Schweizerische Eidgenossenschaft
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Swiss Confederation

Federal Department of Finance FDF

**Federal Finance Administration FFA**

# Press release

Date: 06.09.2018

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# Positive financial outlook for public finances

**In 2017 to 2019, the financial situation of the public sector is pleasantly positive. Especially in the case of the Confederation, large surpluses can be achieved thanks to high withholding tax receipts. Positive results can be expected in the case of the cantons and the social security funds too, while the municipalities' results are likely to be quite balanced. In view of this positive situation, a debt reduction can be assumed over the next few years particularly in the case of the Confederation and social security funds. This is what is depicted in the latest financial statistics figures.**

With a surplus ratio of 0.4% of nominal gross domestic product (GDP), the government units ended 2016 in positive territory for the second time in succession. The Confederation, cantons and social security funds achieved surpluses in the order of 0.1%. The municipalities' result was almost balanced.

While the Confederation's expenditure growth was rather modest in 2017, there was a significant increase in receipts, driven by the surprisingly high withholding tax receipts. Consequently, the Confederation had a high surplus ratio of 0.8% of GDP, which it achieved only once before, in 2008. While the social security funds ended the year with a surplus of 0.1% of GDP, like the previous year, the cantons are likely to achieve a surplus ratio of 0.3% according to the current extrapolations. The municipalities are likely to achieve a virtually balanced result once again. Overall, the general government had a surplus ratio of 1.3% in 2017.

As a result of the economy gaining momentum, the general government is likely to achieve significant surpluses of 0.8% and 0.6% of GDP, respectively, in 2018 and 2019. While the Confederation, cantons and social security funds can expect surpluses in both years, the expenditure and receipts of the municipalities are likely to be broadly balanced once again. However, the positive balances of the social security funds in 2018 and 2019 should not hide the imminent retirement provision challenges.

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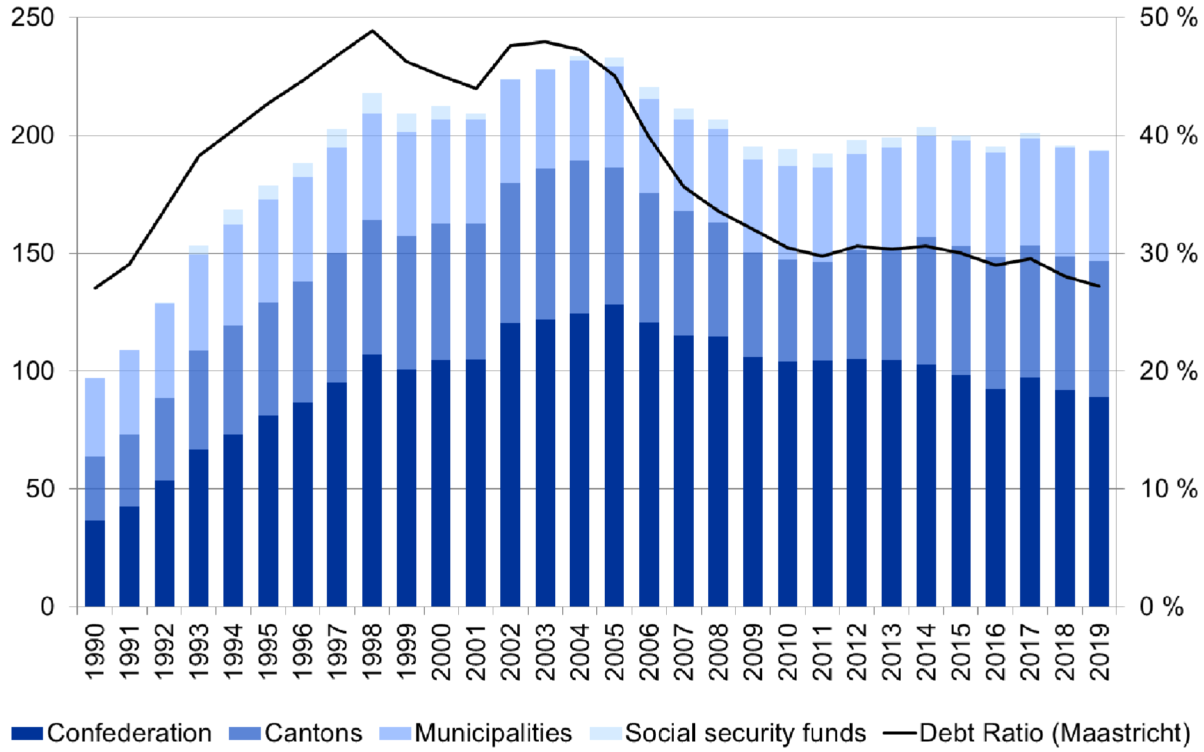
**Maastricht debt 1990-2019 for all sub-sectors, in CHF bn (lhs) and in % of GDP for the general government (rhs)**




In view of this positive situation, Maastricht debt ratios can be expected to decline in all sub-sectors in the years ahead. While the debt burden for the cantons and municipalities is increasing slightly, due partly to the favorable financing conditions, the Confederation and the social security funds can reduce their debt in absolute terms and not only in relation to GDP. The social security funds' debt reduction is attributable primarily to the repayment of the federal unemployment insurance loan. The Maastricht debt ratio will probably be 27.2% in 2019.

The Financial Statistics Section of the Federal Finance Administration (FFA) is hereby publishing for the first time the definitive 2016 results regarding the financial position of the government units (Confederation, cantons, municipalities and social security funds), as well as provisional results, extrapolations and forecasts for 2017 to 2019.

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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