Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
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Federal Department of Finance FDF

Federal Finance Administration FFA

Brief report on financial statistics

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Public finance trends: initial results for 2019 and 2020-2021 forecasts

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This overview presents the results for the consolidated accounts of the general government sector. Provisional 2019 financial statistics data for the Confederation, cantons and social security funds is published in it, as well as extrapolations for the municipalities. The report also provides forecasts for the government units for 2020 to 2021. Detailed data on the government unit and aggregate forecasts up to 2024, information on the methodology, and technical notes on revisions are available online.[1]

1. Financial statistics indicators in accordance with international guidelines

The financial data and indicators of the government units are published in accordance with the Government Finance Statistics Manual 2014 (GFSM 2014) of the International Monetary Fund (IMF) to facilitate international comparisons.

1 https://www.efv.admin.ch/efv/en/home/themen/finanzstatistik/uebersicht-staatsfinanzen.html

Table 1: **GFS financial statements: Receipts/expenditure/net lending/borrowing for the general government sector and per sub-sector**

mio CHF		2017	2018	2019	2020	2021
General government	Revenue	229 891	234 466	239 319	236 286	240 936
	Expenditure	222 152	225 290	229 221	254 483	266 197
	of which expenditure Covid measures				16 882	22 630
	Net lending/borrowing	**7 738**	**9 176**	**10 098**	**-18 197**	**-25 261**
	Deficit/surplus ratio in % of GDP	1.1%	1.3%	1.4%	-2.6%	-3.5%
Confederation	Revenue	78 080	78 365	80 338	74 643	79 708
	Expenditure	72 891	73 048	74 368	92 303	100 435
	of which expenditure Covid measures				14 318	20 930
	Net lending/borrowing	**5 188**	**5 317**	**5 971**	**-17 660**	**-20 727**
	Deficit/surplus ratio in % of GDP	0.7%	0.7%	0.8%	-2.5%	-2.9%
Cantons	Revenue	92 404	95 457	97 252	98 846	107 324
	Expenditure	90 139	92 643	93 770	99 886	109 594
	of which expenditure Covid measures				2 748	10 000
	Net lending/borrowing	**2 265**	**2 814**	**3 482**	**-1 040**	**-2 270**
	Deficit/surplus ratio in % of GDP	0.3%	0.4%	0.5%	-0.1%	-0.3%
Municipalities	Revenue	47 958	48 982	49 798	50 333	50 572
	Expenditure	48 559	48 739	49 909	50 855	52 087
	Net lending/borrowing	**-601**	**243**	**-111**	**-522**	**-1 515**
	Deficit/surplus ratio in % of GDP	-0.1%	0%	0%	-0.1%	-0.2%
Social security funds	Revenue	63 513	63 635	64 700	78 124	74 214
	Expenditure	62 627	62 833	63 943	77 100	74 964
	of which expenditure Covid measures				10 775	6 000
	Net lending/borrowing	**886**	**802**	**757**	**1 024**	**-749**
	Deficit/surplus ratio in % of GDP	0.1%	0.1%	0.1%	0.1%	-0.1%

In 2019, the financial situation of the general government sector was gratifyingly positive, with the Confederation, cantons and social security funds achieving high surpluses. With a surplus ratio of 1.4% of gross domestic product (GDP), the general government sector achieved its best result since 2008 in 2019.

