



Press release

Date: 06.03.2017

Government units' financial situation cautiously positive

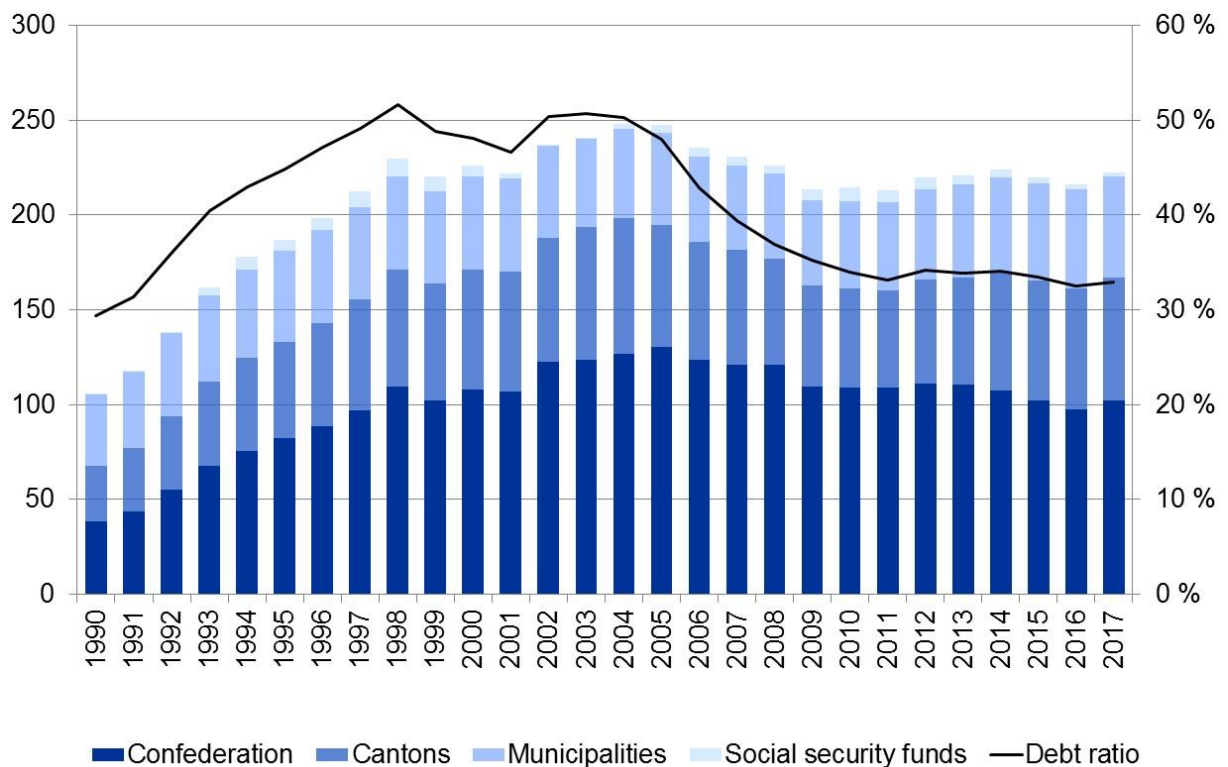
For the first time in two years, the government units ended 2015 in positive territory again. The good result was driven primarily by the high surpluses of the Confederation and the social security funds. A surplus can probably be expected in 2016 too. Although the receipts of the Confederation and the social security funds increased only slightly, the climate for the cantons brightened significantly. The general government is likely to achieve a positive balance once again in 2017. Despite this cautiously optimistic backdrop, a further debt reduction cannot be expected across the board for the public finances in the next few years. This is what is depicted in the latest financial statistics figures.

With a surplus ratio of 0.2% of nominal gross domestic product (GDP), the government units ended 2015 in positive territory for the first time in two years. The high surpluses of the Confederation and the social security funds were a major factor contributing to the good result, whereas the cantons and municipalities were in negative territory.

The general government is likely to post a surplus ratio of 0.2% also in 2016. In the case of the Confederation, the mild increase in receipts led to a smaller surplus. Following the previous year's surprisingly robust receipt growth, only direct federal tax clearly increased, while withholding tax and stamp duty plunged. The economic weakness triggered by the appreciation of the franc and the associated increase in unemployment dragged down the social security funds as expected, resulting in a much smaller surplus than the previous year. In contrast, the pressure on expenditure has eased slightly for the cantons, as there is no longer as much pension fund restructuring as in 2015. The deficit is likely to be substantially lower as a result.

There is likely to be a positive balance also in 2017, with a surplus ratio of 0.3%. Only the municipal budgets could remain in negative territory, while the cantons will possibly post a small surplus for the first time since 2010.

1990-2017 gross debt for all sub-sectors, in CHF bn (lhs) and in % of GDP for the general government (rhs)



Despite this cautiously positive environment, a debt reduction cannot be expected for all of the government units in the next few years. Only the Confederation and the social security funds can reduce their debt, but the Confederation's reduction will be interrupted in 2017 following a revaluation of Confederation bonds. In the case of the cantons and municipalities, the debt increase is likely to slow down noticeably by the end of the forecast period. The gross debt ratio will probably be 33.0% in 2017.

The Financial Statistics Section of the Federal Finance Administration (FFA) is hereby publishing the provisional results for 2015, 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 2015 for all levels of government will be published at the start of September 2017.

Further details:

Philipp Rohr, Head of Communications
Federal Finance Administration,
Tel. +41 58 465 16 06,
philipp.rohr@efv.admin.ch

The following can be found as an enclosure to this press release at www.finance.admin.ch:

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