



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra  
Swiss Confederation

# STATE FINANCIAL STATEMENTS

# 20 19

DISPATCH

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## **DISPATCH ON THE 2019 STATE FINANCIAL STATEMENTS**

of March 20, 2020

Dear Mrs President of the National Council,  
Dear Mr President of the Council of States,  
Ladies and gentlemen,

With this dispatch, we hereby submit the Swiss state financial statements for 2019 to you, and propose that you approve them in accordance with the enclosed draft resolutions.

Respectfully yours,

Bern, March 20, 2020

On behalf of the Swiss Federal Council

President of the Swiss Confederation:

**Simonetta Sommaruga**

Federal Chancellor:

**Walter Thurnherr**

## **SYMBOLS AND ABBREVIATIONS**

The following symbols and abbreviations were used in the tables in this dispatch:

-	same as 0 or no value
n.d.	not displayed
n.q.	not quantifiable
CHF	Swiss francs
mn	million
bn	billion
%	percent
Δ	difference
Ø	average
>	greater than
<	less than
Fin. stmt.	financial statements
Bdg.	budget
FP	financial plan
LFP	legislature financial plan
E	estimate
FTE	full-time equivalent
PG	performance group(s)

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# REPORT ON THE ANNUAL FINANCIAL STATEMENTS

A





# FIGURES OVERVIEW

## FIGURES OVERVIEW

CHF mn	FS 2018	Bdg. 2019	FS 2019	Δ 2018-19	
				absolute	%
<b>Financing statement</b>					
Ordinary receipts	73 712	73 556	74 474	761	1.0
Ordinary expenditure	70 574	72 334	71 414	840	1.2
Ordinary fiscal balance	3 138	1 222	3 060	-79	
Extraordinary receipts	90	-	541	450	
Extraordinary expenditure	-	-	-	-	
Overall fiscal balance	3 229	1 222	3 600	372	
<b>Debt brake</b>					
Maximum admissible expenditure	73 344	73 262	74 548	1 205	1.6
Structural surplus (+) / structural deficit (-)	2 770	928	3 134	365	
Compensation account balance	25 563		28 697	3 134	
Amortization account balance	2 871		3 411	541	
<b>Statement of financial performance</b>					
Operating revenue	72 017	71 898	73 094	1 076	1.5
Operating expenses	67 658	70 300	69 072	1 414	2.1
Operating result	4 359	1 598	4 022	-337	
Financial result	-818	-762	-746	72	
Result from interests	2 400	1 641	2 677	277	
Surplus/deficit for the year	5 941	2 477	5 953	11	
<b>Statement of investments</b>					
Investment receipts	1 270	694	727	-543	-42.8
Investment expenditure	10 921	11 119	10 961	39	0.4
Statement of investments balance	-9 652	-10 425	-10 234	-582	
Extraordinary investment receipts	0	-	25	25	
Extraordinary investment expenditure	-	-	-	-	
Statement of investments balance	-9 651	-10 425	-10 209	-558	
<b>Statement of financial position</b>					
Net assets/equity	21 249		29 457	8 208	38.6
Gross debt	99 407	96 300	96 948	-2 459	-2.5
<b>Indicators</b>					
Expenditure ratio in %	10.2	10.4	10.2	0.0	
Tax ratio in %	9.9	9.9	10.0	0.1	
Gross debt ratio in %	14.4	13.8	13.9	-0.5	
<b>Macroeconomic reference values</b>					
Real GDP growth in %	2.8	2.0	0.9	-1.9	
Nominal GDP growth in %	3.0	2.7	1.3	-1.7	
Change in the National Consumer Price Index in %	0.9	0.8	0.4	-0.5	
Long-term interest rates in % (annual average)	0.0	0.4	-0.5	-0.5	
Short-term interest rates in % (annual average)	-0.7	-0.6	-0.7	0.0	
USD to CHF exchange rate (annual average)	0.98	0.95	0.99	0.02	
EUR to CHF exchange rate (annual average)	1.15	1.15	1.11	-0.04	

### Notes:

- Interest rates: Annual average for 10-year Confederation bonds or 3-month Libor.
- Exchange rates: Annual averages. Source: SNB.
- The figures for 2018 were adjusted (see section B 72).



# SUMMARY

The federal budget ended 2019 with an ordinary surplus of 3.1 billion. 1.2 billion had been expected in the budget. The better result was attributable in equal measure to higher receipts and lower expenditure. Including extraordinary receipts, the overall fiscal balance came in at 3.6 billion.

The *Swiss economy* was much weaker in 2019 than expected in the budget. The international environment, in particular, reduced demand for exports. At 0.9%, real economic growth lagged well behind the budget forecast of 2.0%. Inflation was also much lower than expected at 0.4%. Conversely, the low average unemployment rate of 2.3% (2018: 2.5%) and the sound labor market ensured stable domestic demand.

The *ordinary fiscal balance* amounted to 3.1 billion. A surplus of 1.2 billion had been expected in the budget. The improvement was attributable in equal measure to higher receipts (+0.9 bn) and lower expenditure (-0.9 bn). Receipts were 1.2% higher than in the budget, with additional receipts posted primarily in the case of withholding tax (+1.3 bn) and direct federal tax (+0.5 bn), whereas the performance of value added tax was weaker (-0.9 bn). In terms of expenditure, the budget underrun was in line with the 10-year average (-1.3%).

*Extraordinary receipts* amounted to 541 million. These concern the proceeds from the auction of 5G mobile radio frequencies (376 mn), fines ordered by the Competition Commission for bank cartels in foreign exchange trading (113 mn) and automobile leasing agreements (26 mn), and further receipts from the debt restructuring liquidation of Swissair (25 mn). Including extraordinary receipts, the surplus came to 3.6 billion.

It was assumed in the 2019 budget that domestic economic output would be above its trend. Consequently, the *debt brake* called for a cyclical surplus of 294 million. However, economic capacity was underutilized because of weak growth, which meant that the debt brake permitted a small cyclical deficit of 74 million for 2019. Taking account of rounding, the structural balance stood at 3.1 billion. The structural surplus is to be credited to the compensation account, bringing that account balance to 28.7 billion.

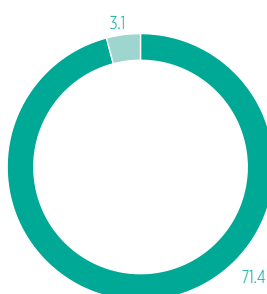
*Gross debt* was lowered by 2.5 billion to 96.9 billion in the year under review. This corresponds to 13.9% of gross domestic product.

The *statement of financial performance* ended with a revenue surplus of 6.0 billion. This good result was attributable mainly to the operating result (4.0 bn) and the result from financial interests (2.7 bn). The difference relative to the financing statement was due essentially to unrealized gains on financial interests and the lower depreciation and amortization relative to net investments.

The *statement of investments* showed net investments of 10.2 billion. Higher expenditure especially in the armament sector and for the deposit in the railway infrastructure fund caused investment expenditure to edge up to just under 11.0 billion (+0.4%). Year-on-year growth was curbed by high one-time investments in 2018, including the budget-neutral capital conversion in favor of SIFEM AG (374 mn) and the transfer from the special financing for road transportation reserve to the motorway and urban transportation fund (292 mn). Excluding special factors, ordinary investment receipts would have increased by 31 million and investment expenditure by 506 million (+4.5% and +4.8%, respectively), while net investments would have been 471 million higher.

## 2019 FINANCIAL STATEMENTS APPROPRIATION OF RECEIPTS

Ordinary financing statement



● Expenditure  
● Surplus

The ordinary budget posted a surplus of 3.1 billion. These funds were not used for expenditure and are available for debt reduction.

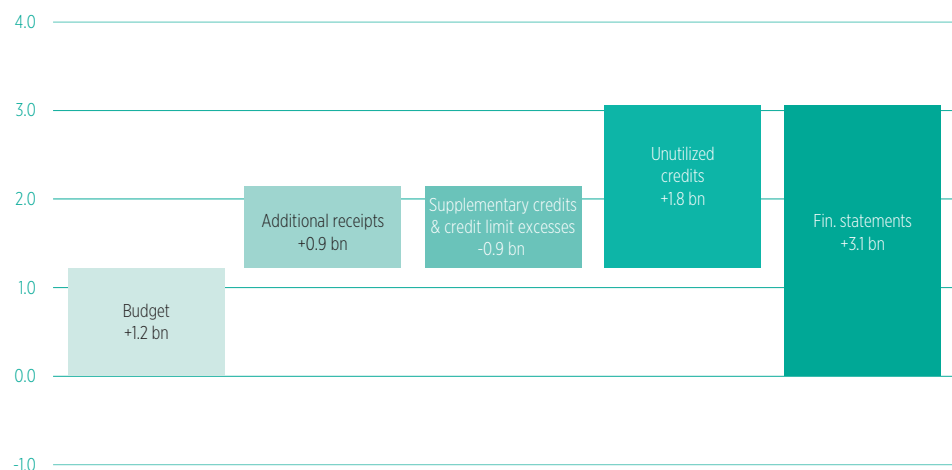
The *fiscal policy outlook* has remained stable. The figures for the 2021–2023 legislature financial plan were updated for the Federal Council's fiscal policy assessment of February 19, 2020. Despite quite extensive adjustments, the budgetary situation remains good and has changed little overall. A structural surplus of 1.1 billion is expected for 2021 (versus 1.0 bn previously). There are major uncertainties concerning 2022 and 2023. First, the possible additional burdens of 1.5 billion are higher than the structural surpluses expected (0.6 bn and 0.9 bn). Above all, the potential reduction in receipts resulting from various tax reforms currently being discussed by Parliament is significant. Second, the effects of the international corporate tax reforms under the aegis of the OECD cannot yet be quantified.

### REVALUATION OF THE 2018 WITHHOLDING TAX PROVISION

Withholding tax is levied at source. In Switzerland, a refund may be claimed via the tax return, and abroad the possibility depends on the respective double taxation agreement. A provision is made in the federal financial statements for future refund requests. In 2019, the withholding tax provision was calculated using an adjusted valuation method for the first time. The 2018 figures were adjusted retrospectively (restatement) in order to ensure comparability. The provision as of the end of 2018 was increased by 7.8 billion and withholding tax receipts were increased by 200 million. The adjusted figures will be submitted to the Federal Assembly for approval together with this dispatch on the 2019 financial statements. Further information can be found in the sections on withholding tax (A 73) and financial statement adjustments (B 72).

### DERIVATION OF THE ORDINARY FISCAL BALANCE

Ordinary financing statement for 2019 in bn



A surplus of 1.2 billion had been budgeted for 2019. Higher receipts overall, particularly from withholding tax and profit tax, combined with lower expenditure led to the ordinary surplus of 3.1 billion.

# EXPLANATIONS

## 1 BACKGROUND

### 11 BUDGETING FOR 2019

The 2019 budget was adopted by the Federal Council with a structural surplus of almost 1 billion. The good budgetary situation was due to high withholding tax receipts, as well as voters' rejection of the corporate tax and retirement provision reforms. After Parliament's adjustments, there was a structural surplus of 0.9 billion.

