

Quarterly local government finances

2019, 3rd quarter

Operating expenses of municipalities in Mainland Finland grew by 3.9 per cent in January to September 2019

In January to September 2019, the external operating expenses of municipalities in Mainland Finland were 3.9 per cent higher than in the corresponding period of the previous year. External operating revenue declined by 3.7 per cent. Municipalities received a total of EUR 17.1 billion in tax revenue and EUR 6.7 billion in central government transfers to local government. The external operating expenses of joint municipal authorities grew by 8.2 per cent and operating revenue by 7.1 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	
	2019	Change, %	2019	Change, %
Operating revenue total	5 045	-3,7	12 269	7,1
Operating expenses total	28 395	3,9	11 771	8,2
Annual contribution margin	1 030	-66,1	438	-17,5
Loan stock	18 739	19,1	4 299	13,4

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 28.4 billion in January to September 2019. Compared with the corresponding period of the previous year, the growth was 3.9 per cent. The external operating revenue of municipalities amounted to EUR 5.0 billion. The operating revenue decreased by 3.7 per cent. Certain recording procedures used in the comparison year in part increased the operating revenue and expenses of the comparison year.¹⁾ The discontinuation of

1) In 2018, 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 producing 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. In 2019, the production of the services was transferred to the joint municipal authority, which decreases the operating revenue and

these procedures decreases the operating revenue and expenses in 2019 compared to the previous year. The operating margin weakened by EUR 1.2 billion and totalled EUR -23.2 billion.

Municipalities received EUR 17.1 billion in tax revenue during the first three quarters of 2019, which is 4.7 per cent less than in the corresponding period the previous year. The taxation reforms implemented in 2019 had a reducing effect on tax revenue. Central government transfers to local government grew by 0.6 per cent to EUR 6.7 billion. Tax funding formed of tax revenue and central government transfers to local government was EUR 4,338 per capita, on average, in the municipalities in Mainland Finland.²⁾ The annual contribution margin weakened by 66.1 per cent from the previous year and was EUR 1.0 billion.

In the period from the beginning of January to the end of September, the investment expenses of municipalities amounted to EUR 2.5 billion, and they grew by 13.8 per cent from the previous year. At the end of the third quarter of 2019, the loan stock of municipalities was EUR 18.7 billion. The loan stock grew by 3.9 per cent from the end of the previous quarter. The loan stock per capita was EUR 3,415, on average.³⁾

The external operating expenses of joint municipal authorities in Mainland Finland amounted to EUR 11.8 billion in total and the operating revenue to EUR 12.3 billion in January to September 2019. Operating expenses grew by 8.2 per cent and operating revenue by 7.1 per cent compared to the corresponding period of the year before.

During the first nine months of 2019, joint municipal authorities spent altogether EUR 0.8 billion in investment expenses. They increased by 12.4 per cent from the comparison year. At the end of September, the loan stock totalled EUR 4.3 billion and it grew by 1.8 per cent during the 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.

expenses of the municipalities compared to the previous year. According to the estimate, without this exceptional arrangement during the comparison year, the operating revenue would not have decreased, and operating expenses would have grown more in January to September 2019.

2) The population data used were the population of Mainland Finland on 31 December 2018.

3) The population data used were the population of Mainland Finland on 31 December 2018.

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	
	2019	Change, %	2019	Change, %
Operating margin (+/-)	-23 156	5,7	503	-14,3
Tax revenue	17 128	-4,7		
Central government transfers to local government	6 677	0,6		
Financing income	518	8,1	12	-36,9
Financing expenses	136	-2,2	77	2,2
Annual contributing margin (+/-)	1 030	-66,1	438	-17,5
Depreciations and reductions in value	1 621	5,8	430	-2,2
Extraordinary items (+/-)	245	929,0	-1	1143,8
Financial result for the accounting period (+/-)	-346	-122,6	8	-91,5
Investment expenses total	2 530	13,8	815	12,4
Loan stock, at the end of the quarter	18 739	19,1	4 299	13,4

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	
	2019	Change, %	2019	Change, %
Income statement:				
Operating revenue total	8 346	-3,0	13 508	7,1
Sales revenue	3 392	-10,0	12 296	7,1
Fees and charges	1 082	-3,4	545	6,9
Subsidies and grants received	374	18,4	193	36,9
Other operating revenue	3 498	3,1	474	-2,3
Change in inventories of finished goods and of work in progress (+/-)	0		0	-127,2
Production for own use	195	11,8	5	9,5
Operating expenses total	31 696	3,3	13 010	8,1
Personnel expenses	9 918	0,7	5 519	6,1
Purchases of customer services	10 948	7,1	1 846	8,5
Purchases of other services	5 052	2,4	3 001	13,1
Materials, supplies and goods	1 285	-3,7	1 565	2,4
Allowances and grants	1 562	2,2	237	40,1
Other operating expenses	2 932	4,3	842	8,5
= Operating margin (+/-)	-23 156	5,7	503	-14,3

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	2018	3	4 972	5 240	268	5,4
			4	7 484	7 496	11	0,2
		2019	1	1 602	1 612	11	0,7
			2	3 410	3 368	-43	-1,2
	Operating expenses total	2018	3	27 039	27 322	284	1,0
			4	36 865	36 875	10	0,0
		2019	1	9 304	9 311	7	0,1
			2	19 149	19 087	-62	-0,3
	Loan stock, at the end of the quarter	2018	3	15 733	15 729	-4	0,0
			4	16 731	16 631	-100	-0,6
		2019	1	17 633	17 664	31	0,2
			2	18 026	18 035	10	0,1
Joint municipal authorities	Operating revenue total	2018	3	11 233	11 458	225	2,0
			4	15 361	15 375	13	0,1
		2019	1	4 135	4 093	-42	-1,0
			2	8 229	8 229	0	0,0
	Operating expenses total	2018	3	10 643	10 875	233	2,2
			4	14 716	14 708	-8	-0,1
		2019	1	3 759	3 758	-1	0,0
			2	7 866	7 866	0	0,0
	Loan stock, at the end of the quarter	2018	3	3 791	3 791	0	0,0
			4	3 856	3 855	-1	0,0
		2019	1	3 934	3 934	0	0,0
			2	4 225	4 225	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, 3rd quarter 2019, Statistics Finland