# Press release

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# High surpluses for government units

**In 2018 to 2020, the financial situation of the general government sector is pleasantly positive, with the Confederation and cantons, in particular, 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, primarily the Confederation, cantons and social security funds will probably be able to reduce their debt in the next few years. This is depicted in the latest financial statistics figures of the Federal Finance Administration.**

With a surplus ratio of 1.4% of nominal gross domestic product (GDP), the government units achieved their best result since 2008 in **2018**. All sub-sectors achieved surpluses, with the Confederation posting the highest balance at 0.8%. After nine years of negative results, the municipalities returned to positive territory for the first time.

The general government's surplus is likely to remain high at 1.5% in **2019**. Thanks to the persistently high receipts from withholding tax and direct federal tax, the Confederation is set to achieve a ratio of 0.8% like the previous year. According to initial estimates, the cantons will also benefit from a significant increase in tax revenue. Their surplus could be high too at 0.5%. The municipalities and social security funds are also likely to end the year with a positive result of 0.1% each.

Similarly, surpluses are to be expected in all sub-sectors in **2020**. While the Confederation's balance is set to deteriorate noticeably because of rising transfer expenditure in connection with the tax reform and AHV financing (TRAF), the cantons and social security funds are likely to achieve better results than the previous year. The social security funds will benefit from higher receipts from wage contributions and transfers in connection with the TRAF. Although the cantons are likely to feel the first adverse effects of the cantonal tax reforms, these will probably be more than offset by the higher cantonal share of direct federal tax and the bigger SNB distribution. The municipalities are also expected to have a positive overall fiscal balance.

The greatest short-term risk for public finances is that economic growth could deteriorate, particularly as a result of international developments (trade conflicts, pandemic) and the appreciation of the Swiss franc. Moreover, there is uncertainty regarding the effects of the

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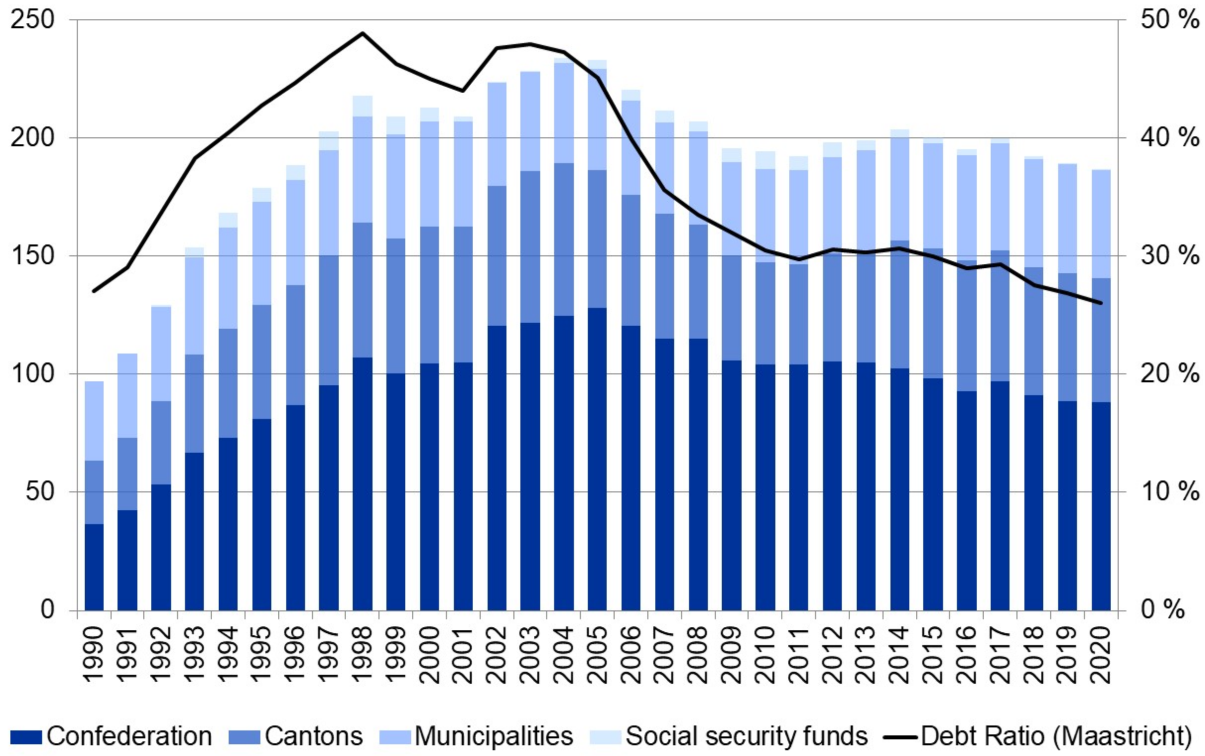
cantonal tax reforms. However, this risk factor could have both a positive and negative impact on public finances.

**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 was attributable primarily to the repayment of the federal unemployment insurance loan at the end of 2019. The Maastricht debt ratio will probably be 26.0% in 2020.

The Financial Statistics Section of the Federal Finance Administration (FFA) is hereby publishing the provisional results for 2018, 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 2018 for all levels of government will be published in September 2020.

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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