estimates, the operating expenses of joint municipal authorities in Mainland Finland without internal items totalled EUR 14.7 billion in 2018. External operating revenue amounted to EUR 15.4 billion. Operating expenses grew by 8.3 per cent and operating revenue by 7.2 per cent from the previous year. The annual contribution margin fell by 15.1 per cent and was EUR 0.6 billion.

In the financial statement estimates concerning 2018, the combined loan stock of joint municipal authorities was EUR 3.9 billion, which was 11.4 per cent more than in the previous year's financial statement data. Investment expenses increased by 2.1 per cent to EUR 1.2 billion.

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](#).

1) 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 providing the services. Municipalities recorded sales revenue and purchases of services from joint municipal authorities on a gross basis. This recording procedure increased municipalities' external operating revenue and expenses, but it did not have a net effect on the operating margin. On the level of whole Mainland Finland, this procedure caused around one-third of the growth in municipalities' external operating expenses and nearly the entire growth in operating revenue. The effect does not extend to the time prior to the year 2018.

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

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

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.

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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⁾

	Municipalities		Joint municipal authorities	
	2018	Change, %	2018	Change, %
Operating revenue total	7 484	4,6	15 361	7,2
Operating expenses total	36 865	3,3	14 716	8,3
Operating margin (+/-)	-29 074	3,4	652	-13,5
Tax revenue	22 326	-0,5		
Central government transfers to local government	8 456	-0,6		
Financing income	649	-0,4	27	-1,7
Financing expenses	251	25,8	107	-0,9
Annual contributing margin (+/-)	2 106	-35,5	572	-15,1
Depreciations and reductions in value	2 132	-2,9	601	-1,3
Extraordinary items (+/-)	21	-82,6	40	170,9
Financial result for the accounting period (+/-)	-4	-100,3	11	-85,8
Investment expenses total	3 609	3,4	1 153	2,1
Loan stock, at the end of the quarter	16 731	3,8	3 856	11,4

1) Local government enterprises were combined to the data and internal items were eliminated. The data concerning 2018 are financial statement estimates. Changes are calculated compared to the final financial statement data of the previous year.

Revision of data

Change from first release¹⁾

Area	Item	Year	Quarter	1st release, EUR million	Latest release, EUR million	Revision of data, EUR million	Revision of data, %
Municipalities	Operating revenue total	2017	4	7 180	7 194	15	0,2
			2018	1	1 588	1 647	59
		2		3 366	3 531	165	4,9
		3		4 972	5 240	268	5,4
	Operating expenses total	2017	4	35 737	35 714	-24	-0,1
			2018	1	8 814	8 870	57
		2		18 176	18 330	154	0,8
		3		27 039	27 307	268	1,0
	Loan stock, at the end of the quarter	2017	4	15 992	15 993	1	0,0
			2018	1	15 859	15 846	-13
		2		15 899	15 897	-3	0,0
		3		15 733	15 729	-4	0,0
Joint municipal authorities	Operating revenue total	2017	4	14 283	14 285	2	0,0
			2018	1	3 679	3 779	100
		2		7 489	7 682	193	2,6
		3		11 233	11 465	232	2,1
	Operating expenses total	2017	4	13 503	13 532	29	0,2
			2018	1	3 353	3 467	114
		2		7 084	7 278	194	2,7
		3		10 643	10 881	239	2,2
	Loan stock, at the end of the quarter	2017	4	3 430	3 443	13	0,4
			2018	1	3 462	3 464	3
		2		3 681	3 681	0	0,0
		3		3 791	3 791	0	0,0

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

Inquiries

Jens Melfsen 029 551 2578
Karen Asplund 029 551 3611
Director in charge:
Ville Vertanen

kuntatalous@stat.fi
www.stat.fi

Source: Quarterly local government finances, 4th quarter 2018, Statistics Finland