The Federal Council adopted the dispatch on the 2019 budget on August 22, 2018. The structural surplus amounted to 969 million. For the first time in years, the Federal Council did not have to implement savings measures to comply with the debt brake. The considerable surplus resulted from the higher withholding tax estimate as a result of the record level of receipts seen in 2017, combined with the rejection of the third series of corporate tax reforms in the February 2017 referendum and of the 2020 retirement provision reform in the September 2017 referendum. The associated burdens totaling 1.3 billion for the federal budget did not materialize for the time being.

The 2019 budget was discussed by Parliament during the 2018 winter session and was adopted on December 13, 2018. Subsequent to the dispatch, the Federal Council submitted a late notification (+2.8 mn) concerning the investigation of the Ju-52 aircraft accident by the Swiss Transportation Safety Investigation Board (STSB). In addition, Parliament both increased and reduced budget items. Higher expenditure was decided in particular for education and research (+101.2 mn). The largest reductions in terms of amount concerned the flat-rate contributions for social assistance for asylum seekers, temporarily admitted persons and refugees (-45.0 mn) – due to the lower number of asylum applications – as well as the transversal reduction in general, administrative and operating expenses (-19.0 mn). The changes led to a budgeted financing surplus of 1,222 million. The structural surplus according to the debt brake amounted to 928 million.

During budget implementation, the scale of supplementary credits with a financing effect approved by Parliament was 295 million, or 0.4% of the budgetary credits, which was on par with the long-term empirical level (0.4%; after deducting compensation in each case). The biggest supplementary credit related to the honoring of sureties in the area of oceangoing vessels sailing under the Swiss flag (128.7 mn; addendum IIa). Further information can be found in section C 31. In addition, the Federal Council transferred credits of 16.9 million (see section C 32). Credit overruns amounted to 146.6 million (see section C 33). They will be submitted to Parliament for retroactive approval together with the state financial statements.

## 12 ECONOMIC DEVELOPMENT

In the course of 2019, the economic growth forecast was revised significantly downward. The international environment, in particular, dampened the outlook for the Swiss economy.

### MACROECONOMIC PARAMETERS 2019

	Bdg.	FS	Deviation in percentage points
Change in %			
Real GDP	2.0	0.9	-1.1
Nominal GDP	2.7	1.3	-1.4
Rate in %			
Inflation (CPI)	0.8	0.4	-0.4

The 2019 budget assumed that economic growth would accelerate to 2.0%. Expectations were revised significantly downward already in the course of 2019. The forecast was ultimately undershot with real growth of 0.9%. Inflation was also much lower than expected at 0.4%.

### WEAK ECONOMIC GROWTH

The trade dispute between the United States and China and the political uncertainty associated with Brexit adversely affected global economic growth in 2019. The Swiss economy was unable to escape this. In addition, it was held back by the franc's strength against the euro. The average exchange rate for the year was CHF 1.11 per euro (2018: CHF 1.15 per euro).

The uncertainty curbed companies' willingness to invest and was accompanied by lackluster global trade. Cyclically sensitive export sectors in particular suffered from sluggish international growth and the Swiss franc's renewed appreciation against the euro.

### CONSUMER SPENDING AS AN ECONOMIC STABILIZER

In contrast, consumer spending provided important support for growth. The low average unemployment rate of 2.3% (2018: 2.5%) and the sound labor market ensured stable domestic demand.

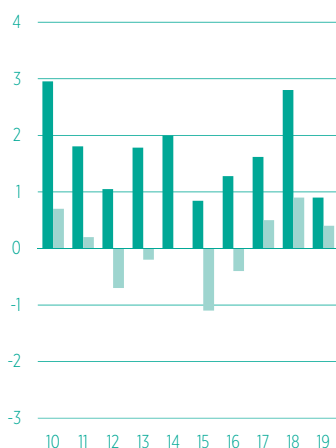
### MORE EXPANSIONARY MONETARY POLICY ABROAD

The economic risks and low inflation prompted the US Fed to lower its key interest rates again in 2019, thereby putting an end to the cycle of interest rate hikes which began in 2016. The European Central Bank (ECB) reacted likewise to the economic slowdown in September 2019. It initiated a new bond purchase program and lowered the interest rate on the deposit facility (which commercial banks may use to make overnight deposits with the ECB) from -0.4 to -0.5%. The main refinancing rate remained unchanged.

Since the pressure on the Swiss franc was not noticeably increased by the more expansionary monetary policy of foreign central banks, the Swiss National Bank left its policy rate unchanged at -0.75% in 2019. The interest rate differential with the euro should limit the upward pressure on the franc and bolster the Swiss economy.

### ECONOMIC GROWTH AND INFLATION

in %



■ Real GDP  
■ Inflation (CPI)

After a year of strong real economic growth in 2018, only moderate growth followed in 2019. Inflation was likewise lower once again.

## 2 RESULTS

### 21 FINANCING STATEMENT

The Confederation ended 2019 with an ordinary surplus of 3.1 billion. A surplus of 1.2 billion had been assumed in the budget. Including extraordinary receipts, the overall fiscal balance came in at 3.6 billion.

#### OVERALL FISCAL BALANCE

CHF mn	FS	Bdg.	FS	Δ 2018-19	
	2018	2019	2019	absolute	%
<b>Overall fiscal balance</b>	<b>3 229</b>	<b>1 222</b>	<b>3 600</b>		
Ordinary financing result	3 138	1 222	3 060		
Ordinary receipts	73 712	73 556	74 474	761	1.0
Ordinary expenditure	70 574	72 334	71 414	840	1.2
Extraordinary receipts	90	-	541		
Extraordinary expenditure	-	-	-		

The figures for 2018 were adjusted (see section B 72).

The *ordinary fiscal balance* amounted to 3.1 billion. Therefore, the surplus in the ordinary budget was practically the same as the previous year. A surplus of 1.2 billion had been assumed in the budget. The improvement was attributable in equal measure to higher receipts (+0.9 bn; +1.2%) and lower expenditure (-0.9 bn; -1.3%). Regarding receipts, withholding tax in particular exceeded expectations. On the expenditure side, the extent of the budget underruns was in line with the average for the last 10 years.

The picture was positive for the *extraordinary budget* too. The auction of 5G mobile radio frequencies generated receipts of 376 million. A further 139 million resulted from fines ordered by the Competition Commission. In addition, there were once again receipts from the debt restructuring liquidation of Swissair (25 mn). Overall, extraordinary receipts led to a surplus of 3.6 billion in the financing statement.

*Ordinary receipts* rose by almost 0.8 billion, or 1.0%. The growth was attributable on the one hand to direct federal tax (+0.8 bn), as the good economic environment had a positive impact on profits in particular in 2018. On the other hand, withholding tax was once again dynamic as a result of dividend payments (+0.4 bn). In contrast, nontax receipts fell sharply (-0.8 bn), although the year-on-year comparison is distorted by considerable one-time receipts in 2018. Excluding all distortions for fiscal 2018 and 2019, we obtain receipt growth of 2.2%, which is significantly more than the nominal economic growth seen in the same period (1.3%).

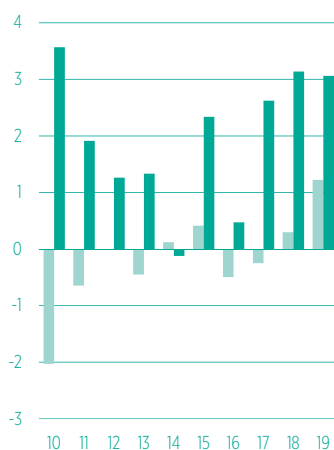
Relative to the previous year, *ordinary expenditure* grew by 0.8 billion, or 1.2%. Key growth drivers included expenditure on security (+0.4 bn), education and research (+0.3 bn), and energy (+0.5 bn). The increase in the area of energy was due to higher deposits in the grid supplement fund (+347 mn) and additional expenditure on the building program (+145 mn). Moreover, the dynamic development of direct federal tax and withholding tax was transmitted to the expenditure side via the cantons' shares.

#### EXPENDITURE GROWTH NOT INFLUENCED BY TRANSITORY ITEMS

Transitory items are tax and duty shares which are not available to the Confederation for the performance of its tasks. They are not controllable in the short term and thus escape fiscal policy prioritization. The development of receipts is also transferred to the expenditure side via transitory items. In 2019, transitory items amounted to 8.6 billion, or 12% of expenditure. Their growth was slightly less robust than that of other expenditure (0.8% and 1.2%, respectively) because of the expiration of the VAT supplement for disability insurance. Overall, however, transitory items did not affect expenditure growth.

#### DEVELOPMENT OF THE ORDINARY FISCAL BALANCE

in bn



■ Financial statements  
■ Budget

The series of positive sets of accounts continued with the surplus achieved in 2019. Like the two preceding years, the improvement relative to the budget was attributable to withholding tax and profit tax. Expenditure was also below budget.

**DEVELOPMENT OF ORDINARY EXPENDITURE EXCLUDING TRANSITORY ITEMS**

CHF mn	FS	Bdg.	FS	Δ 2018-19	
	2018	2019	2019	absolute	%
<b>Ordinary expenditure incl. transitory items</b>	<b>70 574</b>	<b>72 334</b>	<b>71 414</b>	<b>840</b>	<b>1.2</b>
Transitory items	8 536	8 318	8 603	68	0.8
Cantons' share direct federal tax	3 840	3 894	4 003		
Cantons' share withholding tax	824	697	974		
Cantons' share mineral oil tax	365	362	360		
Cantons' share spirits tax	25	24	25		
Cantons' share heavy vehicle charge	523	526	517		
Cantons' share military service exemption tax	34	36	34		
VAT percent for AHV	2 408	2 507	2 418		
VAT supplement for IV	244	-	-		
Casino tax for AHV	274	272	272		
<b>Ordinary expenditure excl. transitory items</b>	<b>62 039</b>	<b>64 016</b>	<b>62 811</b>	<b>772</b>	<b>1.2</b>
<b>Expenditure ratio (% GDP)</b>					
incl. transitory items	10.2	10.4	10.2		
excl. transitory items	9.0	9.2	9.0		



## 22 DEBT BRAKE

Since economic growth was much weaker than expected in 2019, the debt brake permitted a deficit of 74 million. This figure was significantly exceeded with a structural surplus of 3.1 billion.