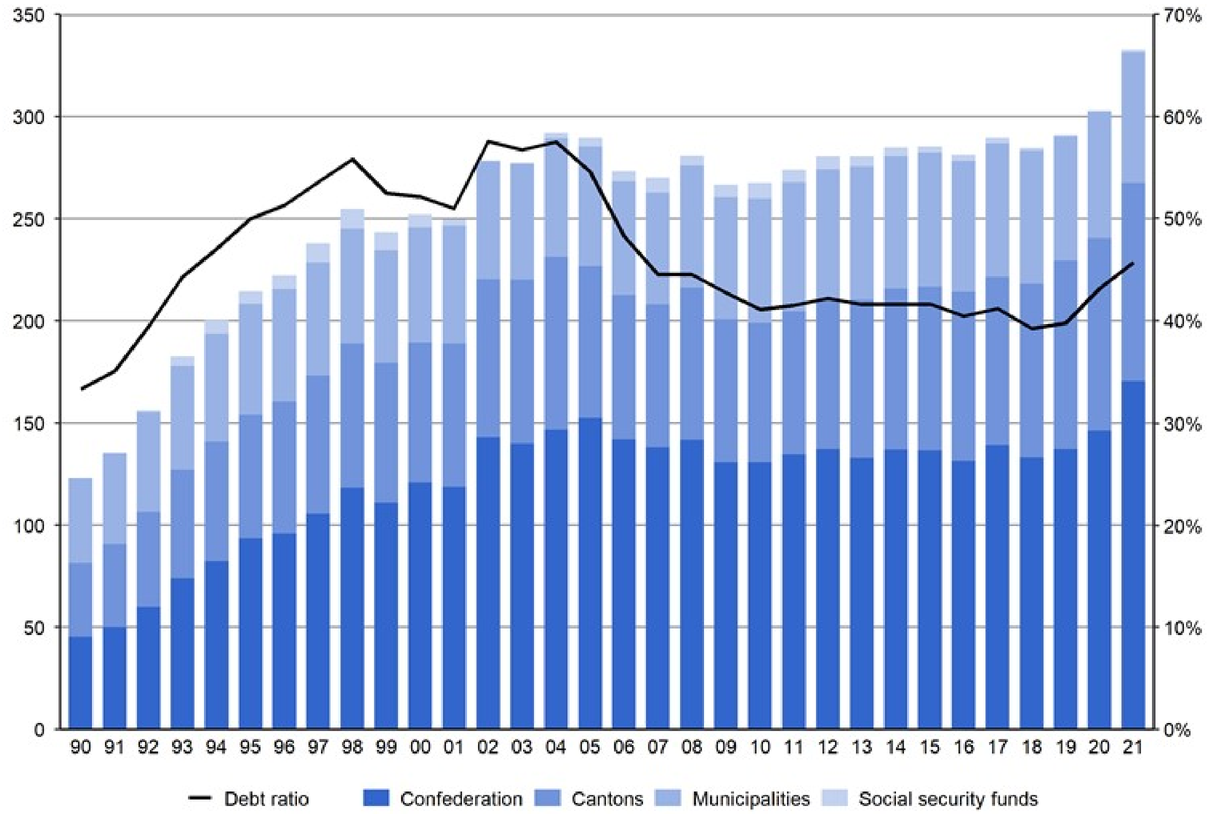
The positive 2019 fiscal balances of the Confederation and cantons sub-sectors were due to robust revenue growth. The Confederation benefited from higher receipts from direct federal tax and withholding tax, thanks to corporate profits in 2018 and large dividend payments. The 1.9% increase in the cantons' receipts was driven primarily by direct income tax of natural persons and capital gains tax. The cantons' surplus ratio rose from +0.4% of GDP in 2018 to +0.5% in 2019. The municipalities' result was almost balanced. The surplus ratio of the social security funds remained unchanged at +0.1%.

In the subsequent two years, 2020 and 2021, the COVID-19 pandemic and the measures to cushion the economic repercussions clearly impact the finances of the government units.[2] In 2020, substantial shortfalls in tax receipts for the Confederation (especially withholding tax) and soaring expenditure in the Confederation, cantons and social insurance sub-sectors will lead to a deficit of 2.6% of GDP. In view of the pandemic situation, various fiscal policy measures were taken (e.g. short-time working compensation of 10.8 bn, loss of earnings compensation of 2.2 bn and expenditure of 618 mn for the procurement of medical materials and vaccines), putting a burden of around 17 billion on the general government sector. The Confederation sub-sector alone bears around 85% of this expenditure. Due to the prolonged second wave of the pandemic, extensive measures to cushion the economic impact have also been decided for 2021 (including hardship measures of 10 bn by the Confederation and cantons), which will ultimately benefit the economic sectors (households and companies). Only a relatively small portion concerns government consumption. The measures are likely to reach almost 23 billion for the general government in 2021, with the Confederation bearing roughly 93% of that amount. These figures are still subject to considerable uncertainty. In view of the

[2] These figures take account of the Federal Council's fiscal policy decisions up to the beginning of March 2021.

simultaneous decline in tax revenue, especially in the case of the cantons and municipalities, the burden on the government units will remain very substantial. The deficit for the general government is expected to reach 3.5% of GDP.

