Schweizerische Eidgenossenschaft
Confédération suisse
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Swiss Confederation

Federal Department of Finance FDF
Federal Finance Administration FFA

Brief report on financial statistics

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Public finance trends: 2019 results and 2020-2022 forecasts

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This overview presents the definitive results for the consolidated accounts of the general government sector. The 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 updated forecasts for the government units for 2020 to 2022. Detailed data on the government unit and aggregate forecasts up to 2025, 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		2018	2019	2020	2021	2022
General government	Revenue	234 357	238 787	237 597	243 076	250 920
	Expenditure	225 201	229 158	257 508	259 567	246 603
	of which expenditure Covid measures			16 890	17 345	1 162
	Net lending/borrowing	**9 156**	**9 629**	**-19 912**	**-16 491**	**4 317**
	Deficit/surplus ratio in % of GDP	1.3%	1.3%	-2.8%	-2.2%	0.6%
Confederation	Revenue	78 366	80 288	74 885	80 557	83 471
	Expenditure	73 048	74 332	92 086	96 914	82 288
	of which expenditure Covid measures			14 318	16 295	1 050
	Net lending/borrowing	**5 318**	**5 956**	**-17 202**	**-16 357**	**1 183**
	Deficit/surplus ratio in % of GDP	0.7%	0.8%	-2.4%	-2.2%	0.2%
Cantons	Revenue	95 447	97 232	100 684	105 490	103 844
	Expenditure	92 630	93 735	103 798	103 888	101 062
	of which expenditure Covid measures			2 756	5 214	205
	Net lending/borrowing	**2 817**	**3 497**	**-3 115**	**1 603**	**2 782**
	Deficit/surplus ratio in % of GDP	0.4%	0.5%	-0.4%	0.2%	0.4%
Municipalities	Revenue	48 982	49 330	50 124	50 455	51 329
	Expenditure	48 762	49 911	50 708	51 875	53 039
	Net lending/borrowing	**220**	**-581**	**-584**	**-1 420**	**-1 710**
	Deficit/surplus ratio in % of GDP	0.0%	-0.1%	-0.1%	-0.2%	-0.2%
Social security funds	Revenue	63 546	64 641	78 121	73 295	71 029
	Expenditure	62 744	63 884	77 133	73 612	68 968
	of which expenditure Covid measures			10 775	5 000	
	Net lending/borrowing	**802**	**757**	**989**	**-317**	**2 062**
	Deficit/surplus ratio in % of GDP	0.1%	0.1%	0.1%	0.0%	0.3%

In 2018 and 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 1.3% 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 wealth tax. The cantons' surplus ratio rose from +0.4% of GDP in 2018 to +0.5% in 2019. The municipalities' result was slightly negative. The surplus ratio of the social security funds remained unchanged at +0.1%.

