

Quarterly local government finances

2020, 3rd quarter

Operating expenses of municipalities in Mainland Finland grew by 1,0 per cent in January to September 2020

The external operating expenses of municipalities in Mainland Finland went up by 1.0 per cent in January to September 2020 from the corresponding period of one year earlier. External operating revenue declined by 3.3 per cent. Municipalities' tax revenue totalled EUR 17.8 billion and central government transfers to local government EUR 8.1 billion. The external operating expenses of joint municipal authorities grew by 1.0 per cent, while their operating revenue decreased by 1.2 per cent. These data appear from Statistics Finland's statistics on quarterly local government finances, for which data were collected from 80 municipalities and 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	
	2020	Change, %	2020	Change, %
Operating revenue total	4 876	-3,3	12 118	-1,2
Operating expenses total	28 692	1,0	11 875	1,0
Annual contribution margin	2 650	162,7	184	-58,5
Loan stock	19 312	3,1	5 210	21,2

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 28.7 billion in January to September 2020. Compared with the corresponding period of the previous year, the growth was 1.0 per cent. The external operating revenue of municipalities amounted to EUR 4.9 billion. Operating revenue decreased by 3.3 per cent. The operating margin weakened by EUR 0.4 billion and was EUR -23.6 billion.

Municipalities received a total of EUR 17.8 billion in tax revenue in the first three quarters of 2020. The sum was 4.2 per cent higher than in the corresponding period one year earlier. Municipalities received EUR 8.1 billion in central government transfers to local government and they increased by 20.7 per cent.

Tax funding formed of tax revenue and central government transfers to local government was EUR 4,712 per capita, on average, in the municipalities in Mainland Finland.¹⁾ The annual contribution margin grew by EUR 1.6 billion to EUR 2.7 billion.

The investment expenses of municipalities amounted to EUR 2.8 billion in January to September, and they grew by 11.6 per cent from the previous year's January to September period. Municipalities' combined loan stock decreased by 1.9 per cent in the third quarter of 2020 compared with the situation at the end of the previous quarter. At the end of September, the loan stock amounted to EUR 19.3 billion. The loan stock per capita was EUR 3,514, on average.²⁾

The external operating expenses of joint municipal authorities in Mainland Finland amounted to EUR 11.9 billion in total and the external operating revenue to EUR 12.1 billion in January to September 2020. Operating expenses grew by 1.0 per cent from the corresponding period one year previously, while operating revenue decreased by 1.2 per cent.

The investment expenditure of joint municipal authorities totalled EUR 0.9 billion in the first three quarters of 2020. Investment expenditure was 13.4 per cent higher than in January to September of the previous year. At the end of September, the loan stock totalled EUR 5.2 billion and it grew by 3.2 per cent from the beginning of July.

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 2019.

2) The population data used were the population of Mainland Finland on 31 December 2019.

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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	
	2020	Change, %	2020	Change, %
Operating margin (+/-)	-23 599	1,8	248	-51,0
Tax revenue	17 838	4,2		
Central government transfers to local government	8 056	20,7		
Financing income	525	2,1	12	-4,7
Financing expenses	170	28,5	77	-1,1
Annual contributing margin (+/-)	2 650	162,7	184	-58,5
Depreciations and reductions in value	1 677	3,4	468	8,8
Extraordinary items (+/-)	3	-98,6	5	-672,0
Financial result for the accounting period (+/-)	977	-365,6	-279	-2625,5
Investment expenses total	2 824	11,6	930	13,4
Loan stock, at the end of the quarter	19 312	3,1	5 210	21,2

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	
	2020	Change, %	2020	Change, %
Income statement:				
Operating revenue total	8 216	-1,5	13 525	-0,7
Sales revenue	3 241	-4,4	12 364	-0,1
Fees and charges	919	-15,1	501	-8,0
Subsidies and grants received	442	19,8	133	-30,2
Other operating revenue	3 613	3,3	527	2,7
Change in inventories of finished goods and of work in progress (+/-)	0		0	-293,6
Production for own use	217	11,2	6	5,0
Operating expenses total	32 031	1,0	13 282	1,2
Personnel expenses	9 970	0,5	5 617	1,8
Purchases of customer services	11 288	2,9	1 783	-3,0
Purchases of other services	4 871	-3,6	3 148	2,4
Materials, supplies and goods	1 238	-3,7	1 561	-0,2
Allowances and grants	1 631	4,7	265	8,0
Other operating expenses	3 034	3,5	908	3,1
= Operating margin (+/-)	-23 599	1,8	248	-51,0

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⁾

				1st release, EUR million	Latest release, EUR million	Revision of data, EUR million	Revision of data, %
Area	Item	Year	Quarter				
Municipalities	Operating revenue total	2019	3	5 045	5 043	-1	0,0
			4	7 194	7 184	-10	-0,1
		2020	1	1 622	1 608	-14	-0,9
			2	3 294	3 270	-24	-0,7
	Operating expenses total	2019	3	28 395	28 416	20	0,1
			4	37 814	37 806	-8	0,0
		2020	1	9 499	9 508	9	0,1
			2	19 152	19 132	-20	-0,1
	Loan stock, at the end of the quarter	2019	3	18 739	18 727	-12	-0,1
			4	18 440	18 439	-1	0,0
		2020	1	19 132	19 154	22	0,1
			2	19 620	19 676	56	0,3
Joint municipal authorities	Operating revenue total	2019	3	12 269	12 264	-5	0,0
			4	16 410	16 482	71	0,4
		2020	1	4 113	4 114	2	0,0
			2	7 948	7 953	4	0,1
	Operating expenses total	2019	3	11 771	11 763	-8	-0,1
			4	15 836	15 858	22	0,1
		2020	1	3 849	3 850	2	0,0
			2	7 877	7 881	4	0,1
	Loan stock, at the end of the quarter	2019	3	4 299	4 299	0	0,0
			4	4 564	4 683	119	2,6
		2020	1	4 818	4 818	0	0,0
			2	5 046	5 046	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

Head of Department in
charge:

Mari Ylä-Jarkko

kuntatalous@stat.fi

www.stat.fi

Source: Quarterly local government finances, 3rd quarter 2020, Statistics Finland