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Swiss Confederation

1

State financial statements

Report on federal financial
statements

2011

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Dispatch on the Swiss state financial statements for 2011

(of March 28, 2012)

Dear Mr. Presidents, ladies and gentlemen,

With this dispatch, we hereby submit the *Swiss state financial statements for 2011* to you, and propose that you approve them in accordance with the enclosed draft resolutions.

We also request, in accordance with Article 34 para. 2 of the Federal Act of October 7, 2005 on the Federal Financial Budget (SR 611.0), that you approve the *credit limit excesses* that proved inevitable after consuming the budgetary and additional credits.

Respectfully yours,

Bern, March 28, 2012

On behalf of the Swiss Federal Council

President of the Swiss Confederation:
Eveline Widmer-Schlumpf

Federal Chancellor:
Corina Casanova

Report on federal financial statements

Page

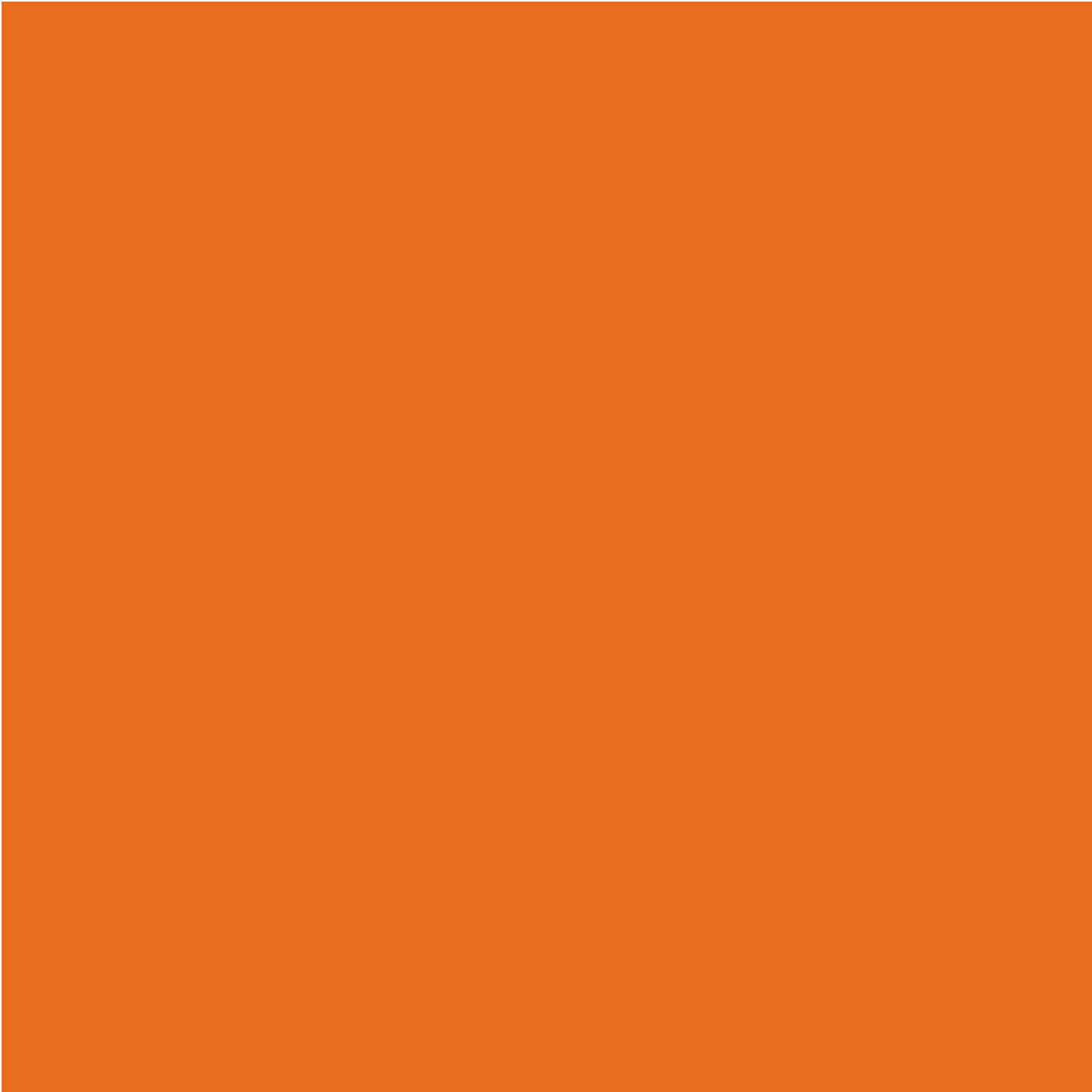
Figures overview	5
Commentary on the annual financial statements	7
1 Commentary on the fiscal year	9
11 Summary	9
12 Economic development	10
13 Package of measures to cushion the strength of the franc	11
2 Results	13
21 Financing statement	13
22 Debt brake	15
23 Statement of financial performance	17
24 Statement of financial position	18
25 Statement of investments	19
26 Debt	20
3 Budget trends	21
31 Development of receipts	21
32 Development of expenditure by task area	24
33 Development of expenses by account group	27
4 Outlook	29
Annual financial statements	31
5 Annual financial statements	33
51 Financing and flow of funds statement	33
52 Statement of financial performance	35
53 Statement of financial position	36
54 Statement of investments	37
55 Statement of net assets/equity	38
6 Swiss public finances compared internationally – 2011	39