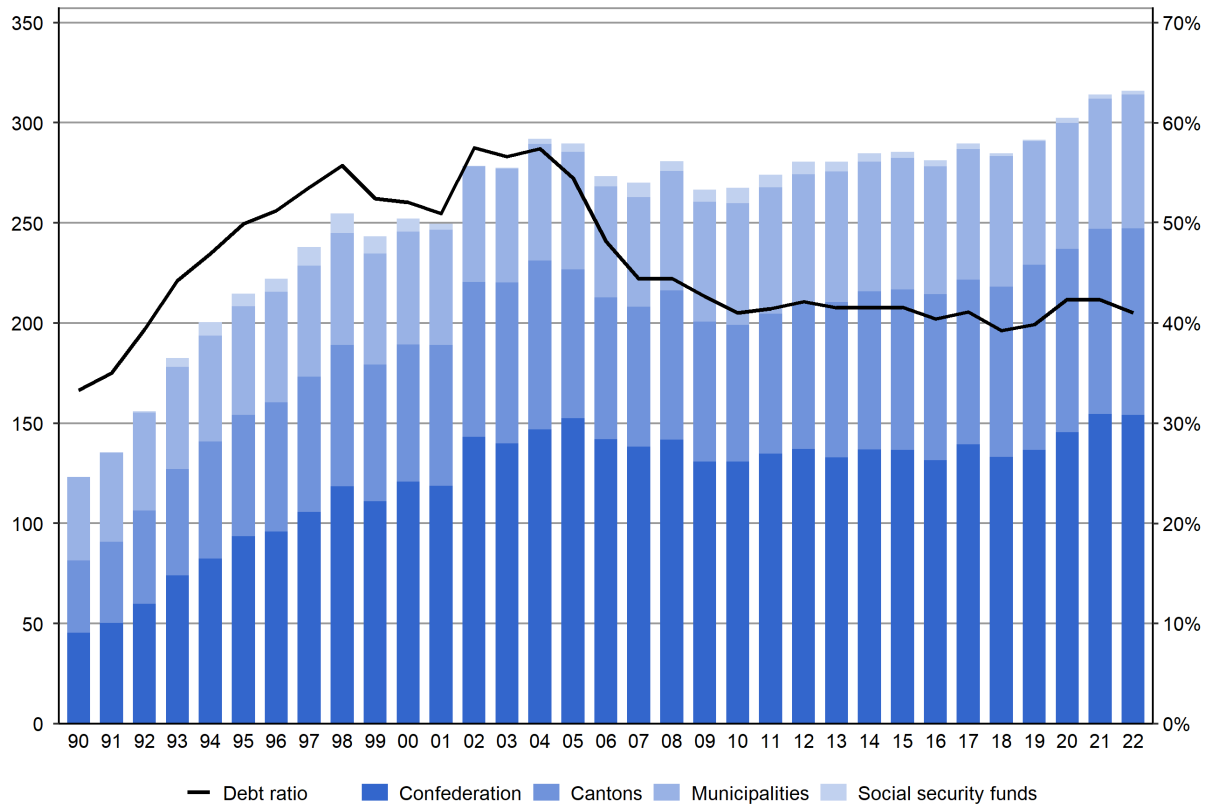
In both 2020 and 2021, the COVID-19 pandemic will lead to the biggest economic crisis in decades, leaving deep scars on the government units' finances. In 2020, substantial shortfalls in tax receipts for the Confederation (especially withholding tax) and soaring expenditure in the Confederation and cantons sub-sectors led to a high general government deficit of 2.8% of GDP. The rise in expenditure for the cantons is attributable not only to the COVID-19 measures, but also to the funding of the pension fund in the canton of Geneva (5.2 bn). The general government is likely to post a deficit of 2.2% of GDP in 2021. The additional expenditure in 2020 and 2021 is due to various fiscal policy measures to combat the pandemic (e.g. short-time working compensation (2020: 10.8 bn, 2021: 5 bn), loss of earnings compensation (2020 and 2021: 2.2 bn each) and hardship measures by the Confederation and the cantons (2021: 4.5 bn[2]). For the general government, these amount to 16.9 billion in 2020 and 17.3 billion in 2021, whereby the Confederation sub-sector will bear around 85% and 94%, respectively.

As the economy continues to recover, the government units' financial situation should return to normal in 2022. The Confederation, cantons and social security funds are likely to return to positive territory, with a surplus of 0.6% anticipated for the general government. Expenditure

[2] According to the estimate of the Financial Statistics Section based on the hardship support promised to date (as of August 2021)

to combat the pandemic is likely to cost the general government 1.2 billion in 2022 (90% of this will be borne by the Confederation).

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 289.7 billion, or 39.8% of GDP.

In 2020, they climbed by around 9.5 billion to 299.2 billion (42.4% 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) to cushion the economic impact of the pandemic. As a result, the deficit is likely to be covered almost exclusively by liabilities, and these are likely to increase again in nominal terms for the general government (especially at municipality level) also in 2022. Following the massive economic downturn in 2020, GDP is expected to catch up in 2021 and 2022. Consequently, the gross debt ratio is expected to decline slightly as early as 2021 due to robust GDP growth of 4.2% in 2021, and this trend is likely to intensify in 2022.