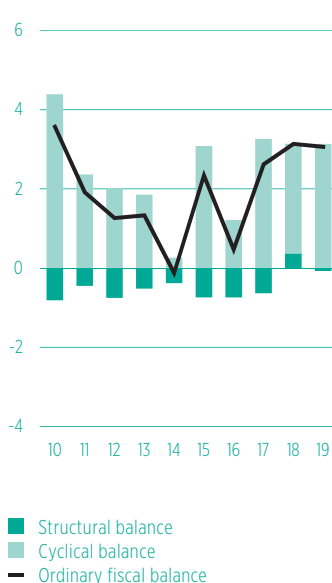
### DEBT BRAKE REQUIREMENTS

CHF mn	FS	Bdg.	FS	Δ 2018-19	
	2018	2019	2019	absolute	%
1 Total receipts	73 803	73 556	75 014	1 212	1.6
2 Extraordinary receipts	90	-	541	450	
3 Ordinary receipts [3=1-2]	73 712	73 556	74 474	761	1.0
4 Cyclical factor	0.995	0.996	1.001	0.006	
5 Expenditure ceiling (Art. 13 FBA) [5=3x4]	73 344	73 262	74 548	1 205	1.6
6 Surplus/deficit required/permitted cyclically [6=3-5]	369	294	-74	-443	
7 Extraordinary expenditure (Art. 15 FBA)	-	-	-		
8 Expenditure ceiling reduction (Art. 17 FBA, compensation account shortfall)	-	-	-		
9 Expenditure ceiling reduction (Art. 17b FBA, amortization account shortfall)	-	-	-		
10 Expenditure ceiling reduction (Art. 17c FBA, precautionary savings)	-	-	-		
11 Maximum admissible expenditure [11=5+7-8-9-10]	73 344	73 262	74 548	1 205	1.6
12 Total expenditure according to FS/budget	70 574	72 334	71 414	840	1.2
13 Deviation (Art. 16 FBA) [13=11-12]	2 770	928	3 134	365	

The figures for 2018 were adjusted (see section B 72).

### THE FEDERAL BUDGET FROM A DEBT BRAKE VIEWPOINT

in bn



As a result of weak economic growth, domestic economic output was below its trend again in 2019. The debt brake thus permitted a deficit (like in 2009-2017).

Swiss economic growth was only moderate in 2019. At 0.9%, real economic growth lagged well behind the budget forecast of 2.0%. It was assumed when budgeting that domestic economic output would be above its trend, which would have required a cyclical surplus of 294 million. Given that the Swiss economy effectively operated below potential, the debt brake permitted a deficit of 74 million (see row 6).

### HIGH STRUCTURAL SURPLUS

Despite weak economic growth, an ordinary surplus of 3,060 million was achieved. The difference relative to the deficit of 74 million permitted cyclically resulted in a structural balance of 3,134 million (see row 13). This is to be credited to the compensation account. The debt brake requirements were thus met.

### NEUTRAL IMPACT OF THE FEDERAL BUDGET

Aside from the stabilization of debt, a goal of the debt brake is the stabilization of the economy. The Confederation's contribution to economic stabilization can be assessed using indicators. They show whether the Confederation had more or less demand than the previous year:

- The primary stimulus is the change in the fiscal balance relative to gross domestic product (GDP). The ordinary fiscal balance fell from 3,138 million in 2018 to 3,060 million in 2019. Measured against GDP, the additional demand was low, resulting in a neutral primary stimulus.
- The fiscal stimulus expresses the change in the structural balance in relation to GDP. It was slightly restrictive in 2019 (0.1% of GDP), as the structural balance edged up from 2.8 billion to 3.1 billion.

- The change in the cyclical balance reflects the automatic stabilization by the cyclical factor. The cyclical balance changed from a required surplus to a permissible deficit (from 369 mn to -74 mn) and thus had a slightly expansionary effect (0.1% of GDP).

### COMPENSATION ACCOUNT BALANCE

CHF mn	FS 2018	FS 2019
14 Compensation account balance at 31.12. of preceding year	24 892	25 563
15 Expenditure ceiling reduction (Art. 17b FBA, amortization account shortfall) [=8]	-	-
16 Deviation (Art. 16 FBA) before correction	2 571	3 134
17 Compensation account balance at 31.12. [17=14+15+16]	27 463	28 697
Compensation account adjustment end 2018	-1 900	
Compensation account balance at 31.12.2018 incl. adjustment	25 563	

### ADJUSTMENT OF THE 2018 COMPENSATION ACCOUNT AND 2019 CREDIT

The provision for future withholding tax refunds was revalued at the end of 2018 and adjusted retroactively. According to the new valuation method, the provisions formed in 2007 to 2018 were too low by a total of 1.9 billion, resulting in the recognition of either overly high withholding tax receipts or structural results that were too high. The provision increase thus reduced the compensation account by 1.9 billion in 2018. In 2019, the compensation account is to be increased to 28.7 billion by the structural balance.

### EXTRAORDINARY BUDGET AND AMORTIZATION ACCOUNT

Extraordinary receipts of 541 million were recognized in 2019. These include receipts from the auction of 5G mobile radio frequencies (376 mn), fines ordered by the Competition Commission for bank cartels in foreign exchange trading (113 mn) and automobile leasing agreements (26 mn), and further receipts from the debt restructuring liquidation of Swissair (25 mn). Extraordinary receipts are credited to the amortization account. As a result, its balance is now 3.4 billion. The balance serves the purpose of counter-financing future extraordinary expenditure.

### EXTRAORDINARY BUDGET

CHF mn	FS 2018	FS 2019
Extraordinary receipts	90	541
E190.0102 e.o. revenue mobile radio frequencies	-	376
E190.0103 e.o. revenue Swissair	0	25
E190.0105 e.o. revenue fines	-	139
E190.0106 e.o. repayment PostAuto	90	-
Extraordinary expenditure	-	-

### AMORTIZATION ACCOUNT BALANCE

CHF mn	FS 2018	FS 2019
18 Amortization account balance at 31.12. of preceding year	2 781	2 871
19 Extraordinary expenditure (Art. 17a FBA)	-	-
20 Extraordinary receipts (Art. 17a FBA)	90	541
21 Expenditure ceiling reduction (Art. 17b FBA, amortization account shortfall) [=9]	-	-
22 Expenditure ceiling reduction (Art. 17c FBA, precautionary savings) [=10]	-	-
23 Amortization account balance at 31.12. [23=18-19+20+21+22]	2 871	3 411

## 23 STATEMENT OF FINANCIAL PERFORMANCE

The statement of financial performance ended with a revenue surplus of 6.0 billion. Primarily the operating result and unrealized gains on financial interests contributed to that.

### STATEMENT OF FINANCIAL PERFORMANCE RESULT

CHF mn	FS	Bdg.	FS	Δ 2018-19	
	2018	2019	2019	absolute	%
<b>Surplus/deficit</b>	<b>5 941</b>	<b>2 477</b>	<b>5 953</b>		
Operating result	4 359	1 598	4 022		
Operating revenue	72 017	71 898	73 094	1 076	1.5
Operating expenses	67 658	70 300	69 072	1 414	2.1
Financial result	-818	-762	-746		
Result from interests	2 400	1 641	2 677		

The figures for 2018 were adjusted (see section B 72).

*Relative to the budget*, the result for the year was 3.5 billion higher. First, the operating result was better (+2.4 bn). Half of the improvement was attributable to higher revenue and half to lower expenses. Second, the result from financial interests was higher (+1.0 bn). The financial result deviated only marginally from the budgeted figure.

*Compared with the previous year*, the surplus for the year was virtually unchanged. The decline in the operating result (-0.3 bn) was offset by the higher result from financial interests (+0.3 bn). Operating revenue rose by 1.1 billion. This was mainly attributable to the rise in direct federal tax (+0.8 bn) and withholding tax (+0.4 bn). Operating expenses were up by 1.4 billion. This increase was due to both operating expenses (+0.6 bn) and transfer expenses (+0.8 bn). The financial result and the result from financial interests changed little year on year (+0.1 bn and +0.3 bn).

*Compared with the financing statement*, the statement of financial performance was 2.4 billion higher. This difference was due primarily to unrealized gains on financial interests. Coming in at 2.7 billion, the increase in the Confederation's share in the net assets/equity of companies (equity value) amounted to 2.7 billion and was thus stronger than the distributions to the Confederation (0.8 bn according to the financing statement). For details, see section B 84, "Financing statement versus statement of financial performance".

## 24 STATEMENT OF INVESTMENTS

In 2019, the Confederation's net investments rose by just over 550 million year on year, due partly to the previous year's special factors.

### STATEMENT OF INVESTMENTS

CHF mn	FS 2018	Bdg. 2019	FS 2019	Δ 2018-19	
				absolute	%
<b>Statement of investments balance</b>	<b>-9 651</b>	<b>-10 425</b>	<b>-10 209</b>		
Ordinary statement of investments balance	-9 652	-10 425	-10 234		
Investment receipts	1 270	694	727	-543	-42.8
Investment expenditure	10 921	11 119	10 961	39	0.4
Extraordinary investment receipts	0	-	25		
Extraordinary investment expenditure	-	-	-		

The federal statement of investments includes the expenditure incurred for the accumulation of assets which the Confederation requires for the performance of functions and are used over successive periods (administrative assets). This expenditure also includes deposits in transportation funds (RIF, motorway and urban transportation fund) and the grid supplement fund (GrSF). Proprietary investments account for just over a third of investments (especially motorways, defense equipment and buildings), and transfers account for just under two thirds (mainly investment contributions).

Investment receipts arise primarily from the cantons' contributions of 533 million to the railway infrastructure fund (RIF), the sale of tangible fixed assets and repayments of investment contributions and loans.

*Ordinary investment receipts* fell by 543 million relative to 2018. This was largely due to the absence of special factors from the previous year (SIFEM 374 mn and release of infrastructure funds 200 mn).

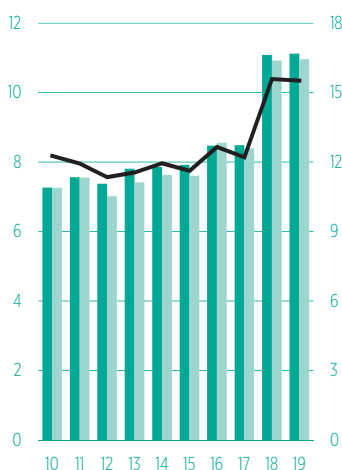
*Ordinary investment expenditure* grew by 39 million (+0.4%). The modest growth was caused primarily by the absence of special factors from the previous year. These include the budget-neutral conversion of federal loans to SIFEM AG (374 mn) and the additional transfer from the special financing for road transportation reserve (292 mn) associated with the entry into force of the motorway and urban transportation fund on January 1, 2018. In addition, the recognition of a special factor in the building program area which had the effect of lowering expenditure in 2018 (refund of 200 mn in investment contributions) no longer applied. There was an increase in investments primarily in the armament sector (297 mn) and in the deposit in the infrastructure fund (244 mn).

Excluding special factors, ordinary investment receipts would have increased by 31 million and investment expenditure by 506 million (+4.5% and +4.8%, respectively), while net investments would have been 471 million higher.

*Extraordinary investment receipts* of 25 million were recorded in 2019. They came from the debt restructuring liquidation of Swissair, which had already led to extraordinary receipts of 380 million in 2015, 2016 and 2017.

### DEVELOPMENT OF INVESTMENT EXPENDITURE

in bn and % of expenditure



- Bdg. in CHF bn (lhs)
- Fin. stmt. in CHF bn (lhs)
- Fin. stmt. in % of ordinary expenditure (rhs)

In 2019, investment expenditure was up slightly on the previous year in absolute terms. The proportion of expenditure remained more or less stable at 15.5% in 2019.