Figures overview

CHF mn	Fin. stmt. 2010	Budget 2011	Fin. stmt. 2011
Financing statement			
Ordinary receipts	62 833	62 423	64 245
Ordinary expenditure	59 266	63 069	62 333
Ordinary fiscal balance	3 568	-646	1 912
Extraordinary receipts	–	–	290
Extraordinary expenditure	427	1 998	1 998
Overall fiscal balance	3 140	-2 644	205
Debt brake			
Structural surplus (+) / structural deficit (-)	4 384	166	2 362
Maximum admissible expenditure	63 662	65 067	66 527
Room for maneuver (+) / need for adjustment (-)		0	
Compensation account balance	15 614		17 811
Amortization account balance	416		-1 127
Statement of financial performance			
Ordinary revenue	63 523	62 019	65 693
Ordinary expenses	59 385	62 116	62 680
Ordinary result	4 139	-96	3 013
Extraordinary revenue	427	–	229
Extraordinary expenses	427	1 148	1 148
Surplus or deficit	4 139	-1 244	2 094
Statement of investments			
Ordinary investment receipts	333	627	593
Ordinary investment expenditure	7 258	7 563	7 552
Statement of financial position			
Net assets/equity	-29 502		-27 400
Gross debt	110 561	115 700	110 516
Indicators			
Expenditure ratio in %	10.8	11.1	11.0
Tax ratio in %	10.6	10.1	10.4
Gross debt ratio in %	20.1	20.4	19.6
Macroeconomic reference values			
Real GDP growth in %	2.7	1.6	1.9
Nominal GDP growth in %	2.8	2.7	2.6
Change in the National Consumer Price Index in %	0.7	0.8	0.2
Long-term interest rates in % (annual average)	1.7	2.3	1.5
Short-term interest rates in % (annual average)	0.2	1.3	0.1
USD to CHF exchange rate (annual average)	1.04	1.10	0.89
EUR to CHF exchange rate (annual average)	1.38	1.45	1.23

Notes:

- Interest rates: Annual average for 10-year federal bonds or 3-month Libor. Source: SNB, Monthly Statistical Bulletin.
- Exchange rates: Annual average. Source: SNB, Monthly Statistical Bulletin.



11 Summary

The 2011 financial statements present a positive, sound image of the federal budget, even if the result did not measure up to the previous year. The budget posted an ordinary *financing surplus* of 1.9 billion, which was 1.7 billion lower than the prior-year figure. The signs of economic slowdown, while less pronounced than expected, were nonetheless evident.

The *budget* had predicted a deficit of 600 million. The improvement was due in part to additional receipts of 1.8 billion, resulting mainly from withholding tax. It was also achieved thanks to substantial remaining credit – despite the extensive measures taken against the strong Swiss franc – which reduced expenditure by a good 700 million in total.

Growth in both *receipts* and *expenditure* was disproportionately inflated as a result of special circumstances. While some such circumstances affected both sides of the budget – such as the increase in VAT in favor of disability insurance (IV) or the budget-neutral portfolio transfer to the development finance institution SIFEM AG – others, particularly the measures against the strong Swiss franc (see section 13), produced a sharp rise in expenditure.

