

Quarterly local government finances

2018, 3rd quarter

Operating expenses of municipalities in Mainland Finland grew by 2.1 per cent in January to September 2018

The external operating expenses of municipalities in Mainland Finland went up by 2.1 per cent in January to September 2018 from the corresponding period of one year earlier. External operating revenue declined by 1.8 per cent. Municipalities received EUR 18.0 billion in tax revenue and EUR 6.6 billion in central government transfers to local government. Joint municipal authorities' external operating expenses grew by 6.6 per cent and operating revenue by 5.0 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⁾

	3rd quarter			
	Municipalities		Joint municipal authorities	
	2018	Change, %	2018	Change, %
Operating revenue total	4 972	-1,8	11 233	5,0
Operating expenses total	27 039	2,1	10 643	6,6
Annual contribution margin	3 058	-6,3	539	-17,9
Loan stock	15 733	3,8	3 791	17,5

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 amounted to EUR 27.0 billion in the first three quarters of 2018. Compared to the corresponding period of the previous year, operating expenses were 2.1 per cent higher. External operating revenue, in turn, decreased by 1.8 per cent to EUR 5.0 billion.

Municipalities' tax revenue was 3.1 per cent higher in January to September 2018 than one year earlier. Central government transfers to local government decreased by 0.2 per cent. Municipalities received a total of EUR 18.0 billion in tax revenue and EUR 6.6 billion in central government transfers to local government. Tax funding, which is formed of these two items, amounted to EUR 4,488 per inhabitant, on

average, in Mainland Finland municipalities.¹⁾ The annual contribution margin weakened by 6.3 per cent from the previous year to EUR 3.1 billion.

Municipalities' investment expenses amounted to EUR 2.2 billion in January to September. The growth from the year before amounted to 5.5 per cent. The loan stock decreased by 1.0 per cent from the end of the previous quarter and was EUR 15.7 billion at the end of September. The loan stock per capita was EUR 2,869.

The operating expenses of joint municipal authorities in Mainland Finland without internal items grew by 6.6 per cent in January to September of this year compared to the corresponding period of the previous year. External operating revenue grew by 5.0 per cent. The operating expenses of joint municipal authorities amounted to EUR 10.6 billion and operating revenue to EUR 11.2 billion.

The investment expenses of joint municipal authorities were EUR 0.7 billion in January to September 2018. This was 17.2 per cent more than in the first three quarters of the previous year. At the end of September, the loan stock was EUR 3.8 billion, which represented a growth of 3.0 per cent from the end of the previous quarter.

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.

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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⁾

	3rd quarter			
	Municipalities		Joint municipal authorities	
	2018	Change, %	2018	Change, %
Operating margin (+/-)	-21 892	3,3	595	-16,6
Tax revenue	17 975	3,1	0	
Central government transfers to local government	6 635	-0,2	0	
Financing income	479	-3,4	19	-4,1
Financing expenses	139	-0,7	76	-1,7
Annual contributing margin (+/-)	3 058	-6,3	539	-17,9
Depreciations and reductions in value	1 533	1,8	439	-1,5
Extraordinary items (+/-)	24	-80,2	0	-100,7
Financial result for the accounting period (+/-)	1 549	-17,4	99	-55,1
Investment expenses total	2 226	5,5	726	17,2
Loan stock, at the end of the quarter	15 733	3,8	3 791	17,5

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	
	2018	Change, %	2018	Change, %
Income statement:				
Operating revenue total	8 355	0,5	12 327	5,0
Sales revenue	3 512	-1,1	11 236	4,6
Fees and charges	1 121	-8,1	482	4,0
Subsidies and grants received	318	4,6	142	16,5
Other operating revenue	3 404	5,2	467	12,8
Change in inventories of finished goods and of work in progress (+/-)	0		-1	-159,7
Production for own use	174	-23,9	5	17,6
Operating expenses total	30 421	2,4	11 736	6,4
Personnel expenses	9 849	-1,7	5 203	3,8
Purchases of customer services	9 956	5,8	1 468	11,1
Purchases of other services	4 939	3,4	2 577	7,9
Materials, supplies and goods	1 334	0,0	1 528	7,2
Allowances and grants	1 527	1,2	169	13,6
Other operating expenses	2 815	5,2	790	8,2
= Operating margin (+/-)	-21 892	3,3	595	-16,6

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	2017	3	5 172	5 063	-108	-2,1
			4	7 180	7 190	11	0,1
		2018	1	1 588	1 556	-32	-2,0
			2	3 366	3 353	-13	-0,4
	Operating expenses total	2017	3	26 527	26 475	-52	-0,2
			4	35 737	35 712	-26	-0,1
		2018	1	8 814	8 780	-34	-0,4
			2	18 176	18 154	-22	-0,1
	Loan stock, at the end of the quarter	2017	3	15 188	15 155	-33	-0,2
			4	15 992	15 989	-3	0,0
		2018	1	15 859	15 846	-13	-0,1
			2	15 899	15 897	-3	0,0
Joint municipal authorities	Operating revenue total	2017	3	10 810	10 695	-116	-1,1
			4	14 283	14 287	4	0,0
		2018	1	3 679	3 682	3	0,1
			2	7 489	7 489	1	0,0
	Operating expenses total	2017	3	10 100	9 986	-114	-1,1
			4	13 503	13 527	24	0,2
		2018	1	3 353	3 368	15	0,5
			2	7 084	7 084	0	0,0
	Loan stock, at the end of the quarter	2017	3	3 226	3 226	0	0,0
			4	3 430	3 443	13	0,4
		2018	1	3 462	3 464	3	0,1
			2	3 681	3 681	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 2018, Statistics Finland