## 25 CASH FLOW STATEMENT

The cash inflow from operating activities reached a record level of 12.3 billion. Some of the funds were used for investments and debt reduction. The remaining 7.8 billion led to an increase in cash and other liquid assets.

### CASH FLOW STATEMENT

CHF mn	FS	FS	Δ 2018-19	
	2018	2019	absolute	%
<b>Total cash flow</b>	<b>1 055</b>	<b>7 794</b>	<b>6 739</b>	<b>638.6</b>
Cash flow from operating activities	8 456	12 343	3 887	46.0
Cash flow from investing activities	-1 702	-2 341	-638	-37.5
Cash flow from financing activities	-5 699	-2 209	3 490	61.2

The *cash inflow from operating activities* remained high and reached a record level in 2019. Cash inflows from taxes in particular were substantial. It should be noted in this regard that much of the cash inflows from withholding tax stay with the Confederation only temporarily and flow out again in later years. The anticipated withholding tax refund claims increased by a further 3.6 billion (accrued expenses and deferred income and provision) in the year under review. That was also the main reason for the more substantial cash flow from operating activities. Already the previous year, the withholding tax refund claims had grown by 1.2 billion. Moreover, direct federal tax receipts likewise rose by 0.8 billion.

Coming in at 2.3 billion, the *cash outflow from investing activities* was up on the previous year. The difference was almost exclusively due to a special factor the year before, when the integration of the grid supplement fund into the federal financial statements resulted in a one-time cash inflow of 0.6 billion. In contrast, investments in the Confederation's infrastructure assets (-3.8 mn) and the inflow of funds from financial investments (net +1.4 bn) both remained more or less constant. The cash inflow from financial investments came essentially from unemployment insurance (ALV) and railway infrastructure fund (RIF) loan repayments.

The *cash outflow from financing activities* reflects the reduction in financial liabilities and thus the reduction in debt.

Overall, cash and liquid assets increased by 7.8 billion, as shown by the total in the cash flow statement and the cash fund statement.

### CASH FUND STATEMENT

CHF mn	FS	FS	Δ 2018-19	
	2018	2019	absolute	%
Cash at 01.01.	14 610	15 665	1 055	7.2
Cash at 31.12.	15 665	23 459	7 794	49.8

## 26 STATEMENT OF FINANCIAL POSITION

Net assets/equity increased by 8.2 billion in the year under review. This was due to the surplus of 5.9 billion in the statement of financial performance and the transactions recognized directly in net assets/equity.

### STATEMENT OF FINANCIAL POSITION

CHF mn	FS		Δ 2018-19	
	2018	2019	absolute	%
Assets	169 138	177 119	7 981	4.7
Non-administrative assets	38 904	44 706	5 802	14.9
Administrative assets	130 233	132 413	2 180	1.7
<b>Liabilities and equity</b>	<b>169 138</b>	<b>177 119</b>	<b>7 981</b>	<b>4.7</b>
Short-term liabilities	41 859	44 497	2 638	6.3
Long-term liabilities	106 029	103 165	-2 865	-2.7
Net assets/equity	21 249	29 457	8 208	38.6
Restricted funds in net assets/equity	6 837	6 699	-138	-2.0
Reserves from global budget	181	347	166	91.9
Accumulated surplus	14 232	22 411	8 180	57.5

The figures for 2018 were adjusted (see section B 72).

The amount of *non-administrative assets* soared year on year (+5.8 bn), due largely to the rise in cash and other liquid assets (+7.8 bn). In contrast, receivables (-0.6 bn) and financial investments (-1.4 bn) decreased. The decline in financial investments was due to unemployment insurance and railway infrastructure fund loan repayments.

*Administrative assets* rose by 2.2 billion, essentially as a result of the higher valuation of financial interests (+1.6 bn). This includes the financial interest result (+2.7 bn) less dividends received (-0.8 bn), as well as the increased employee retirement benefits of federal companies (-0.3 bn). These benefits were recognized directly in net assets/equity without affecting the statement of financial performance. Special deposits increased by just over 0.5 million.

*Liabilities* remained stable overall (-0.2 bn), although opposing developments were observed:

- Bonds due for redemption were only partly replaced with new debt instruments (-4.0 bn).
- Other short-term financial liabilities rose by around 1.4 billion, as more liabilities arising from money market debt register claims are outstanding and there is now a debt vis-à-vis unemployment insurance.
- The increase in provisions (+1.3 bn) and accrued expenses and deferred income (+2.3 bn) resulted largely from withholding tax.
- The Confederation's employee retirement benefits plunged (-2.5 bn), mainly as a result of the adjustment of the valuation method. The statement of financial position no longer shows the total net retirement benefits of the pension fund, but the presumed employer's share (see section B 72).
- Liabilities toward separate accounts increased because of the higher deposit in the motorway and urban transportation fund (+0.5 bn). Funds have no cash or other liquid assets of their own. Payment management is thus processed via the federal financial statements.
- Restricted funds in liabilities (+0.5 bn) increased.

*Net assets/equity* rose by 8.2 billion. The increase was driven by the result in the statement of financial performance (+5.9 bn) and the items that were recognized directly in net assets/equity (+2.3 bn). The latter were largely attributable to the revaluation of the Confederation's employee retirement benefits and financial interests. The items recognized directly in net assets/equity can be seen in the statement of net assets/equity (see section B 6).

## 27 DEBT

Gross debt was reduced by 2.5 billion in the year under review. At the end of 2019, it still amounted to 96.9 billion, or 14% of GDP.

### DEVELOPMENT OF FEDERAL DEBT

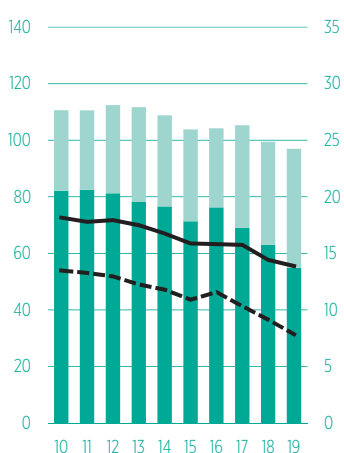
CHF mn	FS		Δ 2018-19	
	2018	2019	absolute	%
<b>Gross debt</b>	99 407	96 948	-2 459	-2.5
Current liabilities	13 634	13 732	98	0.7
Short-term financial liabilities	21 543	21 686	142	0.7
Long-term financial liabilities	64 229	61 530	-2 699	-4.2
<b>Net debt</b>	<b>63 011</b>	<b>54 843</b>	<b>-8 167</b>	<b>-13.0</b>
Gross debt	99 407	96 948	-2 459	-2.5
less:				
Cash and cash equivalents	15 665	23 459	7 794	49.8
Receivables	6 473	5 914	-559	-8.6
Short-term financial investments	2 382	1 795	-588	-24.7
Long-term financial investments	11 876	10 937	-939	-7.9

*Gross debt* comprises current liabilities as well as short- and long-term financial liabilities. The former are mainly liabilities toward taxpayers and the cantons, while the latter are the outstanding debt instruments of the Confederation (bonds and money market debt register claims). The 2.5 billion reduction in gross debt was due mainly to the decrease in bonds (-4.0 bn). A bond with a face value of 5.8 billion matured in 2019. In view of the high inflow of funds, maturing debt instruments were only partly replaced. In contrast, liabilities toward federal government social insurance (+0.5 bn), third-party funds under management (+0.5 bn) and money market debt register claims (+0.3 bn) increased.

*Net debt* is defined as gross debt less non-administrative assets. Non-administrative assets could be used to repay debt if necessary. Net debt declined by 8.2 billion in the year under review. Aside from the reduction in gross debt, non-administrative assets increased by 5.7 billion. This was due to the surge of 7.8 billion in cash and cash equivalents, caused mainly by the high level of tax receipts. In contrast, receivables (-0.6 bn) and short- and long-term financial investments (-0.6 bn and -0.9 bn, respectively) decreased.

### DEBT AND DEBT RATIO

in bn and % of GDP



- Net debt in bn (lhs)
- Gross debt in bn (lhs)
- Gross debt ratio in % of GDP (rhs)
- - Net debt ratio in % of GDP (rhs)

Gross debt fell by 2.5 billion in 2019. The gross debt ratio and net debt ratio reached 13.9% and 7.8% of GDP, respectively.

## 28 INDICATORS

The most significant changes in the Confederation's indicators in 2019 concerned the decline in the debt ratio to 13.9% of GDP and the increase in the proportion of unutilized credits to 2.6% of the budget.

### FEDERAL INDICATORS

In %	FS 2014	FS 2015	FS 2016	FS 2017	FS 2018	FS 2019
Expenditure ratio	9.9	10.0	10.2	10.2	10.2	10.2
<i>Ordinary expenditure (in % of nom. GDP)</i>						
Tax ratio	9.3	9.7	9.6	9.9	9.9	10.0
<i>Ordinary tax receipts (in % of nom. GDP)</i>						
Receipt ratio	9.8	10.3	10.2	10.6	10.7	10.7
<i>Ordinary receipts (in % of nom. GDP)</i>						
Deficit/surplus ratio	- 0.0	+ 0.4	+ 0.1	+ 0.4	+ 0.5	+ 0.4
<i>Ordinary fiscal balance (in % of nom. GDP)</i>						
Gross debt ratio	16.7	15.9	15.8	15.7	14.4	13.9
<i>Gross debt (in % of nom. GDP)</i>						
Net debt ratio	11.8	10.9	11.6	10.3	9.1	7.8
<i>Debt less non-administrative assets (in % of nom. GDP)</i>						
Net interest burden	2.6	1.6	2.1	1.6	1.2	1.1
<i>Net interest expenditure (in % of ordinary receipts)</i>						
Proportion of investment	11.9	11.6	12.6	12.2	15.6	15.5
<i>Investment expenditure (in % of ordinary expenditure)</i>						
Proportion of transfers	76.7	77.5	77.8	78.5	77.9	78.3
<i>Transfer expenditure (in % of ordinary expenditure)</i>						
Share in restricted taxes	22.3	21.0	21.6	20.9	22.0	21.9
<i>Restricted taxes (in % of ordinary tax receipts)</i>						
Average FTE	34 772	34 935	34 914	36 946	36 522	37 027
<i>Full-time equivalents (FTEs)</i>						
Supplementary credits	0.5	0.6	0.8	0.4	0.1	0.4
<i>Supplementary credits (in % of budget)</i>						
Credit underruns	-4.4	-4.0	-3.1	-2.0	-2.0	-2.6
<i>Credit underruns (in % of budget)</i>						

The figures for 2018 were adjusted (see section B 72). The increase of around 2,000 FTEs between 2016 and 2017 was due to adjustments of the allocation guidelines (introduction of NMM).

### EXPENDITURE RATIO

In 2019, ordinary expenditure grew by 1.2% p.a. and nominal GDP by 1.3% p.a. The expenditure ratio stood at 10.2%, a level at which it has been stable since 2016. This ratio is a summary indicator of the extent of the Confederation's activity in relation to the economy.