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. They show that the impact of the COVID-19 crisis on Switzerland's public finances has been less severe than in most other industrialized countries.

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

in % GDP	2018	2019	2020	2021	2022	in % GDP	2018	2019	2020	2021	2022
Switzerland	+1.3	+1.3	-2.8	-2.2	+0.6	Switzerland	39.3	39.8	42.4	42.3	41.0
Euro Area	-0.5	-0.6	-7.2	-7.2	-3.7	Euro Area	102.4	103.5	121.9	124.6	123.2
Germany	+1.8	+1.5	-4.1	-4.4	-1.5	Germany	69.6	68.2	79.6	83.6	82.5
France	-2.3	-3.0	-9.0	-8.2	-4.6	France	121.2	123.4	146.0	147.3	145.7
Italy	-2.2	-1.6	-9.4	-11.3	-6.4	Italy	146.8	154.5	184.1	187.7	185.4
Austria	+0.2	+0.7	-8.7	-7.1	-3.0	Austria	92.1	90.0	109.8	114.1	113.5
Belgium	-0.8	-1.9	-9.3	-7.2	-4.0	Belgium	117.7	120.2	142.4	143.6	143.2
Denmark	+0.7	+3.8	-1.1	-2.8	-0.9	Denmark	50.8	51.8	62.8	66.2	67.5
Netherlands	+1.4	+1.7	-4.2	-6.0	-2.4	Netherlands	66.0	62.2	69.7	73.7	74.0
Norway	+7.8	+6.2	-3.6	-1.4	+0.0	Norway	45.6	46.8	53.9	n.a.	n.a.
Spain	-2.5	-2.9	-10.8	-8.5	-5.3	Spain	114.5	117.3	146.9	146.6	144.3
Sweden	+0.8	+0.5	-3.1	-3.2	-1.6	Sweden	59.1	55.3	61.5	61.5	61.0
Canada	+0.3	+0.6	-10.6	-5.9	-1.5	Canada	115.2	115.0	157.9	161.7	161.5
Japan	-2.4	-3.0	-10.2	-6.8	-4.1	Japan	223.1	222.8	238.2	241.5	241.6
United Kingdom	-2.2	-2.3	-12.3	-9.1	-6.4	United Kingdom	109.1	113.6	139.9	141.2	137.2
United States	-6.2	-6.7	-15.8	-15.9	-9.7	United States	106.4	107.9	133.6	140.5	144.0
Total OECD	-2.8	-3.1	-10.8	-10.1	-6.0	Total OECD	108.5	109.5	130.0	134.5	135.3

Deficit/surplus ratio and gross debt ratio – In the period from 2018 to 2019, Switzerland was one of a group of countries with a financing surplus, as were Germany, Austria, Denmark, the Netherlands, Norway, Sweden and Canada. Of these countries, only Canada had a gross debt ratio exceeding 100% of nominal GDP. The countries with deficits, i.e. France, Italy, Belgium, Spain, Japan, the United Kingdom and the United States, likewise had a gross debt ratio of more than 100% of GDP.

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, Germany, Denmark, the Netherlands, Norway and Sweden, all of the countries listed had deficits of at least 6% of GDP in 2020. The stabilization measures caused the gross debt ratio to rise by more than 15 percentage points in many countries, with the biggest increases seen in Canada (+42.9 percentage points), Spain and Italy (29.8 percentage points each). In comparison, the rise in the gross debt ratio was much smaller in the Netherlands (+7.5 percentage points), Sweden (+6.2 percentage points) and Switzerland (+2.6 percentage points).

In 2021, the gross debt ratio of the countries shown will probably climb further, albeit to a much lesser extent. The expected increase for the OECD country average is +4.5 percentage points. The gross debt ratio is likely to remain below 45% in Switzerland, while it will be 125% of GDP or more in the euro area, the United Kingdom and North America (Canada, USA). In Japan, the ratio is even expected to reach a new record high of over 240% of GDP.

