



## Press release

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# Swiss public finances from 2014 to 2016: Cantons and municipalities in the red

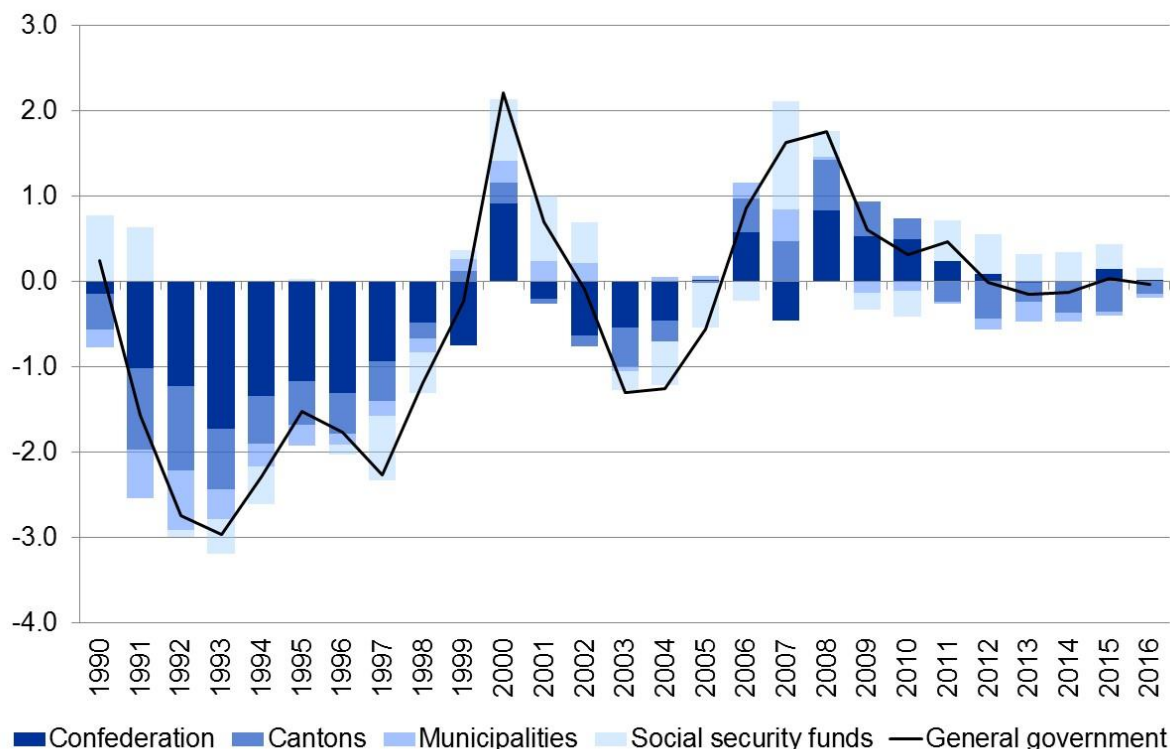
**For the second year in succession, the general government ended 2014 in negative territory. Like in recent years, only the social security funds managed to post a high surplus. The situation will probably ease a little in 2015, particularly as a result of the Confederation's surprisingly good results. In 2016, the economic weakness triggered by the appreciation of the franc is likely to be a burden particularly for the social security funds, whereas the climate for the cantons could brighten somewhat. Against the backdrop of this generally strained environment, a debt reduction cannot be expected for the public finances in the next few years. This is depicted in the latest financial statistics figures.**

In 2014, the general government was in the red for the second year in succession. The deficit/surplus ratio was -0.1% of nominal gross domestic product (GDP), versus -0.2% the preceding year. Once again, the cantons and – to a slightly lesser extent – the municipalities pushed the general government into negative territory. While the Confederation broke even, the social security funds once again achieved high surpluses.

With a deficit/surplus ratio of 0.0%, the situation is likely to ease somewhat in 2015, due primarily to the surprisingly good trend of federal receipts, particularly withholding tax, but also direct federal tax. It can be assumed that the negative interest rates are having an impact here, as the development of refund claims was weak in the case of withholding tax. In terms of receipts, the cantons are benefiting from the double distribution from the SNB, as well as from the high federal receipts relative to the preceding year. With regard to expenditure, however, the restructuring of some pension funds is once again causing a heavy burden, with the result that the cantons' balance is likely to remain clearly in negative territory.

The economic weakness triggered by the appreciation of the franc and the associated increase in unemployment will probably drag down the social security funds' results in 2016, although a deficit is unlikely at the present time. Also in the case of the Confederation, the development of receipts is just likely to be weaker, resulting in a small surplus. In contrast, the pressure on expenditure will ease slightly for the cantons, which will lead to a much smaller deficit. Overall, the general government deficit/surplus ratio will remain at 0.0%.

## 1990-2016 deficit/surplus ratio, in % of GDP



Against the backdrop of this generally strained situation, a debt reduction cannot be expected for the public finances in the next few years. Only the Confederation and the social security funds can reduce their debt, but the cantons' growth trend is at least likely to slow down. Following a slight increase in 2014, the gross debt ratio of the government units will probably decline somewhat again in the following years, and reach 34.1% in 2016.

The Financial Statistics Section of the Federal Finance Administration (FFA) is hereby publishing the provisional results for 2014, as well as forecasts for the subsequent two years regarding the financial situation of the government units (Confederation, cantons, municipalities and social security funds). The definitive results for 2014 for all levels of government will be published at the start of September 2016.

### **Further details:**

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The following can be found as an enclosure to this press release at [www.finance.admin.ch](http://www.finance.admin.ch):

- Brief report on financial statistics
- Detailed financial statistics data
- Overview of publications on budget figures at federal level