Figure 1: **IMF debt in CHF bn per sub-sector and in % of GDP for the general government sector**



Gross debt ratio – Figure 1 shows the trend of the gross debt ratio and liabilities in billions of Swiss francs. It measures the gross debt of the general government sector according to the IMF guidelines. In 2019, liabilities amounted to 289.3 billion, or 39.8% of GDP.

In 2020, they are likely to climb by around 12 billion to 301.4 billion (43.1% of GDP) due to the health and economic crisis, as part of the substantial deficit in the general government sector is debt financed. General government liabilities are set to surge also in 2021 in order to finance the measures adopted (e.g. hardship support program of 10 bn) to cushion the economic impact of the pandemic. Consequently, the deficit is likely to be covered almost exclusively by liabilities. Following the massive economic downturn in 2020, a catch-up effect is expected in 2021. With GDP growth of 3.4%, the gross debt ratio of the general government sector is likely to rise to 45.7% of GDP.

2. Switzerland's public finances in an international comparison

Since the statistics on Switzerland's public finances are presented in accordance with international guidelines, they can be compared with the statistics on other countries' public finances. An international comparison of the key financial ratios is provided below for a selection of countries or groups of countries. These include the deficit/surplus ratio, the gross debt ratio, the receipt ratio and the general government expenditure ratio. These ratios are expressed as a percentage of nominal GDP.

Table 2: Deficit/surplus ratio and gross debt ratio[3]

in % GDP	2017	2018	2019	2020	2021
Switzerland	+1.1	+1.3	+1.4	-2.6	-3.5
Euro Area	-0.9	-0.5	-0.6	-8.6	-6.5
Germany	+1.4	+1.8	+1.5	-6.3	-4.4
France	-3.0	-2.3	-3.0	-9.5	-7.4
Italy	-2.4	-2.2	-1.6	-10.7	-6.9
Austria	-0.8	+0.2	+0.7	-10.5	-6.7
Belgium	-0.7	-0.8	-1.9	-11.3	-8.1
Denmark	+1.8	+0.7	+3.8	-3.9	-2.9
Netherlands	+1.3	+1.4	+1.7	-6.4	-8.0
Norway	+5.0	+7.8	+6.2	-1.3	+1.8
Spain	-3.0	-2.5	-2.9	-11.7	-9.0
Sweden	+1.4	+0.8	+0.5	-4.0	-3.8
Canada	-0.1	-0.4	-0.3	-15.6	-11.3
Japan	-2.9	-2.3	-2.6	-10.5	-5.5
United Kingdom	-2.4	-2.2	-2.4	-16.7	-13.3
United States	-4.3	-6.3	-6.7	-15.4	-11.6
Total OECD	-2.3	-2.8	-3.0	-11.5	-8.4

in % GDP	2017	2018	2019	2020	2021
Switzerland	41.2	39.2	39.8	43.1	45.7
Euro Area	105.7	102.5	103.6	119.4	122.2
Germany	72.7	69.5	68.1	82.5	84.7
France	123.3	121.7	124.4	142.0	143.2
Italy	153.2	147.8	155.8	178.7	178.3
Austria	102.4	96.8	95.0	111.2	116.3
Belgium	120.9	118.3	120.9	139.2	141.5
Denmark	52.8	51.0	51.7	62.5	58.5
Netherlands	70.9	66.0	62.5	69.7	76.8
Norway	44.7	45.3	46.7	n.v.	n.v.
Spain	115.8	114.5	117.3	139.1	142.3
Sweden	51.9	50.5	46.5	49.8	49.8
Canada	95.2	93.8	94.3	121.5	131.2
Japan	222.2	224.2	225.3	241.6	243.3
United Kingdom	117.1	113.9	117.3	145.3	157.4
United States	105.6	106.6	108.4	128.0	134.2
Total OECD	109.8	108.7	110.0	126.9	131.7