### TAX RATIO AND RECEIPT RATIO

Tax receipts grew by 2.3% in 2019, thereby outstripping nominal GDP growth. They were driven mainly by the robust rise in receipts from withholding tax and taxes on the net revenue of legal entities. Consequently, the tax ratio edged up to 10.0%. Meanwhile, total ordinary receipts rose by only 1.0%, and their ratio remained the same as in 2018.

### DEFICIT/SURPLUS RATIO

The Confederation ended 2019 with an ordinary surplus of 3.1 billion. The surplus ratio thus reached 0.4% in 2019.



**GROSS AND NET DEBT RATIOS**

The Confederation's gross debt fell by 2.5 billion in 2019 (-2.5%). In view of nominal GDP growth, the gross debt ratio decreased from 14.4% to 13.9%. Such a low value had not been seen since 1991 (11.8%). This ratio includes the Confederation's gross debt in accordance with the EU criteria defined in connection with the Maastricht Treaty. Owing to the surge in non-administrative assets, net debt decreased by 8.2 billion and the net debt ratio fell to 7.8% (see section A 27).

**NET INTEREST EXPENSE**

Net interest expense as a percentage of ordinary receipts was slightly lower. The Confederation had to devote 1.1% of its receipts to net interest financing in 2019.

**PROPORTION OF INVESTMENT**

Investment expenditure increased by a moderate 0.4% year on year. The proportion of investment thus edged down to 15.5% in 2019 (see section A 24).

**TRANSFER RATIO**

Compared with 2018, transfer expenditure grew by 1.75% and outstripped the 1.2% growth in ordinary expenditure. The transfer ratio thus rose to 78.3%. The Confederation's total transfer expenditure amounted to 55.9 billion in 2019; around 90% of this was current expenditure and 10% was investment expenditure.

**PROPORTION OF RESTRICTED TAX RECEIPTS**

Restricted tax receipts grew at a slower pace than tax receipts (+1.75% vs. +2.3%, respectively). Their proportion therefore fell to 21.9% in 2019. Further information on restricted funds can be found in section B 82/34.

**AVERAGE WORKFORCE (FTE)**

In 2019, the number of full-time equivalents (FTEs) in the Federal Administration increased by 505 FTEs. The largest rise, of 313 FTEs, was in the Federal Department of Defence, Civil Protection and Sport (DDPS; see section A 41).

**SUPPLEMENTARY CREDITS IN % OF THE BUDGET**

In 2019, supplementary credits amounted to 0.4% of the budgeted expenditure. This percentage is in line with the average for the last seven years (Ø 2012–2018).

**UNUTILIZED CREDITS IN % OF BUDGET**

The share of unutilized credits with financial implications as a percentage of the budgeted expenditure rose from 2.0% in 2018 to 2.6% in 2019. The task areas social welfare (Confederation's payments to disability insurance) and security (defense expenses and investments) had the highest amounts of unutilized credits in 2019. It has been possible to significantly reduce the amount of unutilized credits since 2017. This can be explained in particular by the fact that the interest payable estimate has become more precise due to a new accounting practice whereby premiums are spread over the entire term of bonds in the financing statement.

**INTERNATIONAL COMPARISON**

When compared internationally, the Swiss public finance indicators (Confederation, cantons, communes and social insurance) are among the lowest.

The *tax-to-GDP ratio*, which measures total tax receipts (tax and social insurance charges) in relation to GDP, amounted to 28.1% in 2018 according to the initial results. The ratio is likely to remain constant in 2019.

Coming in at 32.6%, Switzerland's *general government expenditure ratio*, defined as government expenditure in relation to GDP, remained one of the lowest in the OECD area in 2019.

The financing surplus of the government units is estimated to be 7.9 billion, resulting in a *surplus ratio* of 1.1%. Consequently, Switzerland was one of the few countries, together with Norway, the Netherlands and Germany, to have posted a general government surplus in 2019.

Government debt remained low by international standards both with reference to the Maastricht definition and in terms of liabilities. Coming in at 26.7%, the *debt ratio* was below the 60% mark which is important for the euro area (see chart).

The OECD data and estimates (Economic Outlook 106 and Revenue Statistics, both November 2019) are used for international comparisons of public finances. The information for Switzerland is based on the data and estimates of the Federal Finance Administration's Financial Statistics Section (as of September 5, 2019).

#### INTERNATIONAL COMPARISON OF PUBLIC FINANCE INDICATORS FOR 2019

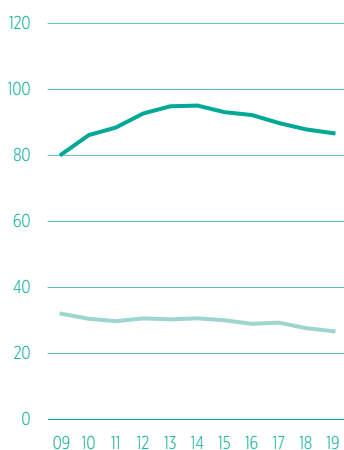
in % of GDP	General government			Debt ratio	Gross debt ratio
	Tax-to-GDP ratio	expenditure ratio	Deficit/surplus ratio		
Switzerland	28.1	32.6	1.1	26.7	39.6
EU - euro area	n.d.	47.0	-0.8	86.7	101.8
Germany	38.2	45.1	1.0	60.0	68.5
France	46.1	55.6	-3.1	98.8	123.0
Italy	42.1	48.8	-2.2	136.0	149.5
Austria	42.2	48.2	0.3	72.0	94.7
Belgium	44.8	52.1	-1.7	99.3	117.9
Netherlands	38.8	41.8	1.3	49.5	62.8
Norway	39.0	50.8	8.8	n.d.	n.d.
Sweden	43.9	49.8	0.4	35.7	46.9
United Kingdom	33.5	41.3	-2.6	85.2	111.8
United States	24.3	38.3	-7.0	n.d.	108.4
Canada	33.0	40.9	-0.6	n.d.	95.5
OECD Ø	34.3	40.5	-3.2	n.d.	109.3

#### Notes

- Debt ratio: debt in accordance with the Maastricht definition
- Gross debt ratio: debt in accordance with the IMF definition (liabilities without financial derivatives)
- Tax-to-GDP ratio: based on figures for 2018

#### SWISS AND EURO AREA DEBT RATIOS

in % of GDP



- Euro area debt ratio
- Swiss debt ratio

Switzerland's debt ratio is far below the 60% mark which is relevant for the euro area. The rise in government debt as a result of the financial crisis has been partly reversed in the euro area in recent years.

### 3 DEVELOPMENT OF RECEIPTS AND EXPENDITURE

#### 31 DEVELOPMENT OF RECEIPTS

In 2019, ordinary receipts increased by 1.0% to 74.5 billion. All of the main receipt categories were up, with the exception of VAT and nontax receipts.

##### DEVELOPMENT OF RECEIPTS

CHF mn	FS	Bdg.	FS	Δ FS19 at		Δ FS19 at
	2018	2019	2019	absolute	FS18 %	Bdg.19 absolute
<b>Ordinary receipts</b>	<b>73 712</b>	<b>73 556</b>	<b>74 474</b>	<b>761</b>	<b>1.0</b>	<b>918</b>
Tax receipts	68 321	69 120	69 886	1 565	2.3	765
Direct federal tax natural persons	11 157	11 472	11 455	298	2.7	-17
Direct federal tax legal entities	11 289	11 276	11 813	524	4.6	537
Withholding tax	7 947	7 052	8 342	395	5.0	1 290
Stamp duty	2 117	2 320	2 152	35	1.6	-168
Value added tax	22 644	23 400	22 508	-136	-0.6	-892
Other consumption taxes	8 072	8 300	8 322	250	3.1	22
Misc. tax receipts	5 095	5 300	5 294	199	3.9	-6
<b>Nontax receipts</b>	<b>5 392</b>	<b>4 435</b>	<b>4 588</b>	<b>-803</b>	<b>-14.9</b>	<b>153</b>

The figures for 2018 were adjusted (see section B 72).

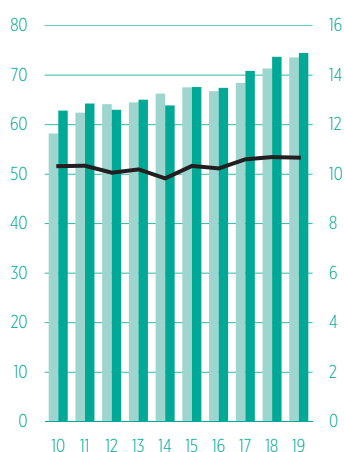
In 2019, ordinary receipts amounted to 74.5 billion, representing a year-on-year increase of 1.0% (+0.8 bn). Receipts from direct federal tax, legal entities, and withholding tax experienced robust growth rates of 4.6% and 5.0%, respectively. This was due primarily to strong growth in corporate profits in 2018 and large dividend payments. In contrast, VAT receipts were down by 0.6%, essentially as a result of weak economic growth in 2019. Finally, nontax receipts plunged by 14.9%, as the previous year's one-time payments no longer applied.

In terms of details, the following can be observed:

- Receipts from *taxes on the income of natural persons* rose by 2.7% (+0.3 bn) in 2019, which was a rather modest performance considering that economic growth was buoyant in fiscal 2018, the year from which the vast majority of the receipts recognized in 2019 came.
- In 2019, receipts from *taxes on the net revenue of legal entities* rose by a healthy 4.6% (+0.5 bn). As the receipts came mainly from fiscal 2018, that year's strong growth largely explains the increase in this tax. It is also worth noting that advance payments were down significantly on the previous year.
- While *withholding tax* receipts had fallen in 2018, they surged in 2019 to a record level of 8.3 billion (+5.0%). This was attributable essentially to the particularly high inflows seen in 2019, which came primarily from dividend payments and share buy-backs.
- *Stamp duty* has been fluctuating around the 2.2 billion mark since 2012. In 2019, the favorable stock market environment led to an increase in transfer stamp tax receipts, but this was offset by the decline in issue tax receipts.
- *Value added tax* (VAT) receipts fell by 0.6% year on year to 22.5 billion. The weak economic growth expected in 2019 partly explains that decline.
- Regarding other *consumption taxes*, receipts rose by 3.1%, largely as a result of the receipts from the grid supplement (+0.3 bn). This levy was integrated into the federal budget in 2018. A full annual return was recognized for the first time in 2019 (2018: 9 months). Mineral oil tax and tobacco duty receipts fell by 1.4% and 1.9%, respectively.

##### DEVELOPMENT OF ORDINARY RECEIPTS

in bn and % of GDP



■ Fin. stmt. in CHF bn (lhs)  
 ■ Bdg. in CHF bn (lhs)  
 — Fin. stmt. in % of GDP (rhs)

In 2019, ordinary receipts increased by 1.0%. Their percentage of GDP has been stable since 2017 and stood at 10.7% in 2019.

