Schweizerische Eidgenossenschaft
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Swiss Confederation

Federal Department of Finance FDF

Federal Finance Administration FFA

Press release

Date: 05.09.2019

High surpluses for government units

In 2018 to 2020, the financial situation of the general government sector is pleasantly positive, with the Confederation, cantons and social security funds able to achieve some high surpluses. After several years in the red, the municipalities are likely to return to positive territory for the first time. In view of this favorable 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 depicted in the latest financial statistics figures of the Federal Finance Administration.

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 just under zero.

Thanks to the good economic performance, both the Confederation and the cantons benefited from high tax revenue in **2018** and achieved large surpluses. Both are expected to achieve their highest surplus ratios since 2008. The Confederation's ratio was at the previous year's level of 0.8%, while 0.5% is expected for the cantons, versus 0.3% the previous year. The Financial Statistics Section is anticipating positive balances for the municipalities and social security funds as well. Overall, the result is a surplus ratio of 1.4% for the general government.

The general government's surplus is likely to remain high at 1.1% also in **2019** and **2020**. All sub-sectors are expected to achieve positive balances. The results of the cantons and municipalities are essentially stable. In contrast, the Confederation's result is likely to deteriorate noticeably toward the end of the reporting period due to the implementation of the tax reform and AHV financing (TRAF), while that of the social security funds will improve. The greatest short-term risk for public finances is that economic growth could deteriorate, particularly as a result of international developments (trade dispute between the United States and China) and the appreciation of the Swiss franc.

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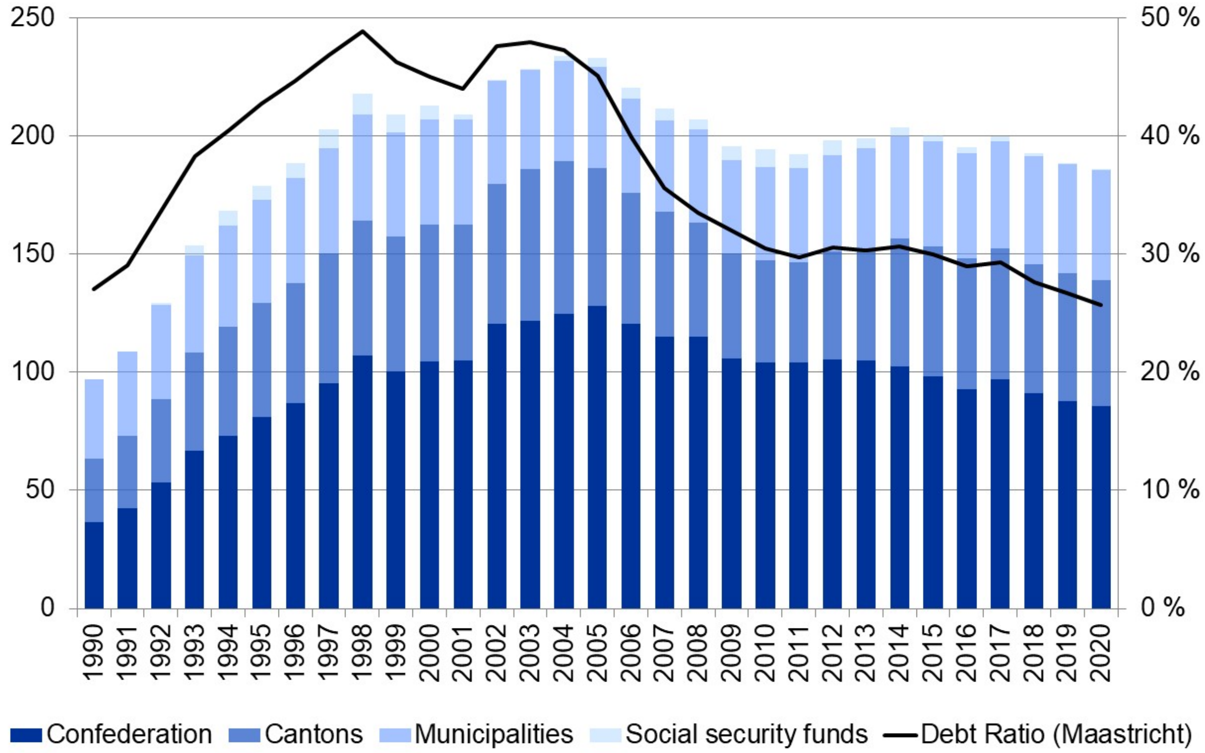
Maastricht debt 1990-2020 for all sub-sectors, in CHF bn (lhs) and in % of GDP for the general government (rhs)



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 of the municipalities will increase slightly, the Confederation, the cantons and the social security funds will be able to reduce their debt in absolute terms. The social security funds' debt reduction will be attributable primarily to the repayment of the federal unemployment insurance loan, which is likely to be repaid by the end of 2019. The Maastricht debt ratio will probably be 25.7% in 2020.

The Financial Statistics Section of the Federal Finance Administration (FFA) is hereby publishing for the first time the definitive 2017 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 2018 to 2020.

The Financial Statistics Section is expanding the scope of the information made available on the website with this publication. For example, data is published for all surveyed municipalities with 5,000 inhabitants or more, as are tables linking categories and functions for all years per canton including municipalities. Moreover, a list of frequently asked questions is available for the first time.

Further details:

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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
  FAQ