Deficit/surplus ratio and gross debt ratio – In the period from 2017 to 2019, Switzerland was one of a group of countries with a financing surplus, as were Germany, Denmark, the Netherlands, Norway and Sweden. All of these countries likewise had gross debt ratios of less than 80% of nominal GDP, while most of the others had ratios of more than 100%. France, Italy, Belgium, Spain, Canada, Japan, the United Kingdom and the United States additionally posted a deficit. Table 2 shows that not all countries had the same robust finances for dealing with the economic crisis triggered by the COVID-19 pandemic.

With the exception of Switzerland, Denmark, Norway and Sweden, all of the countries listed in Table 2 had deficits of at least 6% of GDP in 2020.[4] The COVID-19 measures caused the gross debt ratio to rise by more than 15 percentage points in many countries. The biggest increase was experienced by the United Kingdom (+28 percentage points), whose economy also suffered from the uncertainty concerning Brexit[5]. By comparison, the increase in the gross debt ratio for Sweden and Switzerland was much smaller (+3.3 percentage points).

The development of the gross debt ratios of the countries shown will vary greatly in 2021. In Switzerland and probably also Sweden, the gross debt ratio will remain below the 50% mark, while in the euro area, the United Kingdom and North America (Canada, US) it will be 120% or more. In Japan, the ratio is even expected to reach a new record high of over 243% of GDP. The impact of the health and economic crisis on Switzerland's public finances will be less severe than in most other industrialized countries.

3 Data sources: Switzerland: Financial statistics; other countries: OECD Economic Outlook, December 2020, Norway's gross debt ratio: OECD data (February 2021)

4 However, pure deficit ratios are not suitable for a meaningful comparison of government activities to mitigate the consequences of the COVID-19 crisis. That would require the expenditure incurred to be set in relation to the actual decline in GDP.

5 The United Kingdom's withdrawal from the EU is known as Brexit. This took place on January 31, 2020.

Table 3: Receipt and general government expenditure ratio[6]

in % GDP	2017	2018	2019	2020	2021
Switzerland	33.1	32.6	32.9	33.8	33.4
Euro Area	46.2	46.5	46.4	46.2	46.2
Germany	45.5	46.2	46.6	45.9	46.0
France	53.5	53.4	52.5	53.8	52.2
Italy	46.3	46.2	47.1	47.8	48.0
Austria	48.5	48.9	49.1	47.7	47.1
Belgium	51.3	51.4	50.1	50.5	49.1
Denmark	52.3	51.2	53.0	52.2	51.0
Netherlands	43.7	43.6	43.7	41.3	40.5
Norway	55.5	56.6	57.7	57.5	56.4
Spain	38.2	39.2	39.2	40.0	42.1
Sweden	50.7	50.6	49.8	48.3	47.2
Canada	40.4	40.7	40.8	40.9	40.8
Japan	35.3	36.2	36.1	36.1	35.9
United Kingdom	38.7	38.7	38.6	39.2	41.7
United States	33.7	31.6	31.6	32.1	32.2
Total OECD	38.1	37.5	37.6	37.6	37.8