- *Other tax receipts* were 3.9% higher than the previous year. This was largely due to the receipts generated by the CO<sub>2</sub> incentive fee, which rose by 123 million. The 2018 increase in the levy rate did not take full effect until 2019.
- In 2019, *nontax receipts* dropped sharply (-803 mn), primarily as a result of the one-time receipts recognized in 2018, i.e. the release of cash reserves linked to the abolition of the infrastructure fund (200 mn) and the conversion of the loan to SIFEM AG into share capital (374 million). Finally, the profit distributed by the Swiss Alcohol Board was paid out for the last time in 2018 (292 mn). With the integration of the Swiss Alcohol Board into the Federal Customs Administration in 2018, spirits tax receipts are now reported under tax receipts.

For further details on receipts, see section A 7.

### COMPARISON OF ECONOMIC GROWTH AND RECEIPT TRENDS

Experience shows that the Confederation's total receipts develop in proportion to nominal GDP in the long term. However, in order to compare the trend of receipts with that of GDP, it is necessary to take account of both structural breaks such as tax rate changes, for example, and the volatility of withholding tax. These effects are presented in the table below.

In net terms, the above effects impacted the amount of ordinary receipts by 2.3 billion in 2018 and by 1.5 billion in 2019. After adjusting for special factors, ordinary receipts posted an increase of 2.2% between 2018 and 2019, which was much stronger than nominal GDP growth (+1.3%). This can be explained essentially by the considerable increase in receipts from direct federal tax, which was mainly influenced by the buoyant economic situation in 2018.

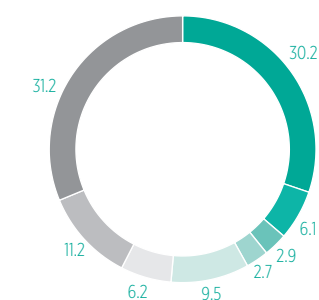
### FACTORS TAKEN INTO ACCOUNT WHEN ADJUSTING THE DEVELOPMENT OF RECEIPTS

CHF mn	FS		Δ 2018-19	
	2018	2019	absolute	%
<b>Ordinary receipts</b>	<b>73 712</b>	<b>74 474</b>	<b>761</b>	<b>1.0</b>
Factors (increase and decrease in receipts)	2 344	1 503		
VAT: discontinuation of IV supplementary financing	-918	-1 174		
VAT: FERI increase	257	328		
VAT: returns submitted late	-100	100		
Withholding tax: deviation from the trend	1 238	979		
Mineral oil tax: CO <sub>2</sub> Act emission regulations	-50	-128		
Integration of grid supplement	1 051	1 398		
Nontax receipts: net profit Swiss Alcohol Board	292	-		
Nontax receipts: SIFEM AG capital conversion	374	-		
Nontax receipts: infrastructure fund refund	200	-		
<b>Adjusted ordinary receipts (excl. factors)</b>	<b>71 368</b>	<b>72 971</b>	<b>1 602</b>	<b>2.2</b>

The figures for 2018 were adjusted (see section B 72).

### 2019 RECEIPTS

Shares in %



- Value added tax 22 508 mn
- Mineral oil tax 4515 mn
- Stamp duty 2152 mn
- Tobacco duty 2042 mn
- Other tax receipts 7059 mn
- Nontax receipts 4588 mn
- Withholding tax 8342 mn
- Direct federal tax 23 268 mn

Value added tax and direct federal tax are the main sources of receipts. In 2019, they together accounted for 61.3% of total receipts.

### QUALITY OF ESTIMATES

Ordinary receipts were 1.2% (0.9 bn) higher than the budgeted level in 2019. The biggest deviations concerned withholding tax receipts, which were underestimated by 1.3 billion, and VAT receipts, which were overestimated by 0.9 billion. An important aspect of the quality of estimates is that forecasting errors offset one another over time. Since the introduction of the debt brake in 2003, the average forecasting error has been 1.9%. Excluding withholding tax, the average forecasting error even falls to 0.3%. A detailed analysis of the quality of estimates is provided in section A 79.

## 32 DEVELOPMENT OF EXPENDITURE BY TASK AREA

Expenditure rose by 1.2% year on year, but fell short of the 2019 budget by 920 million. The main expenditure growth drivers were security, education and research, and energy.

### DEVELOPMENT OF EXPENDITURE BY TASK AREA

CHF mn	FS 2018	Bdg. 2019	FS 2019	Δ FS19 at		
				FS18 absolute	FS18 %	Δ FS19 at Bdg.19 absolute
<b>Expenditure by task area</b>	<b>70 574</b>	<b>72 334</b>	<b>71 414</b>	<b>840</b>	<b>1.2</b>	<b>-920</b>
Social welfare	22 328	22 968	22 386	58	0.3	-583
Finances and taxes	9 887	9 798	10 141	254	2.6	343
Transportation	10 393	10 120	9 933	-459	-4.4	-186
Education and research	7 714	8 072	7 985	272	3.5	-87
Security	5 570	6 244	5 991	421	7.6	-253
Agriculture and food	3 640	3 661	3 658	18	0.5	-3
International relations - international cooperation	3 771	3 621	3 480	-291	-7.7	-140
Other task areas	7 273	7 850	7 840	567	7.8	-10

Federal expenditure grew by 840 million to 71.4 billion (+1.2%) year on year. The most important growth factors were higher deposits in the grid supplement fund (other task areas), additional armament expenditure (security) and higher contributions to the Swiss National Science Foundation (SNSF) and tertiary-level institutions (education and research). The third parties' shares of federal receipts increased too (finances and taxes): the cantons benefited from the robust development of direct federal tax and withholding tax. In contrast, relief was provided by the expiration of the IV supplementary financing, lower deposits in the motorway and urban transportation fund, and the absence of the previous year's budget-neutral conversion of loans to SIFEM AG into share capital (international relations).

### SOCIAL WELFARE

Social welfare covers in particular social insurance contributions, benefits for the cantons in the social welfare area and expenditure for the area of asylum and foreign nationals. Expenditure was virtually unchanged year on year. On the one hand, disability insurance expenditure fell by 222 million, due primarily to the expiration of the supplementary financing, and 105 million less was spent on migration. On the other hand, there was an increase in expenditure on old-age and survivors' insurance (+217 mn), health insurance (+83 mn) and supplementary benefits (+62 mn).

### FINANCES AND TAXES

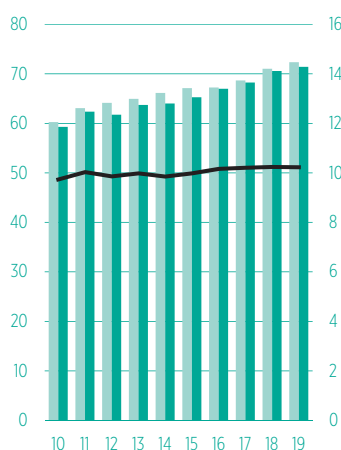
The finances and taxes task area comprises the shares of third parties (particularly cantons) in the Confederation's receipts, and expenditure for funding and asset management (primarily interest payable) and fiscal equalization. Debt interest expenditure declined once again as a result of the persistently low interest rates and falling debt burden (-105 mn). In contrast, the third parties' shares of federal receipts rose on the back of the robust development of direct federal tax and withholding tax (+284 mn), and fiscal equalization expenditure was also higher than the previous year (+75 mn).

### TRANSPORTATION

Road transportation expenditure shrank by a total of 598 million because of lower deposits in the motorway and urban transportation fund. The lower deposits were due primarily to special factors the previous year. In contrast, 85 million more was spent on public transportation and rail transportation; the lion's share of the increase went to the railway infrastructure fund (RIF). Expenditure on air transportation rose by 54 million year on year, as financial assistance was provided in 2019 for air traffic control at regional airports for the years 2018 and 2019.

### DEVELOPMENT OF ORDINARY EXPENDITURE

in bn and % of GDP



- Fin. stmt. in CHF bn (lhs)
- Bdg. in CHF bn (lhs)
- Fin. stmt. in % of GDP (rhs)

Coming in at 1.2%, federal expenditure growth was slightly weaker than nominal GDP growth (+1.3%). The expenditure ratio remained unchanged at 10.2% of GDP.

**EDUCATION AND RESEARCH**

In 2019, the Confederation spent 272 million more on education and research than the previous year (+3.5%). The growth hotspots in this priority area were basic research (e.g. SNSF; +137 mn), EU research (+17 mn), vocational education (+27 mn) and contributions to cantonal universities and universities of applied sciences (+82 mn).

**SECURITY**

This task area covers mainly the expenditure for military defense, border controls, the Confederation’s police tasks and civil protection. Expenditure grew by 7.6%. This increase was caused by the further development of the Armed Forces and the major armament programs adopted by Parliament in 2015 to 2017. For example, expenditure on military equipment, such as the extension of the service life of F/A-18 fighter jets, increased by 185 million. Two other growth drivers in this task area were FIS and fedpol staff increases (+19 mn) and the “Polycom value preservation 2030” project in the area of civil protection (+14 mn).

**INTERNATIONAL RELATIONS – INTERNATIONAL COOPERATION**

In this task area, development cooperation accounts for around three quarters of expenditure, while around 20% of expenditure goes to political relations (foreign representations, central offices in Bern, contributions to international organizations) and the remainder to economic relations (primarily EU enlargement contribution). Expenditure declined by 7.7% year on year. The absence of the previous year’s budget-neutral conversion of SIFEM AG loans into share capital had a positive impact (-374 mn); excluding this one-time effect, expenditure was up by 2.5%. This increase was due to expenditure within the framework of the dispatch on international cooperation for 2017 to 2020 (+65 mn), as well as to the area of economic relations. As a result of delays, certain amounts due for EU enlargement in 2018 could not be paid until 2019.

**AGRICULTURE AND FOOD**

Agriculture and food expenditure was virtually unchanged on the previous year (+0.5%). Direct payments were stable. Support for the sugar market led to greater demand in the area of production and sales. Expenditure on agriculture family allowances declined once again.

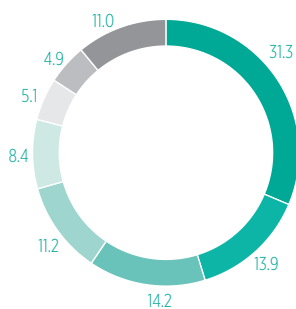
**OTHER TASK AREAS**

Other task areas include institutional and financial conditions, culture and leisure, health, environment and spatial planning, and economic relations. The substantial increase was largely due to higher deposits in the grid supplement fund (+347 mn), additional expenditure on the building program (+145 mn) and reparation for the victims of coercive welfare measures (+55 mn). Furthermore, the Confederation had to honor guarantees totaling 129 million in the area of oceangoing vessels in 2019.

More detailed information on the individual task areas can be found in section A 8.

**2019 EXPENDITURE BY TASK AREA**

Shares in %



- Social welfare 22 386 mn
- Transportation 9933 mn
- Finances and taxes 10 141 mn
- Education and research 7985 mn
- Security 5991 mn
- International relations 3480 mn
- Agriculture and food 3658 mn
- Other tasks 7840 mn

The three largest task areas – social welfare, finances and taxes, transportation – are also those where expenditure is the most strictly earmarked.

## 4 OUTLOOK

The moderate economic growth seen last year is likely to continue in 2020. Nevertheless, the Confederation's financial situation remains favorable, even though the effects of extensive reforms in areas such as international corporate taxation cannot yet be quantified.

