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Federal Department of Finance FDF
Federal Finance Administration FFA

Press release

Date: 07.09.2017

General government's financial outlook 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. In response to the gradual improvement in the economy, positive balances can be expected for the general government for 2016 to 2018 as well. Only the municipalities are likely to remain in negative territory. Despite this mutedly 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 0.6% 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. Only the municipalities posted a negative balance for the seventh time in succession.

The increase in unemployment dragged down the social security funds' result in 2016, resulting in a smaller surplus than the previous year. The Confederation's result was down on the previous year too. In contrast, the cantons' situation improved. The pressure on expenditure has eased, as there is no longer as much pension fund restructuring as in earlier years. The surplus ratio was 0.3% overall.

As the economy is slowly gaining momentum, the general government is also likely to end 2017 and 2018 in positive territory, with the surplus ratios probably reaching 0.3% and 0.4%, respectively. While the cantons are posting surpluses, there is still no upswing for the municipalities. The social security funds' situation is likely to get perceptibly worse from 2018 onward because of the expiry of the IV supplementary financing, which is why only a small surplus is expected.

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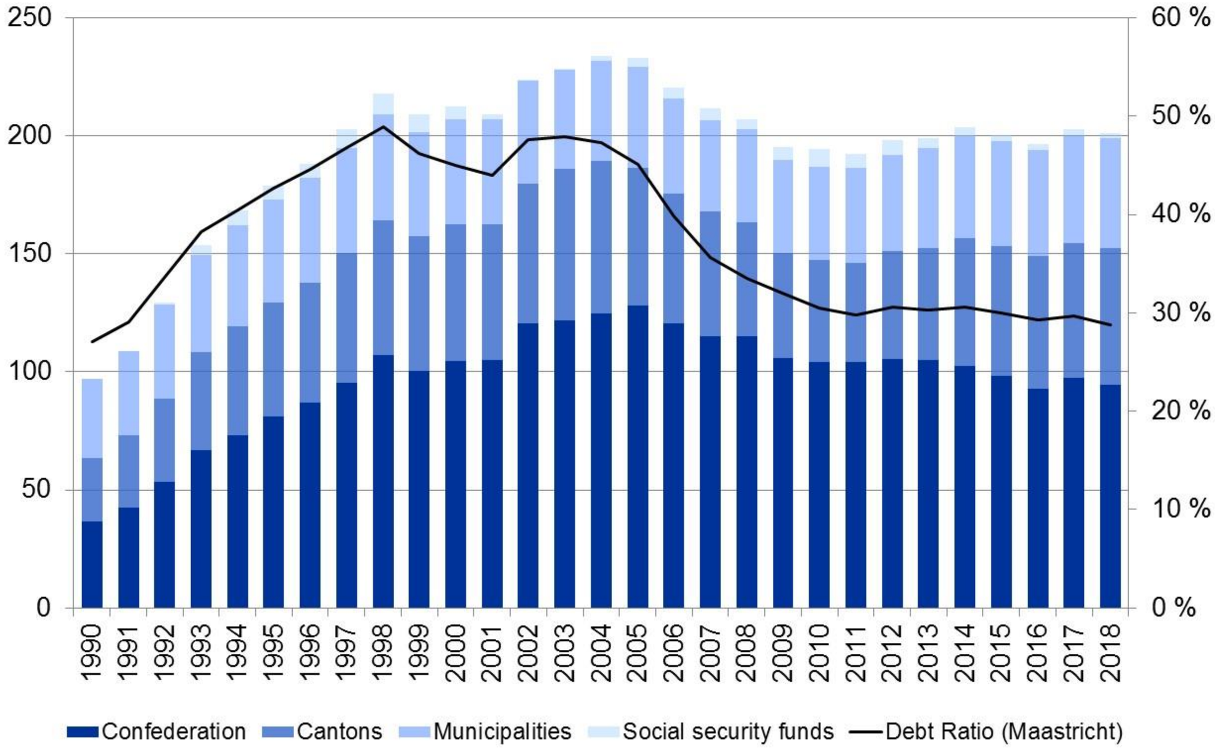
Maastricht debt 1990-2018 for all sub-sectors, in CHF bn (lhs) and in % of GDP for the general government (rhs)



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 by the end of the forecast period. The Maastricht debt ratio will probably be 28,8% in 2018.

The Financial Statistics Section of the Federal Finance Administration (FFA) is hereby publishing the definitive results for 2015 for the first time, as well as provisional results and forecasts for 2016 to 2018 regarding the financial situation of the government units (Confederation, cantons, municipalities and social security funds).

The methodological reconciliation with the system of national accounts of the Federal Statistical Office (FSO) is completed with this publication. The revisions carried out are explained in detail in a technical note[1].

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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

[1] https://www.efv.admin.ch/efv/en/home/themen/finanzstatistik/methoden.html