in % GDP	2017	2018	2019	2020	2021
Switzerland	32.0	31.3	31.5	36.4	36.9
Euro Area	47.2	46.9	47.0	54.9	52.7
Germany	44.2	44.4	45.1	52.1	50.4
France	56.5	55.6	55.5	63.3	59.6
Italy	48.7	48.4	48.7	58.5	54.9
Austria	49.3	48.7	48.4	58.2	53.8
Belgium	52.0	52.2	52.1	61.8	57.1
Denmark	50.6	50.5	49.2	56.1	53.9
Netherlands	42.4	42.3	42.0	47.6	48.5
Norway	50.5	48.8	51.5	58.8	54.6
Spain	41.2	41.7	42.1	51.7	51.1
Sweden	49.3	49.8	49.3	52.3	50.9
Canada	40.6	41.0	41.2	56.6	52.0
Japan	38.2	38.5	38.7	46.7	41.5
United Kingdom	41.1	40.9	41.0	55.9	55.0
United States	38.1	37.9	38.3	47.4	43.8
Total OECD	40.3	40.3	40.6	49.0	46.2

Receipt and general government expenditure ratio – It can be seen in Table 3, which shows the receipt and general government expenditure ratios of a selection of industrialized countries, that their ratios vary greatly. On the one hand, the United States, Switzerland, Japan, the United Kingdom, Spain and Canada have relatively low ratios from 2017 to 2019. On the other hand, the ratios in countries such as Norway, France, Belgium and Denmark are relatively high. Both ratios are stable in all countries up to 2019, while their development in the following two years is marked by the economic and health crisis.

In 2020, for example, the Netherlands recorded a sharp decline in its receipt ratio (-2.4 percentage points), while France posted a sharp increase (+1.3 percentage points). Major differences in the development of the receipt ratio are also expected in 2021. According to the latest OECD figures, the receipt ratios in Spain and the United Kingdom are likely to soar, while those of the other countries could be stable or decline.

The trend of the general government expenditure ratio is different from that of the receipt ratio. The measures to deal with the economic crisis resulting from the COVID-19 pandemic triggered a sharp rise in expenditure in all countries (including Switzerland) in 2020. The plunge in nominal GDP also amplified the rise in the general government expenditure ratio. Switzerland's general government expenditure ratio rose by 4.9 percentage points to 36.4% in 2020. Only in Sweden was the rise smaller (+3 percentage points). Almost half of the countries surveyed posted an increase of more than 9 percentage points. Canada's general government expenditure ratio rose by as much as 15.4 percentage points. The comparatively smaller increase in Switzerland was also attributable to the fact that GDP plummeted less than in other countries.

The renewed or stronger containment and fiscal measures taken in winter 2020/21 are not yet fully factored into the OECD forecasts of December 2020. They assume global economic growth and falling general government expenditure ratios in 2021, with only the Netherlands showing an increase in the general government expenditure ratio in 2021. In contrast, the extensive additional measures (including the hardship support program) are taken into account in the Swiss general government expenditure ratio. According to the current forecasts of the Financial Statistics Section, the general government expenditure ratio is thus likely to reach 36.9% of GDP, i.e. 5.5 percentage points above the pre-crisis level. Compared with the other countries shown, Switzerland's general government expenditure ratio will remain low.

6 Data sources: Switzerland: Financial statistics; other countries: OECD Economic Outlook 108, December 2020, Norway: OECD data (February 2021)

3. Appendix

3.1. Origin of data

The financial statistics are based on the data disclosed in the state financial statements of the Confederation and all the cantons, as well as the annual reports of approximately 1,770 municipalities. All cities and cantonal capitals, as well as random samples per canton, are taken into account. Based on the accounts of the municipalities surveyed, estimates and extrapolations are made for the other municipalities per canton. In recent years, the Financial Statistics Section has pushed ahead with the full surveys of all municipalities in a given canton. Consequently, for fiscal 2019, an estimate was necessary only for the cantons of Fribourg, Jura, Vaud, and Valais. The municipalities of all of the remaining 22 cantons were surveyed in full. Social security funds are also taken into account (old-age and survivors' insurance, disability insurance, compensation for loss of earnings and unemployment insurance, agriculture family allowances, maternity insurance in Geneva). Institutions that are counted in the government units but not included in the state and municipal accounts are integrated into the statistics for the sake of comparability and completeness. In contrast, public enterprises that are consolidated in the state and municipal accounts are excluded.[7] For these reasons, the evaluations in the financial statistics do not necessarily correspond to the financial statements published by the Confederation, cantons, municipalities and social security funds. Due to the vast workload involved in compiling and harmonizing the data caused by the federal structure of the government units, there is generally a time lag of some 18 months before publication of the definitive results for each fiscal year. However, estimates can be used to provide more up-to-date statements and forecasts for the general government sector and the individual sub-sectors, i.e. Confederation, cantons, municipalities and social security funds.