Coming in at 0.9% in real terms, Swiss economic growth was only moderate relative to forecasts last year. Growth is likely to remain modest in 2020. Cyclically sensitive export sectors in particular are suffering from sluggish international growth and the Swiss franc's renewed appreciation. However, the sound labor market and low unemployment rate are bolstering domestic demand. The federal government's economic forecasts expert group expects real economic growth of 1.7% in 2020. But this growth rate will be distorted upward by two major sporting events (2020 European Football Championship and Summer Olympics) and the associated revenue of the organizing associations. An actual economic recovery is not anticipated until 2021.

The Confederation's financial situation remains good despite the weak economic growth. According to the Federal Council's fiscal policy assessment of February 2020, a structural surplus of 1.1 billion is expected for 2021. This includes the receipt estimates for VAT and income tax, which have been revised downward, as well as those for profit tax, which have been revised upward. However, the foreseeable supplementary profit distribution by the Swiss National Bank (SNB) is not yet factored in.

There is greater uncertainty for 2022 and 2023. Although structural surpluses of 0.6 billion and 0.9 billion, respectively, are currently anticipated, the additional burdens possible are much higher at 1.5 billion net, even though they also factor in the relief provided by the SNB's supplementary profit distribution. Above all, receipt shortfalls arising from tax reforms could cause a burden for the federal budget. The reforms include the abolition of stamp duty and the increase in the deduction for health insurance premiums, for example. In addition, there are the international corporate tax reforms under the aegis of the OECD, which, depending on their design, may have a profound impact on the Confederation's receipts. However, this cannot be quantified as things currently stand. The structural surplus expected in 2023 is significantly higher than in the last plan, as Parliament has referred the reform of the taxation of couples and families back to the Federal Council.





# ANNUAL FINANCIAL STATEMENTS

B



## STATEMENT OF FINANCIAL PERFORMANCE

CHF mn	FS	Bdg.	FS	Δ 2018-19	
	2018	2019	2019	absolute	%
<b>Surplus/deficit</b>	<b>5 941</b>	<b>2 477</b>	<b>5 953</b>		
<b>Operating result</b>	<b>4 359</b>	<b>1 598</b>	<b>4 022</b>		
Operating revenue	72 017	71 898	73 094	1 076	1.5
Tax revenue	68 598	69 120	69 892	1 294	1.9
Direct federal tax natural persons	11 157	11 472	11 455	298	2.7
Direct federal tax legal entities	11 289	11 276	11 813	524	4.6
Withholding tax	7 947	7 052	8 342	395	5.0
Stamp duty	2 117	2 320	2 152	35	1.6
Value added tax	22 650	23 400	22 497	-153	-0.7
Other consumption taxes	8 310	8 300	8 279	-30	-0.4
Misc. tax revenue	5 129	5 300	5 355	226	4.4
Royalties and concessions	1 198	901	907	-292	-24.3
Other revenue	1 901	1 747	1 981	80	4.2
Net revenue from special financing in liabilities	168	67	77	-91	-54.0
Revenue from extraordinary transactions	152	62	236		
Operating expenses	67 658	70 300	69 072	1 414	2.1
Operating expenses	13 419	14 533	14 004	585	4.4
Personnel expenses	5 346	5 855	5 916	570	10.7
General, administrative and operating expenses	3 938	4 282	4 100	162	4.1
Defense expenses	996	1 254	908	-88	-8.8
Deprec., amortiz. tangible/intangible fixed assets	3 140	3 141	3 080	-60	-1.9
Transfer expenses	54 178	55 709	54 941	763	1.4
Third parties' share in federal income	9 744	9 262	9 548	-196	-2.0
Compensation to public bodies	1 625	1 681	1 534	-90	-5.6
Contributions to own institutions	4 049	4 105	3 947	-102	-2.5
Contributions to third parties	15 713	16 115	15 976	263	1.7
Contributions to social insurance	17 206	17 787	17 550	344	2.0
Value adjustment on investment contributions	5 829	6 740	6 385	556	9.5
Value adjustment on loans and financial interests	12	20	0	-12	-97.4
Net expense for special financing in liabilities	61	58	128	66	108.0
Extraordinary transaction expenses	-	-	-		
<b>Financial result</b>	<b>-818</b>	<b>-762</b>	<b>-746</b>		
Financial revenue	390	355	398	8	2.1
Financial expense	1 208	1 117	1 144	-64	-5.3
Interest expense	1 139	1 070	1 022	-117	-10.3
Other financial expense	69	47	122	54	77.9
<b>Result from interests</b>	<b>2 400</b>	<b>1 641</b>	<b>2 677</b>		

The figures for 2018 were adjusted (see section B 72).

## FINANCING STATEMENT

CHF mn	FS	Bdg.	FS	Δ 2018-19	
	2018	2019	2019	absolute	%
<b>Overall fiscal balance</b>	<b>3 229</b>	<b>1 222</b>	<b>3 600</b>		
<b>Ordinary fiscal balance</b>	<b>3 138</b>	<b>1 222</b>	<b>3 060</b>		
Ordinary receipts	73 712	73 556	74 474	761	1.0
Tax receipts	68 321	69 120	69 886	1 565	2.3
Direct federal tax natural persons	11 157	11 472	11 455	298	2.7
Direct federal tax legal entities	11 289	11 276	11 813	524	4.6
Withholding tax	7 947	7 052	8 342	395	5.0
Stamp duty	2 117	2 320	2 152	35	1.6
Value added tax	22 644	23 400	22 508	-136	-0.6
Other consumption taxes	8 072	8 300	8 322	250	3.1
Misc. tax receipts	5 095	5 300	5 294	199	3.9
Royalties and concessions	1 212	924	924	-289	-23.8
Financial receipts	1 121	1 104	1 089	-32	-2.8
Financial interest receipts	821	822	811	-10	-1.2
Other financial receipts	300	283	278	-22	-7.2
Other current receipts	1 789	1 713	1 849	60	3.3
Investment receipts	1 270	694	727	-543	-42.8
Ordinary expenditure	70 574	72 334	71 414	840	1.2
Operating expenditure	10 252	11 080	10 472	220	2.2
Personnel expenditure	5 616	5 855	5 760	144	2.6
General, administrative and operating expenditure	3 780	4 171	3 940	160	4.2
Defense expenditure	856	1 054	773	-84	-9.8
Current transfer expenditure	48 120	49 004	48 758	638	1.3
Third parties' share in federal receipts	9 784	9 262	9 698	-86	-0.9
Compensation to public bodies	1 614	1 669	1 525	-89	-5.5
Contributions to own institutions	4 049	4 100	3 887	-162	-4.0
Contributions to third parties	15 420	16 111	16 005	584	3.8
Contributions to social insurance	17 252	17 862	17 643	391	2.3
Financial expenditure	1 203	1 131	1 098	-105	-8.7
Interest expenditure	1 153	1 084	1 053	-100	-8.7
Other financial expenditure	50	47	45	-5	-9.1
Investment expenditure	11 000	11 119	11 086	86	0.8
Tangible fixed assets and inventories	4 120	3 604	3 878	-242	-5.9
Intangible fixed assets	21	66	26	5	22.4
Loans	109	105	85	-24	-22.3
Financial interests	444	63	63	-381	-85.7
Own investment contributions	5 805	6 740	6 501	696	12.0
Transitory investment contributions	500	541	533	33	6.5
Extraordinary receipts	90	-	541		
Extraordinary expenditure	-	-	-		

The figures for 2018 were adjusted (see section B 72).

## STATEMENT OF FINANCIAL POSITION

CHF mn	FS	FS	FS	Δ 2018-19	
	01.01.2018	31.12.2018	31.12.2019	absolute	%
<b>Assets</b>	<b>164 329</b>	<b>169 138</b>	<b>177 119</b>	<b>7 981</b>	<b>4.7</b>
Non-administrative assets	38 392	38 904	44 706	5 802	14.9
Current assets	26 194	27 028	33 769	6 741	24.9
Liquid assets	14 610	15 665	23 459	7 794	49.8
Receivables	5 847	6 473	5 914	-559	-8.6
Short-term financial investments	3 562	2 382	1 795	-588	-24.7
Prepaid expenses and accrued income	2 175	2 508	2 602	94	3.7
Non-current assets	12 198	11 876	10 937	-939	-7.9
Long-term financial investments	12 198	11 876	10 937	-939	-7.9
<b>Administrative assets</b>	<b>125 937</b>	<b>130 233</b>	<b>132 413</b>	<b>2 180</b>	<b>1.7</b>
Current assets	3 937	3 926	4 030	104	2.6
Inventories	3 937	3 926	4 030	104	2.6
Non-current assets	122 001	126 307	128 383	2 076	1.6
Tangible fixed assets	59 250	59 819	60 365	546	0.9
Intangible fixed assets	201	192	199	7	3.8
Loans	5 520	5 152	5 094	-59	-1.1
Financial interests	57 029	61 145	62 726	1 581	2.6
<b>Liabilities and equity</b>	<b>164 329</b>	<b>169 138</b>	<b>177 119</b>	<b>7 981</b>	<b>4.7</b>
<b>Short-term liabilities</b>	<b>43 004</b>	<b>41 859</b>	<b>44 497</b>	<b>2 638</b>	<b>6.3</b>
Current liabilities	13 418	13 634	13 732	98	0.7
Short-term financial liabilities	23 626	21 543	21 686	142	0.7
Accrued expenses and deferred income	5 400	6 139	8 456	2 317	37.7
Short-term provisions	560	543	624	81	14.9
<b>Long-term liabilities</b>	<b>107 005</b>	<b>106 029</b>	<b>103 165</b>	<b>-2 865</b>	<b>-2.7</b>
Long-term financial liabilities	68 198	64 229	61 530	-2 699	-4.2
Liabilities toward separate accounts	3 029	3 776	4 268	492	13.0
Employee retirement benefit obligations	8 910	9 661	7 138	-2 523	-26.1
Long-term provisions	24 850	25 456	26 803	1 347	5.3
Restricted funds in liabilities	2 018	2 907	3 426	519	17.8
<b>Net assets/equity</b>	<b>14 320</b>	<b>21 249</b>	<b>29 457</b>	<b>8 208</b>	<b>38.6</b>
Restricted funds in net assets/equity	7 350	6 837	6 699	-138	-2.0
Reserves from global budget	172	181	347	166	91.9
Accumulated surplus	6 798	14 232	22 411	8 180	57.5

The figures for 2018 were adjusted (see section B 72).