Ordinary receipts were up by 2.2%, or 1.4 billion, on the previous year. Remarkably, withholding tax receipts even slightly surpassed the previous year's figure, even though the capital contribution principle (CCP) presumably lowered receipts substantially. Over two-thirds of the growth in receipts was generated through the VAT increase. Adjusted for special factors, the growth in receipts was significantly lower than the nominal economic growth of 2.6%.

Ordinary expenditure soared by 5.2%, an increase that should nonetheless be viewed in light of the various special factors having a major impact, as mentioned above. The introduction of IV supplementary financing resulted in not only the transfer expenditure caused by the VAT increase but also, for the time being, the Confederation assuming the entire interest payable (increase of 1.0 bn overall). On top of this came the one-time expenditure of 0.4 billion for funding SIFEM AG and 0.8 billion for the package of measures to mitigate the effects of the strong Swiss franc. Adjusted for these factors, expenditure grew by only 1.3%.

The *extraordinary budget* included 2.0 billion in expenditure to cover the restructuring contribution to the SBB pension fund and an additional net expense for the infrastructure fund. Extraordinary receipts resulted from the disposal of SAPOMP Wohnbau AG (rescue company for properties benefiting from housing construction promotion) and the sale of Swisscom shares. The deficit in the extraordinary budget must be offset within six years by extraordinary receipts or by structural surpluses in the ordinary budget.

Including the extraordinary budget, the overall fiscal balance came to 200 million. Correspondingly, *gross debt* at the end of 2011 was virtually unchanged year-on-year at 110.5 billion. GDP growth brought the debt ratio down to 19.6%.

Contrary to appearances, the financial and economic crisis of 2008 and 2009 is by no means over, having transformed since then into a debt crisis. Despite a sound set of accounts produced for 2011, the *outlook* beyond the past year does not point to any greater fiscal or economic certainty on the horizon.

12 Economic development

The draft budget for 2011 was finalized in the early summer of 2010. The *macro-economic framework* was thus based on the quarterly forecasts of the Confederation's panel of experts, published in mid-June 2010, at a time when the Swiss economy was enjoying a period of recovery. In light of the favorable developments observed, the experts predicted the upturn would continue into the second half of 2010 and throughout all of 2011. The growth prospects appeared somewhat modest, however, given the hesitant recovery expected for the eurozone and the risk of a stronger Swiss franc.

The budget was thus based on the hypothesis of *real GDP* increasing by 1.8% for 2010 as a whole and then by 1.6% for 2011. For 2010, however, economic activity turned out to have considerably more momentum than expected: real GDP grew by 2.7%, instead of the 1.8% predicted in the summer of 2010, producing a very favorable baseline effect for tax receipts the following year. Moreover, growth in 2011 was slightly higher than predicted, coming in at 1.9% for the year as a whole, instead of 1.6%. Growth was largely sustained by domestic demand (household consumer spending and investment) and also, to a lesser extent, by merchandise exports, despite the sharp appreciation of the Swiss franc.

Comparison of the macro-economic parameters for the 2011 budget and financial statements

	Budget	Fin. stmt.	Dev. in percentage points
	Variation in %		
Real GDP	1.6	1.9	+0.3
Nominal GDP	2.7	2.6	-0.1
	Rates in %		
Inflation	0.8	0.2	-0.6
Unemployment	3.7	3.1	-0.6

The situation on the *labor market* improved again quite considerably up to July 2011, although the last few months of the year saw a reversal of this trend, with an increase in the number of unemployed. The average rate of unemployment for the year stood at 3.1%, down by 0.8 percentage points year-on-year and substantially lower than estimated in the budget.

The Swiss franc appreciated significantly on the *foreign exchange market* until the start of September, particularly against the euro. Its flight was subsequently halted by the SNB's decision on September 6, 2011 to set a minimum EUR/CHF exchange rate of 1.20. Against this backdrop, *inflation* as measured by the consumer price index amounted to only 0.2%, instead of the 0.8% foreseen in the budget. The prices of imports fell by 0.7% thanks to the strong Swiss franc, while those of domestic products rose by an average of 0.6%.

13 Package of measures to cushion the strength of the franc

From the spring of 2010 onward, the uncertainty of the international financial markets over high levels of government indebtedness in various eurozone countries led to a huge rise in the value of the franc in its capacity as a traditional “safe haven”. This culminated in the franc almost reaching parity with the euro at the start of August 2011. This appreciation of the franc had the effect of significantly reducing the price competitiveness of Swiss businesses compared with their foreign counterparts. At the same time, the skies darkened with respect to the development of the global economy.