Up to 2019, the financial statistics figures for the Confederation, the cantons and the social security funds are based on the respective financial statements. The data for the municipalities is based on an extrapolation using the accounting data available to date (Table 4).

The 2020 forecasts are based on the federal financial statements and on the provisional financial statements for the separate accounts and decentralized administrative units. The 2021 forecasts are based on the budget or on the financial plans as the case may be. In the case of the cantons, the forecasts are based on a survey of the cantonal financial statements (2020) and the cantonal budgets (2021). The forecasts for the municipalities are based on several indicators (2020-2021). The 2020 figures for the social security funds are based on the monthly figures already available and the 2021 forecasts on their budget or financial plan figures.

In the case of the cantons and municipalities, it needs to be borne in mind that the budgets and financial plans used for preparing the forecasts are not uniform. Consequently, discretionary measures (e.g. relief programs, recapitalization of pension funds) of these government units are not always incorporated into the forecasted data. For this reason, the figures are to be interpreted with all due caution as the length of the forecast horizon increases.

The updated results and information on the methods are available online[8].

7 Scope of the 2018 financial statistics (XLS, 60 kB, 07.09.2020)

8 https://www.efv.admin.ch/efv/en/home/themen/finanzstatistik/daten.html

Table 4: Basis for financial statistics data, March 2021

Sub-sector	Up to 2018	2019	2020	2021
General government	**Financial statements**	**Forecasts**	**Forecasts**	**Forecasts**
Confederation	Financial statements	Financial statements	Provisional financial statements	Budget/financial plans
Cantons	Financial statements	Financial statements	Financial statements survey	Budget survey
Municipalities	Financial statements	Available data	Forecasts	Forecasts
Social security funds	Financial statements	Financial statements	Provisional financial statements	Budget/financial plans

[1] Including separate accounts and decentralized administrative units

Grayed: extrapolations and forecasts

3.2. Differences between financial statistics and state financial statements

The differences between the figures published by the Financial Statistics Section and the government units' own state financial statements are explained below. Such discrepancies can occur in all sub-sectors of the general government (Confederation, cantons, municipalities and social security funds). They generally arise as a result of differences in the understanding of the scope of consolidation, i.e. the sectoring of financial statistics. For the purpose of financial statistics, the entities included in the general government sector are defined in accordance with the criteria of the European System of Accounts (ESA 2010). Thus, in addition to the Confederation as the parent entity, the cantons, municipalities and social security funds, all other entities meeting these criteria are also included. In financial statistics, general government units are thus all entities that are independent institutions under state control and which either:

- collect taxes,
- redistribute income and wealth, or
- fund less than half of their production costs via sales or fees.

Institutions not meeting these criteria are not included or are removed from the state financial statements. Thus, public enterprises like hospitals, electricity, gas and district heating plants, transportation companies, waterworks, waste incineration plants and antenna installations that cover over half of their production costs through the sale of goods and services or through fees do not fall under the general government sector. Likewise, the general government sector does not include state financial institutions and financial service providers such as the Swiss National Bank, cantonal banks or public-sector pension funds. These are classified as financial corporations. Financial and non-financial corporations are recorded as separate economic sectors in the Swiss system of national accounts, with no distinction being made between public and private enterprises.

