Schweizerische Eidgenossenschaft
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Swiss Confederation

Federal Department of Finance FDF

Federal Finance Administration FFA

Press release

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Encouraging 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 receipts from withholding tax and direct federal tax. 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, cantons and social security funds. This is what is depicted in the latest financial statistics figures.

With a surplus ratio of 1.2% of nominal gross domestic product (GDP), the government units ended **2017** in positive territory for the third time in succession. The Confederation, cantons and social security funds achieved surpluses, with the Confederation posting by far the highest balance at 0.8%. The municipalities' result was almost balanced.

Thanks to the high receipts from withholding tax and direct federal tax, the Confederation's total receipts reached a similarly high level in **2018** as the previous year. Given that this was accompanied by slightly lower expenditure, the Confederation had a high surplus ratio of 0.9% of GDP, which it achieved only once before, in 2008. According to initial estimates, the cantons and social security funds can expect positive balances of 0.3% and 0.1%, respectively, in 2018. The municipalities are likely to achieve a virtually balanced result once again. Overall, the general government's surplus ratio is 1.3%.

Also in **2019**, the general government surplus is likely to remain high at 0.9%. While the positive balances of the cantons and social security funds are still stable, the Confederation's high balance is set to decline somewhat to 0.4%. Expenditure and receipts are likely to remain broadly balanced again in the case of the municipalities. However, the surpluses of the social security funds in 2018 and 2019 should not hide the imminent retirement provision challenges.

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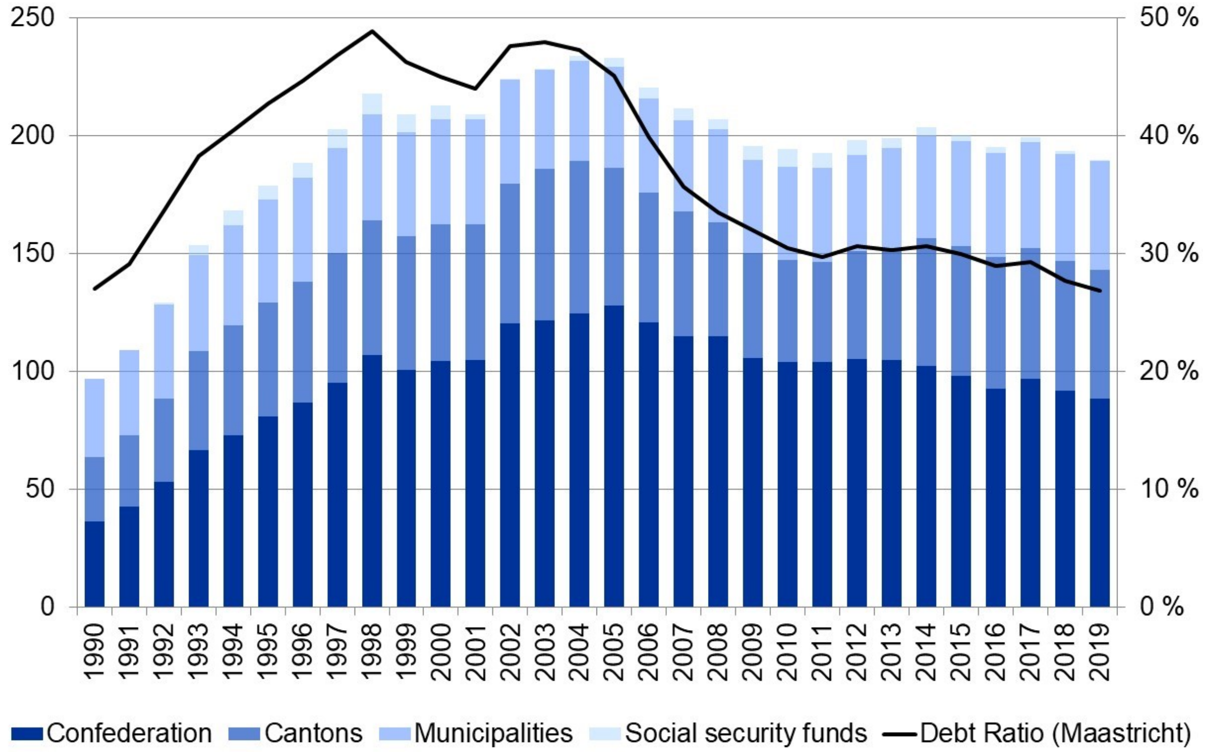
Maastricht debt 1990-2019 for all sub-sectors, in CHF bn (lhs) and in % of GDP for the general government (rhs)



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 municipalities is increasing slightly, due partly to the favorable financing conditions, the Confederation, the cantons 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 26.8% in 2019.

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