

Quarterly local government finances

2017, 3rd quarter

Operating expenses of municipalities in Mainland Finland decreased by 2.5 per cent in January to September 2017

The external operating expenses of municipalities in Mainland Finland were 2.5 per cent lower in the first three quarters of 2017 than in the corresponding period of one year earlier. The external operating revenue decreased by 7.1 per cent. Municipalities' tax revenue totalled EUR 17.4 billion and central government transfers to local government EUR 6.6 billion. The external operating expenses of joint municipal authorities grew by 8.7 per cent and operating revenue by 8.8 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 69 joint municipal authorities in Mainland Finland.

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

	3rd quarter			
	Municipalities		Joint municipal authorities	
	2017	Change, %	2017	Change, %
Operating revenue total	5 172	-7,1	10 810	8,8
Operating expenses total	26 527	-2,5	10 100	8,7
Annual contribution margin	3 312	15,2	658	12,5
Loan stock	15 188	2,3	3 226	6,3

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

In January to September 2017, the operating expenses of municipalities in Mainland Finland without internal items totalled EUR 26.5 billion, which was 2.5 per cent lower than in the corresponding period one year earlier. The operating revenue of municipalities amounted to EUR 5.2 billion. The operating revenue decreased by 7.1 per cent.

Municipalities received a total of EUR 24.1 billion in tax funding in the first three quarters of 2017. Tax funding formed of tax revenue and central government transfers to local government grew by 0.5 per cent compared with the previous year. Tax funding per capita was EUR 4,399 in Mainland Finland.¹⁾ The

1) The population data used were the population of Mainland Finland on 31 December 2016.

combined annual contribution margin of municipalities totalled EUR 3.3 billion, which was 15.2 per cent more than one year previously.

Municipalities spent a total of EUR 2.1 billion on investments in January to September 2017. Compared with January to September 2016, investment expenses went up by 7.4 per cent. At the end of September, the loan stock totalled EUR 15.2 billion. The amount was 2.7 per cent lower than at the end of the previous quarter. Municipalities' loan stock per capita was EUR 2,774.²⁾

In January to September 2017, the operating expenses of joint municipal authorities in Mainland Finland totalled EUR 10.1 billion and they grew by 8.7 per cent compared with the corresponding period of 2016. The external operating revenue of joint municipal authorities totalled EUR 10.8 billion, which meant a growth of 8.8 per cent from the previous year. The annual contribution margin of joint municipal authorities grew by 12.5 per cent and was EUR 0.7 billion.

The investment expenses of joint municipal authorities totalled EUR 0.6 billion over the period from the beginning of 2017 to the end of September. Compared with the previous year, investment expenses grew by 17.9 per cent. At the end of September, joint municipal authorities' loan stock totalled EUR 3.2 billion. It was 0.9 per cent more than at the end of the second quarter of 2017.

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 quarterly sample survey data by municipality or joint municipal authority are published.

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.

2) The population data used were the population of Mainland Finland on 31 December 2016.

Contents

Tables

Appendix tables

Appendix table 1. External quarterly data on the finances of municipalities and joint municipal authorities in Mainland Finland (internal items eliminated), EUR million.....	4
Appendix table 2. Quarterly data on the finances of municipalities and joint municipal authorities in Mainland Finland (incl. internal items), EUR million.....	4
Revision of data.....	5

Appendix tables

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

	3rd quarter			
	Municipalities		Joint municipal authorities	
	2017	Change, %	2017	Change, %
Operating margin (+/-)	-21 123	-1,3	715	10,0
Tax revenue	17 443	1,6	0	
Central government transfers to local government	6 635	-2,4	0	
Financing income	492	5,9	20	28,9
Financing expenses	136	-7,0	77	-4,5
Annual contribution margin (+/-)	3 312	15,2	658	12,5
Depreciations and reductions in value	1 508	1,7	446	6,6
Extraordinary items (+/-)	84	-59,3	11	-82,6
Financial result for the accounting period (+/-)	1 887	18,2	223	-2,7
Investment expenses total	2 125	7,4	620	17,9
Loan stock, at the end of the quarter	15 188	2,3	3 226	6,3

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⁾

	3rd quarter			
	Municipalities		Joint municipal authorities	
	2017	Change, %	2017	Change, %
Income statement:				
Operating revenue total	8 334	-5,6	11 742	8,7
Sales revenue	3 552	-9,5	10 769	8,7
Fees and charges	1 219	-4,6	464	13,4
Subsidies and grants received	304	-44,3	124	8,6
Other operating revenue	3 258	5,7	384	3,4
Change in inventories of finished goods and of work in progress (+/-)	0	-100,0	1	-372,5
Production for own use	233	-3,8	4	-4,8
Operating expenses total	29 689	-2,6	11 032	8,6
Personnel expenses	10 020	-9,0	5 014	4,8
Purchases of customer services	9 407	7,3	1 321	16,0
Purchases of other services	4 759	-0,2	2 394	10,8
Materials, supplies and goods	1 336	-1,7	1 426	7,7
Allowances and grants	1 510	-21,6	149	6,0
Other operating expenses	2 657	0,3	728	20,4
= Operating margin (+/-)	-21 123	-1,3	715	10,0

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⁾

Area	Item	Year	Quarter	1st release, EUR million	Latest release, EUR million	Revision of data, EUR million	Revision of data, %
Municipalities	Operating revenue total	2016	3	5 614	5 567	-47	-0,8
			4	7 330	7 615	285	3,9
		2017	1	1 546	1 550	5	0,3
			2	3 506	3 484	-22	-0,6
	Operating expenses total	2016	3	27 444	27 217	-227	-0,8
			4	36 469	36 824	356	1,0
		2017	1	8 600	8 597	-3	0,0
			2	17 820	17 798	-22	-0,1
	Loan stock, at the end of the quarter	2016	3	14 899	14 852	-47	-0,3
			4	16 039	16 065	25	0,2
		2017	1	15 616	15 653	37	0,2
			2	15 693	15 610	-83	-0,5
Joint municipal authorities	Operating revenue total	2016	3	10 016	9 940	-75	-0,8
			4	13 240	13 244	4	0,0
		2017	1	3 637	3 664	27	0,7
			2	7 193	7 259	66	0,9
	Operating expenses total	2016	3	9 301	9 294	-7	-0,1
			4	12 421	12 426	5	0,0
		2017	1	3 194	3 233	39	1,2
			2	6 677	6 745	68	1,0
	Loan stock, at the end of the quarter	2016	3	3 029	3 034	5	0,2
			4	3 148	3 141	-7	-0,2
		2017	1	3 110	3 121	11	0,3
			2	3 199	3 199	0	0,0

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

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Source: Quarterly local government finances, 3rd quarter 2017, Statistics Finland