According to the financial statistics, the Confederation sub-sector comprises the Confederation itself as the parent entity as well as the separate accounts that appear in the Confederation's financial reporting but which are not consolidated with the parent entity: Swiss Alcohol Board (SAB; up to 2017), infrastructure fund (IF) and, from 2018, motorway and urban transportation fund, which has replaced it, fund for major railway projects (FinPT) and, from 2016, railway infrastructure fund (RIF), which has replaced it. It also includes the decentralized administrative units that are more than 50% funded by the Confederation, as set out in the ESA 2010 criteria: ETH Domain, Swiss Federal Institute for Vocational Education and Training (SFIVET), Swiss Federal Institute of Metrology (METAS), Innosuisse, Movetia, Swiss National Science Foundation (SNSF), Swiss National Museum (SNM), Switzerland Tourism, Pro Helvetia Arts Council, feed-in remuneration at cost foundation (CRF, up to 2017) and Building Foundation for International Organisations (FIPOI). On the other hand, FINMA and its predecessors are funded mainly through fees and supervisory duties paid by the regulated bodies and are thus not included; they are no longer included in the Confederation's state financial statements. The differences between the national FS Model and the international GFS Model also have to be taken into account. These exist primarily through the separate booking of other economic flows in the GFS Model. This leads to a narrower definition of receipts and expenditure in the GFS

Model. Table 5 shows the sequence for moving from the balances in the state financial statements in accordance with the Confederation's financial reporting to the balances calculated using the GFS Model. The lower part of the table shows the Confederation sub-sector's debt with the Maastricht definition, the so-called Maastricht debt. The differences between gross debt according to financial reporting, gross debt with the national FS Model and Maastricht debt are thus shown.

Table 5: Differences in the Confederation's financial reporting – FS Model and GFS Model, in CHF mn

	2015	2016	2017	2018	2019
Ordinary result financial reporting	**2'337**	**752**	**2'621**	**3'138**	**3'060**
+ Extraordinary result financial reporting	493	478	177	90	541
Overall fiscal balance financial reporting	**2'831**	**1'230**	**2'798**	**3'229**	**3'600**
+ Balance from consolidation of seperate accounts of the federal account (1)	-140	522	938	1'661	1'200
+ Balance from the consolidation of additional seperate accounts (1)	15	120	169	-29	-25
+ Balance from special items	8	13	11	31	35
Overall fiscal balance FS Model	**2'714**	**1'885**	**3'916**	**4'892**	**4'810**
- Balance sheet transactions adjustment (2)	-184	173	222	219	117
- Other economic flows adjustment (2)	19	-451	29	116	160
+ Accrual accounting (3)	-554	-1'379	-92	-172	-182
+ Statistical operations (4)	-157	-411	1'615	932	1'620
Net lending/borrowing GFS Model	**2'167**	**372**	**5'188**	**5'317**	**5'971**

	2015	2016	2017	2018	2019
Gross debt in accordance with financial reporting	**103'805**	**98'819**	**105'242**	**99'407**	**96'948**
- Financial derivatives (negative replacement values)	203	178	125	128	140
Gross debt general government according to FS	**103'602**	**98'641**	**105'117**	**99'278**	**96'808**
+ Gross debt separate accounts/consolidation (1)	-1'221	-962	-701	-649	96
Gross debt FS	**102'381**	**97'679**	**104'416**	**98'629**	**96'904**
+ Coins in circulation according to SNB	3'061	3'095	3'142	3'183	3'212
- Outstanding invoices, advance payments received, tax liabilities, cash deposits (confiscated assets)	7'235	8'098	10'582	10'931	12'133
+ Provisions for warranties for ocean shipping	0	215	100	100	30
Maastricht-Debt	**98'207**	**92'890**	**97'076**	**90'981**	**88'013**

(1) Separate accounts (SAB (up to 2017), IF (up to 2017), motorway and urban transportation fund, FinPT (up to 2015), RIF) and decentralized administrative units financed primarily by tax (ETH, SFIVET, Innosuisse, METAS, Movetia, Swiss National Science Foundation, Swiss National Museum, Switzerland Tourism, Pro Helvetia, CRF (up to 2017), FIPOI)
(2) Not included in the balance in accordance with the GFS Model
(3) Entries without a financial impact (included in the GFS balance)
(4) Statistical operations for the purpose of adjusting to the IMF's GFSM 2014