In 2022, the general government deficits of all the countries shown will probably fall significantly as tax receipts pick up and the need to support households and companies declines. Only Switzerland is likely to report a surplus, while Norway is set to have a balanced result. The

[3] Sources: financial statistics/other countries: up to 2020: International Monetary Fund government finances; from 2021: financial statistics calculations based on OECD Economic Outlook 109 of May 2021

average gross debt ratio of the OECD countries is likely to remain at a similar level, and that of the EU is set to decline.

Table 3: Receipt and general government expenditure ratio[4]

in % GDP	2018	2019	2020	2021	2022	in % GDP	2018	2019	2020	2021	2022
Switzerland	32.6	32.8	33.6	33.0	32.8	Switzerland	31.3	31.5	36.5	35.3	32.2
Euro Area	46.5	46.4	46.9	46.3	46.4	Euro Area	46.9	47.1	54.2	53.4	50.1
Germany	45.7	46.1	46.3	45.5	45.5	Germany	43.9	44.6	50.4	49.9	47.0
France	52.7	51.6	52.0	51.2	51.3	France	55.0	54.6	61.0	59.4	55.9
Italy	45.6	46.4	47.1	46.0	46.6	Italy	47.8	48.0	56.6	57.3	53.0
Austria	48.8	49.0	48.7	48.5	48.5	Austria	48.7	48.4	57.4	55.6	51.5
Belgium	50.6	49.3	49.7	49.8	50.0	Belgium	51.4	51.3	59.0	57.0	54.1
Denmark	51.2	53.4	52.7	51.1	51.4	Denmark	50.6	49.6	53.8	53.9	52.3
Netherlands	42.9	42.8	43.0	41.5	41.6	Netherlands	41.5	41.1	47.2	47.4	44.0
Norway	55.8	56.8	53.7	49.9	50.3	Norway	48.0	50.6	57.3	51.2	50.3
Spain	38.5	38.5	40.6	41.2	41.3	Spain	41.0	41.4	51.5	49.7	46.6
Sweden	49.6	48.5	48.5	47.8	48.2	Sweden	48.8	48.0	51.5	51.1	49.8
Canada	41.2	41.6	41.8	40.3	40.3	Canada	40.9	41.0	52.4	46.2	41.7
Japan	35.5	35.2	35.8	35.8	35.8	Japan	37.9	38.2	46.0	42.7	39.9
United Kingdom	38.6	38.5	39.0	39.5	38.8	United Kingdom	40.8	40.8	51.3	48.5	45.1
United States	29.9	29.9	30.3	30.2	30.0	United States	36.2	36.5	46.1	46.1	39.7
Total OECD	37.5	37.5	37.8	37.4	37.4	Total OECD	40.3	40.6	48.6	47.5	43.4

Receipt and general government expenditure ratio – It can be seen in Table 3 that the receipt and general government expenditure ratios for the industrialized countries under review vary greatly. On the one hand, the United States, Switzerland, Japan, the United Kingdom, Spain and Canada have relatively low ratios from 2018 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, Norway recorded a sharp decline in its receipt ratio (-3.1 percentage points), while Spain posted a sharp increase (+2.1 percentage points). Major differences in the development of the receipt ratio are also emerging in 2021. The receipt ratios in Spain and the United Kingdom are rising, while those of the other countries are stable or falling. The ratio for the OECD country average remains unchanged at 37.4% of GDP in 2022.

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 increase in the general government expenditure ratio. Switzerland's general government expenditure ratio rose by 5 percentage points to 36.5% in 2020. Only in Sweden was the rise smaller (+3.5 percentage points). Around half of the countries surveyed posted an increase of more than 7.7 percentage points. Canada's general government expenditure ratio climbed by as much as 11.4 percentage points. The comparatively smaller increase in Switzerland was also attributable to the fact that GDP plummeted less than in other countries. The general government expenditure ratio will fall again in most countries in 2021, and in some cases significantly, e.g. in Canada (-6.2 percentage points) and Norway (-6.1 percentage points).