**CASH FLOW STATEMENT**

CHF mn	FS 2018	FS 2019	Δ 2018-19 absolute
<b>Total cash flow</b>	<b>1 055</b>	<b>7 794</b>	<b>6 739</b>
Cash flow from operating activities	8 456	12 343	3 887
Tax receipts	68 321	69 886	1 565
Royalties and concessions	1 212	924	-289
Revenue from exchange transactions	1 208	1 285	77
Other current receipts	582	565	-17
Financial receipts	1 121	1 089	-32
Repayment of investment contributions	200	-	-200
Operating expenditure	-10 252	-10 472	-220
Transfer expenditure	-48 120	-48 758	-638
Financial expenditure	-1 203	-1 098	105
Investment contributions	-5 805	-6 501	-696
Investment expenditure inventories	-82	-101	-19
Extraordinary receipts	90	515	426
Increase/decrease in receivables (excl. value adjustments)	-508	448	956
Increase/decrease in current liabilities	199	98	-101
Increase/decrease withholding tax accrued expenses & deferred income/ provisions	1 239	3 564	2 325
Increase/decrease in liabilities vis-à-vis separate accounts	415	492	77
Other changes	-159	408	568
<b>Cash flow from investing activities</b>	<b>-1 702</b>	<b>-2 341</b>	<b>-638</b>
Investment expenditure tangible and intangible fixed assets	-3 770	-3 803	-33
Investment receipts tangible and intangible fixed assets	51	70	18
Investment expenditure on loans and financial interests	-553	-148	405
Investment receipts from loans and financial interests	519	125	-394
Extraordinary investment receipts	0	25	25
Increase/decrease in short-term financial investments	1 070	452	-618
Increase/decrease in long-term financial investments	362	939	577
Addition due to consolidation scope changes	618	-	-618
<b>Cash flow from financing activities</b>	<b>-5 699</b>	<b>-2 209</b>	<b>3 490</b>
Increase/decrease in short-term financial liabilities	-2 068	142	2 211
Increase/decrease in long-term financial liabilities	-3 940	-2 699	1 241
Less premium amortization not affecting cash	328	321	-7
Less increase/decrease in derivative financial instruments not affecting cash	-4	-12	-8
Less increase/decrease in lease liability/investments financed by third parties not affecting cash	-14	39	53

The figures for 2018 were adjusted (see section B 72).

**CASH FUND STATEMENT**

CHF mn	FS 2018	FS 2019	Δ 2018-19 absolute
Liquid assets balance at 01.01.	14 610	15 665	1 055
Increase (+) / decrease (-)	1 055	7 794	6 739
Liquid assets balance at 31.12.	15 665	23 459	7 794

## STATEMENT OF INVESTMENTS

CHF mn	FS	Bdg.	FS	Δ 2018-19	
	2018	2019	2019	absolute	%
<b>Statement of investments balance</b>	<b>-9 651</b>	<b>-10 425</b>	<b>-10 209</b>		
<b>Ordinary statement of investments balance</b>	<b>-9 652</b>	<b>-10 425</b>	<b>-10 234</b>		
Investment receipts	1 270	694	727	-543	-42.8
Buildings	44	41	64	20	45.5
Property, plant and equipment	4	3	4	0	-4.6
Motorways	3	3	1	-2	-59.5
Intangible fixed assets	-	0	-	-	-
Loans	517	106	124	-393	-76.0
Financial interests	2	-	1	-1	-68.0
Repayment of own investment contributions	200	0	-	-200	-100.0
Transitory investment contributions	500	541	533	33	6.5
<b>Investment expenditure</b>	<b>10 921</b>	<b>11 119</b>	<b>10 961</b>	<b>39</b>	<b>0.4</b>
Buildings	661	759	700	40	6.0
Property, plant and equipment	93	143	138	45	48.0
Inventories	82	106	101	19	22.8
Motorway	2 580	2 066	2 258	-322	-12.5
Defense equipment	403	530	672	269	66.7
Intangible fixed assets	21	66	26	5	26.2
Loans	109	105	85	-24	-22.3
Financial interests	444	63	63	-381	-85.7
Own investment contributions	6 029	6 740	6 385	356	5.9
Transitory investment contributions	500	541	533	33	6.5
<b>Extraordinary investment receipts</b>	<b>0</b>	<b>-</b>	<b>25</b>		
<b>Extraordinary investment expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>		

## STATEMENT OF NET ASSETS/EQUITY

CHF mn	Special financing 1	Special funds 2	Other restricted funds 3	Restricted funds 4=1+2+3	Global budget reserves 5	Accumulated surplus 6	Total net assets/equity 7=4+5+6
<b>As of 01.01.2018 before restatement</b>	<b>5 935</b>	<b>1 361</b>	<b>55</b>	<b>7 350</b>	<b>172</b>	<b>12 908</b>	<b>20 430</b>
Changes	-	-	-	-	-	-6 110	-6 110
<b>As of 01.01.2018 after restatement</b>	<b>5 935</b>	<b>1 361</b>	<b>55</b>	<b>7 350</b>	<b>172</b>	<b>6 798</b>	<b>14 320</b>
Special funds result	-	22	-	22	-	4	26
Change in other restricted funds	-	-	-6	-6	-	-	-6
Revaluation employee retirement benefits	-	-	-	-	-	-1 032	-1 032
Share of equity transactions involving equity interests	-	-	-	-	-	2 094	2 094
Hedging transactions	-	-	-	-	-	-128	-128
<b>Total items recognized under net assets/equity</b>	<b>-</b>	<b>22</b>	<b>-6</b>	<b>15</b>	<b>-</b>	<b>938</b>	<b>954</b>
Surplus/deficit for the year	-	-	-	-	-	5 941	5 941
<b>Total profit and loss recognized</b>	<b>-</b>	<b>22</b>	<b>-6</b>	<b>15</b>	<b>-</b>	<b>6 880</b>	<b>6 895</b>
Entry transfers in net assets/equity	-529	-	-	-529	9	520	-
Consolidation scope changes	-	-	-	-	-	34	34
<b>As of 31.12.2018</b>	<b>5 406</b>	<b>1 383</b>	<b>48</b>	<b>6 837</b>	<b>181</b>	<b>14 232</b>	<b>21 249</b>
Special funds result	-	39	-	39	-	1	40
Change in other restricted funds	-	-	-10	-10	-	-	-10
Revaluation employee retirement benefits	-	-	-	-	-	2 674	2 674
Share of equity transactions involving equity interests	-	-	-	-	-	-367	-367
Hedging transactions	-	-	-	-	-	-81	-81
<b>Total items recognized under net assets/equity</b>	<b>-</b>	<b>39</b>	<b>-10</b>	<b>29</b>	<b>-</b>	<b>2 226</b>	<b>2 256</b>
Surplus/deficit for the year	-	-	-	-	-	5 953	5 953
<b>Total profit and loss recognized</b>	<b>-</b>	<b>39</b>	<b>-10</b>	<b>29</b>	<b>-</b>	<b>8 179</b>	<b>8 208</b>
Entry transfers in net assets/equity	-167	-	-	-167	166	1	-
Consolidation scope changes	-	-	-	-	-	-	-
<b>As of 31.12.2019</b>	<b>5 239</b>	<b>1 421</b>	<b>39</b>	<b>6 699</b>	<b>347</b>	<b>22 411</b>	<b>29 457</b>

## STATEMENT OF NET ASSETS/EQUITY

The statement of net assets/equity shows which financial transactions led to a change in the respective equity item. Specifically, it indicates the expense and revenue items that were recognized directly in net assets/equity rather than in the statement of financial performance, and the impact of a change in reserves and restricted funds on net assets/equity.



## RESERVES FROM GLOBAL BUDGET

CHF mn	General reserves				Restricted reserves			
	Closing stock at 31.12.2018	Formation from FS 2018	Reversal	Closing stock at 31.12.2019	Closing stock at 31.12.2018	Formation from FS 2018	Reversal	Closing stock at 31.12.2019
<b>Total</b>	<b>43</b>	<b>54</b>	<b>-4</b>	<b>93</b>	<b>137</b>	<b>212</b>	<b>-96</b>	<b>253</b>
104 FCh	-	-	-	-	13	9	-3	19
110 OAG	-	-	-	-	3	4	-	6
202 FDFA	11	-	-	11	8	3	-2	8
301 GS-FDHA	-	-	-	-	1	0	-	2
303 FOGE	-	-	-	-	-	0	-	0
305 SFA	-	-	-	-	1	0	0	1
306 FOC	-	-	-	-	1	1	-1	1
311 MeteoSwiss	1	-	-	1	3	1	-2	2
316 FOPH	-	-	-	-	-	1	-1	0
317 SFSO	-	-	-	-	3	5	-2	6
318 FSIO	-	-	-	-	-	3	-	3
341 FSVO	-	-	-	-	1	1	-1	1
342 IVI	-	-	-	-	0	0	-	0
402 FOJ	-	-	-	-	1	1	-	2
403 fedpol	-	-	-	-	5	8	-1	12
413 SICL	-	-	-	-	0	-	0	0
420 SEM	-	-	-	-	2	13	-1	14
485 ISC-FDJP	3	-	-	3	17	9	-8	18
504 FOSPO	3	-	-	3	10	11	-2	18
506 FOCP	2	-	-	2	15	26	-20	21
525 D	-	52	-	52	-	-	-	-
542 ar S+T	1	-	-	1	-	1	-1	-
570 swisstopo	4	-	-	4	3	3	-5	2
600 GS-FDF	-	-	-	-	1	0	0	1
601 FFA	-	-	-	-	0	2	0	2
602 CCO	-	-	-	-	-	3	-	3
605 FTA	-	-	-	-	3	1	-3	2
606 FCA	-	2	-	2	7	28	-10	26
608 FITSU	-	-	-	-	16	10	-7	19
609 FOITT	14	-	-4	10	3	5	-4	4
611 SFAO	-	-	-	-	1	1	-	1
614 FOPER	-	-	-	-	-	0	0	-
620 SFBL	-	-	-	-	1	45	-10	37
701 GS-EAER	-	-	-	-	0	1	0	1
704 SECO	-	-	-	-	1	1	-1	0
708 FOAG	-	-	-	-	0	2	0	1
710 Agroscope	-	-	-	-	2	3	-4	1
735 ZIVI	1	-	-	1	-	-	-	-
740 SAS	0	-	-	0	3	-	0	2
785 ISCeco	-	-	-	-	2	2	-3	1
801 GS-DETEC	-	-	-	-	5	3	-2	5
802 FOT	-	-	-	-	-	0	0	-
803 FOCA	2	-	-	2	2	1	-1	2
808 OFCOM	1	-	-	1	4	2	-2	4
816 STSB	-	-	-	-	-	1	-	1
817 ReglInfra	-	-	-	-	0	1	-	1

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**GLOBAL BUDGET RESERVES**

Depending on the annual results and the achievement of objectives, the administrative units have the possibility of forming reserves from their global budgets and individual credits in their own area. Reserves are broken down into general and earmarked reserves.

The formation or release of global budget reserves is recognized as a statement of financial position transaction. In the process, an entry transfer is made from the accumulated surplus to reserves (formation) or from reserves to the accumulated surplus (release). Since reserves are not available to the administrative unit until after the Federal Assembly's decision (normally after the summer session), the recognition of reserve formation and release is with the reference date "federal decree on the state financial statements" the following (and not the current) fiscal year.

Expenses or investment expenditure financed with reserves is recognized and reported on an accrual basis in the statement of financial performance or statement of investments. The change in global budget reserves is disclosed in the statement of net assets/equity in the notes to the Confederation's annual financial statements. The additional explanations contain a report on the development of reserves and an assessment of the total reserves held.