As a result, on August 31, 2011, the Federal Council proposed a package of measures to support the economy in the short term (dispatch on the Federal Act on Measures to Cushion the Strength of the Franc and Improve Competitiveness, and on the Federal Resolution on Addendum IIa to the 2011 budget; Federal Gazette 2011 6749).

The “strong franc package of measures” comprised the following:

- **Unemployment insurance:** An additional sum of 500 million was made available to take account of the potential rise in claims for unemployment benefit, particularly with respect to claims for compensation for short-time working.
- **Support for the Swiss export industry:** The budget for financing export subsidies for processed agricultural products (the so-called “Chocolate Act”) was raised by 10 million. This was designed to offset any currency-related increase in the difference in raw material costs between Switzerland and the EU.

- **Tourism:** The Swiss Association for Hotel Credit (SAH) received a loan of 100 million. The SAH will accordingly be in a position to respond rapidly and comprehensively in the event of an increase in demand or a shortage in credit supply.
- **Technology and innovation:** The CTI credit for 2011 was increased by a further 100 million in order to substantially boost both knowledge and technology transfer. Participants in international research programs received compensation payments amounting to 43 million in order to alleviate currency losses on international projects. To promote entrepreneurship and innovation in research, the two Swiss Federal Institutes of Technology (ETH Zurich and EPFL Lausanne) and the Swiss National Science Foundation received a total of 25 million. A further CHF 44.5 million was channeled into research infrastructures of the ETH Domain that are ready for implementation.
- **Transportation:** Compensation payments in the area of combined transportation were increased by 28.5 million. A further 18 million was earmarked for an increase in compensation payments in regional passenger transportation. This was designed to alleviate currency-related losses and declines in demand.

The funds required for the package of measures were proposed through Addendum IIa to the 2011 budget. As the overall budget situation was significantly better than anticipated in the 2011 budget, the debt brake stipulations were adhered to despite the substantial volume of funds contained in this Addendum.