According to the current forecasts of the Financial Statistics Section, Switzerland's general government expenditure ratio is thus likely to reach 32.2% of GDP in 2022, i.e. +0.7 percentage points above the pre-crisis level. Compared with the other countries shown, Switzerland's general government expenditure ratio will remain low.

[4] Sources: financial statistics/other countries: up to 2020: International Monetary Fund government finances; from 2021: financial statistics calculations based on OECD Economic Outlook 109 of May 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 1,863 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 Jura, Vaud, and Valais. The municipalities of all of the remaining 23 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.[5] 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 are based on the financial statements (Table 4).

For the Confederation (including separate accounts and decentralized administrative units), the 2020 figures are likewise based on the corresponding annual financial statements. The 2021 forecasts are largely based on the Confederation's June extrapolation and the budgets for the separate accounts and decentralized administrative units. The 2022 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 the currently available accounting data (2020), a survey of the cantonal budgets and financial plans, as well as various indicators (2021-2022). The 2020-2022 forecasts for the municipalities are based on several indicators. The figures for the social security funds are based on their financial statements up to 2020, and the 2021-2022 forecasts are based on their budgets or financial plans.

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[6].

[5] Scope of the 2019 financial statistics

[6] https://www.efv.admin.ch/efv/en/home/themen/finanzstatistik/daten.html

Table 4: Basis for financial statistics data, August 2021

Sub-sector	Up to 2019	2020	2021	2022
General government	**Financial statements**	**Forecasts**	**Forecasts**	**Forecasts**
Confederation	Financial statements	Financial statements	Extrapolation	Budget/financial plans
Cantons	Financial statements	Available data	Budget survey	Forecasts
Municipalities	Financial statements	Forecasts	Forecasts	Forecasts
Social security funds	Financial statements	Financial statements	Budget/financial plans	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 replaced it, fund for major railway projects (FinPT) and, from 2016, railway infrastructure fund (RIF), which 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

	2016	2017	2018	2019	2020
Ordinary result financial reporting	**752**	**2'621**	**3'138**	**3'060**	**-1'227**
+ Extraordinary result financial reporting	478	177	90	541	-14'547
Overall fiscal balance financial reporting	**1'230**	**2'798**	**3'229**	**3'600**	**-15'774**
+ Balance from consolidation of seperate accounts of the federal account (1)	522	938	1'661	1'200	600
+ Balance from the consolidation of additional seperate accounts (1)	119	168	-28	-26	-73
+ Balance from special items	13	11	31	17	79
Overall fiscal balance FS Model	**1'884**	**3'916**	**4'892**	**4'791**	**-15'168**
- Balance sheet transactions adjustment (2)	173	222	219	117	-281
- Other economic flows adjustment (2)	-451	29	116	160	161
+ Accrual accounting (3)	-1'379	-92	-172	-182	-275
+ Statistical operations (4)	-411	1'615	933	1'625	-1'879
Net lending/borrowing GFS Model	**372**	**5'188**	**5'318**	**5'956**	**-17'202**

	2016	2017	2018	2019	2020
Gross debt in accordance with financial reporting	**98'819**	**105'242**	**99'407**	**96'948**	**103'586**
- Financial derivatives (negative replacement values)	178	125	128	140	226
Gross debt general government according to FS	**98'641**	**105'117**	**99'278**	**96'808**	**103'360**
+ Gross debt separate accounts/consolidation (1)	-962	-701	-649	-652	-783
Gross debt FS	**97'679**	**104'416**	**98'629**	**96'156**	**102'577**
+ Coins in circulation according to SNB	3'095	3'142	3'183	3'212	3'189
- Outstanding invoices, advance payments received, tax liabilities, cash deposits (confiscated assets)	8'098	10'582	10'931	11'385	9'376
+ Provisions for warranties for ocean shipping	215	100	100	30	15
Maastricht-Debt	**92'890**	**97'076**	**90'981**	**88'013**	**96'405**

(1) Separate accounts (SAB and IF (both 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