

Quarterly local government finances

2017, 2nd quarter

Operating expenses of municipalities in Mainland Finland decreased by 3.0 per cent in January to June 2017

The external operating expenses of municipalities in Mainland Finland were 3.0 per cent lower in January to June 2017 than in the corresponding period of one year earlier. External operating revenue declined by 7.0 per cent. Municipalities received a total of EUR 11.3 billion in tax revenue and EUR 4.4 billion in central government transfers to local government. The external operating expenses of joint municipal authorities grew by 9.2 per cent and operating revenue by 7.4 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⁾

	2nd quarter			
	Municipalities		Joint municipal authorities	
	2017	Change, %	2017	Change, %
Operating revenue total	3 506	-7,0	7 193	7,4
Operating expenses total	17 820	-3,0	6 677	9,2
Annual contribution margin	1 877	28,2	482	-11,2
Loan stock	15 693	5,7	3 199	7,0

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 the first half of 2017, the operating expenses of municipalities in Mainland Finland without internal items totalled EUR 17.8 billion. The decrease from the first half of 2016 amounted to 3.0 per cent. External operating revenue declined by 7.0 per cent to EUR 3.5 billion.

Municipalities' combined tax funding grew by 0.8 per cent from the previous year and was EUR 15.8 billion in January to June 2017. Tax funding consists of municipalities' own tax revenue, which grew by 2.0 per cent and central government transfers to local government, which decreased by 2.2 per cent. Tax

funding per capita was EUR 2,883.¹⁾ The annual contribution margin grew by 28.2 per cent and was EUR 1.9 billion.

In January to June 2017, the investment expenses of municipalities in Mainland Finland amounted to EUR 1.1 billion, which was 3.4 per cent lower than in January to June 2016. At the end of June, the loan stock stood at EUR 15.7 billion and grew by 0.3 per cent from the end of the previous quarter. Municipalities' loan stock per capita was EUR 2,867.²⁾

The external operating expenses of joint municipal authorities in Mainland Finland totalled EUR 6.7 billion and external operating revenue EUR 7.2 billion in the first two quarters of 2017. Compared with the corresponding period of the previous year, operating expenses grew by 9.2 per cent and operating revenue by 7.4 per cent. The annual contribution margin went down by 11.2 per cent from last year and was EUR 0.5 billion.

Joint municipal authorities' investment expenses amounted to EUR 0.4 billion in January to June. Compared with January to June 2016, investment expenses grew by 20.2 per cent. At the end of the second quarter, joint municipal authorities' loan stock stood at EUR 3.2 billion, which was 2.5 per cent more than at 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 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.

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

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, 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, EUR million¹⁾

	2nd quarter			
	Municipalities		Joint municipal authorities	
	2017	Change, %	2017	Change, %
Operating margin (+/-)	-14 196	-1,9	518	-11,4
Tax revenue	11 348	2,0		
Central government transfers to local government	4 433	-2,2		
Financing income	387	4,9	15	29,5
Financing expenses	96	-0,8	51	-5,0
Annual contribution margin (+/-)	1 877	28,2	482	-11,2
Depreciations and reductions in value	969	-1,7	297	6,6
Extraordinary items (+/-)	31	-84,4	4	97,3
Financial result for the accounting period (+/-)	938	39,1	189	-29,0
Investment expenses total	1 119	-3,4	396	20,2
Loan stock, at the end of the quarter	15 693	5,7	3 199	7,0

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⁾

	2nd quarter			
	Municipalities		Joint municipal authorities	
	2017	Change, %	2017	Change, %
Income statement:				
Operating revenue total	5 636	-4,6	7 801	7,1
Sales revenue	2 370	-9,8	7 137	7,1
Fees and charges	835	-4,2	314	11,5
Subsidies and grants received	240	-37,2	84	1,7
Other operating revenue	2 191	8,2	266	4,8
Change in inventories of finished goods and of work in progress (+/-)	0	-100,0	0	-127,2
Production for own use	119	-13,3	2	-21,9
Operating expenses total	19 950	-2,7	7 286	8,7
Personnel expenses	6 647	-8,3	3 334	4,4
Purchases of customer services	6 311	6,9	875	14,8
Purchases of other services	3 235	-3,6	1 631	10,1
Materials, supplies and goods	952	-1,3	882	8,3
Allowances and grants	1 030	-20,3	98	4,6
Other operating expenses	1 776	1,8	466	31,6
= Operating margin (+/-)	-14 196	-1,9	518	-11,4

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	2016	2	3 993	3 771	-222	-5,6
			3	5 614	5 558	-56	-1,0
			4	7 330	7 531	201	2,7
		2017	1	1 546	1 561	15	1,0
	Operating expenses total	2016	2	18 536	18 373	-163	-0,9
			3	27 444	27 252	-193	-0,7
			4	36 469	36 832	363	1,0
		2017	1	8 600	8 602	2	0,0
	Loan stock, at the end of the quarter	2016	2	14 895	14 844	-50	-0,3
			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
Joint municipal authorities	Operating revenue total	2016	2	6 696	6 699	2	0,0
			3	10 016	9 938	-78	-0,8
			4	13 240	13 240	0	0,0
		2017	1	3 637	3 628	-9	-0,3
	Operating expenses total	2016	2	6 488	6 116	-372	-5,7
			3	9 301	9 156	-145	-1,6
			4	12 421	12 423	1	0,0
		2017	1	3 194	3 186	-9	-0,3
	Loan stock, at the end of the quarter	2016	2	2 999	2 990	-8	-0,3
			3	3 029	3 029	0	0,0
			4	3 148	3 141	-7	-0,2
		2017	1	3 110	3 121	11	0,3

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, 2nd quarter 2017, Statistics Finland