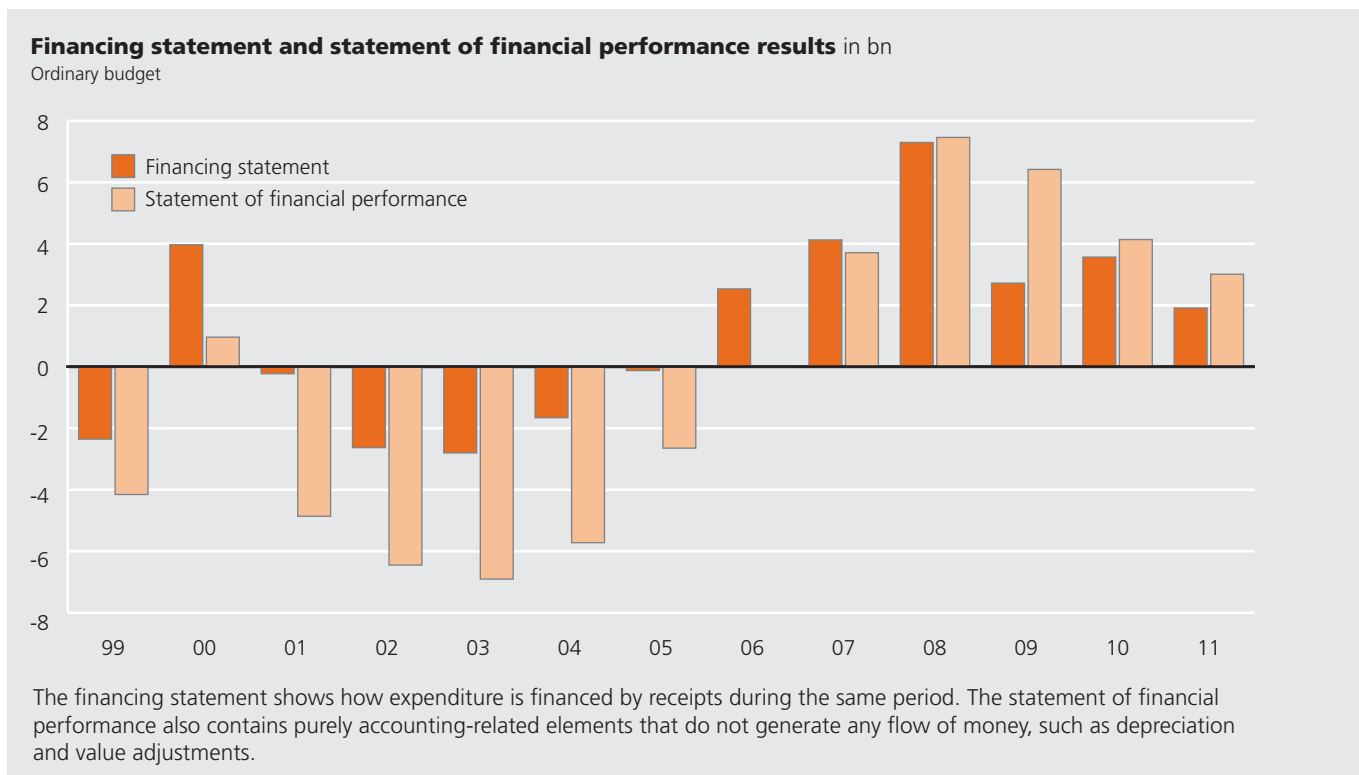
Strong franc package of measures

CHF mn	Addendum IIa 2011	Fin. stmt. 2011	Unutilized credit 2011	Ref. to volume 2B No. AU and credit
Unemployment insurance	500	500	–	704/ A2310.0351
Export promotion (Chocolate Act)	10	6	4	606/ A2310.0211
Tourism (hotel credit)	100	100	–	704/ A4200.0108
Commission for Technology and Innovation	100	83	17	760/ A2310.0477
Equalization payment for international research programs	43	43	–	325/ A2310.0195 / A2310.0208 / A2310.0441
Entrepreneurship and innovation in research	25	25	–	325/ A2310.0193 328/ A2310.0346
ETH Domain research infrastructures ready for implementation	45	45	–	328/ A2310.0346 620/ A4100.0125
Trans-alpine combined transportation	29	21	8	802/ A2310.0214
Regional passenger transportation	18	11	7	802/ A2310.0216
Total	869	834	35	

The funds were for the most part fully utilized. Unutilized credits amounting to 35 million in total resulted from the following positions:

- Support for the Swiss export industry: As it was already apparent prior to the start of the year that the originally budgeted funds would not suffice, export contribution rates were cut by 30% with effect from January 1, 2011. As the reduction in appropriations proved excessive for optimal utilization of the budget, however, it was scaled down over the course of the year. Including the funds from the package of measures, unutilized credits came in at 3.6 million, despite the reversal of the reduction.
- CTI: Although all the funds received in connection with the strong franc package of measures (100 million) were committed, only 83 million was actually paid out in 2011. Under the Federal Act on Financial Aid and Subsidies, contributions may only be paid out when an item of expense is imminent, which is why the remaining payments have been deferred until 2012 and 2013.
- Trans-alpine combined transportation: The funds were paid out for services provided in trans-alpine combined transportation that were invoiced in euros. A lower sum was required than planned (-8 mn), as companies had in some cases themselves hedged their receipts against currency losses.
- Regional passenger transportation: Fewer transportation companies than expected were able to claim the funds made available on the basis of the set criteria (-7 mn).

21 Financing statement



Financing statement

CHF mn	Fin. stmt. 2010	Budget 2011	Fin. stmt. 2011	Deviation vs. FS 2010 Absolute	%
Overall fiscal balance	3 140	-2 644	205	-2 935	
Ordinary fiscal balance	3 568	-646	1 912	-1 655	
Ordinary receipts	62 833	62 423	64 245	1 412	2.2
Ordinary expenditure	59 266	63 069	62 333	3 067	5.2
Extraordinary receipts	–	–	290	290	
Extraordinary expenditure	427	1 998	1 998	1 571	

Note: Adjusted for the one-time SIFEM special factor, the ordinary expenditure growth rate was 4.5% (see box in section 32).

The *ordinary fiscal balance* for 2011 was 1.9 billion, down 1.7 billion on 2010. The decline in surplus receipts is attributable to the sharp growth in expenditure in particular, which at 5.2% significantly outstripped the growth in receipts (2.2%).

Compared with the budget, there was an improvement of 2.6 billion. The budgeted figure was exceeded on the one hand thanks to additional receipts of 1.8 billion (+2.9%), with withholding tax receipts in particular coming in above expectations once again (+1.2 bn). On the other hand, a significant level of unutilized credits – despite the comprehensive package of measures to mitigate the effects of the strength of the franc – reduced expenditure by a good 0.7 billion (-1.2%).

The *extraordinary budget* contains additional expenditure amounting to some 2.0 billion. This relates to the restructuring contribution to the SBB pension fund (1.1 bn) and a further one-time deposit in the infrastructure fund (0.9 bn). Further extraordinary receipts were generated from the sale of SAPOMP Wohnbau AG (rescue company for properties benefiting from housing construction promotion) and Swisscom shares. These transactions yielded an additional 0.3 billion in federal receipts. If this extraordinary budget is included, the overall fiscal balance amounts to 205 million.

Ordinary receipts increased by 1.4 billion, or 2.2%, on the previous year, which was lower than the growth in nominal GDP (+2.6%). Around 70% of the increase in receipts is attributable to a special factor in the form of value added tax: the increase in the VAT

rate in favor of disability insurance yielded additional receipts of some 0.8 billion. The increase in receipts was additionally distorted by the funding of SIFEM AG and the associated one-time receipts (0.4 bn). Without these two special factors, the increase in receipts would have amounted to just 0.3%.

Ordinary expenditure grew very significantly, namely by 5.2%. Here too, a number of special factors had a role to play and distorted the underlying picture. As with receipts, the entry into force of the IV supplementary financing and the one-time

spending on the funding of SIFEM AG stand out in particular. Other special factors included measures to cushion the strength of the franc. Stripping out the above-mentioned factors, growth in expenditure amounted to just 1.3%. Transitory items comprise cantonal and social insurance shares in receipts. These transfers cannot be used to finance federal expenditure and are extraneous to the fiscal prioritization process. Here too, the repercussions of the IV supplementary financing are evident. When these items are excluded, the growth in expenditure declines by one percentage point.

Development of ordinary expenditure excluding transitory items

CHF mn	Fin. stmt. 2010	Budget 2011	Fin. stmt. 2011	Deviation vs. FS 2010 Absolute	%
Ordinary expenditure incl. transitory items	59 266	63 069	62 333	3 067	5.2
Transitory items	6 747	7 368	7 608	861	12.8
Cantons' share in direct federal tax	3 072	3 006	3 070	-1	
Cantons' share in withholding tax	466	364	482	16	
Cantons' share in military service exemption tax	31	32	32	0	
Cantons' share in heavy vehicle charge	484	468	505	21	
VAT percent for AHV	2 239	2 230	2 248	10	
VAT percent for IV	–	852	855	855	
Casino tax for AHV	455	415	415	-40	
Ordinary expenditure excl. transitory items	52 519	55 701	54 725	2 206	4.2
Expenditure ratio (% GDP)					
Incl. transitory items	10.8	11.1	11.0		
Excl. transitory items	9.5	9.8	9.7		

Note: Adjusted for the one-time SIFEM special factor, the ordinary expenditure growth rate was 4.5% (see box in section 32). Following the same adjustment, expenditure excluding transitory items increased by 3.4%.

Primary stimulus and fiscal stimulus

One aim of the federal debt brake is to ensure an appropriate fiscal policy that is responsive to economic cycles, i.e. a policy that is both constrained by the debt brake (passive) and mitigates the cyclical tendencies in the economy (countercyclical). Automatic stabilizers correct the budget balance in line with fluctuations in the economic cycle, without the need for active intervention. The debt brake permits such automatic adjustments by requiring a reduction in the deficit whenever there is a cyclical surplus, i.e. during boom periods (contractionary stimulus), and then allowing expenditure to exceed actual receipts in a subsequent downturn (expansionary stimulus). Depending on the remaining room for maneuver in terms of fiscal policy, the debt brake also offers enough flexibility to adopt active stabilization measures in times of serious recession. The impact on demand of an active fiscal policy (including automatic stabilizers) can be determined using various indicators, such as the primary stimulus and the fiscal stimulus.

- The impact on demand or the *primary stimulus* is defined as the change in the ordinary fiscal balance (as a percentage of GDP) and serves as an indicator for quantifying the direct impact of government intervention on aggregate demand.

Relative to 2010, the 2011 financial statements show a primary stimulus of 0.3%. As a positive indicator, this means that the change in the financing statement had a positive impact on the economy.

- The *fiscal stimulus*, defined as the change in the structural balance (as a percentage of GDP), is used to evaluate a discretionary (active) fiscal policy. The budget balance can be stripped of cyclical effects by adjusting receipts for irregular factors related to the business cycle. The fiscal stimulus in 2011 was 0.35%, meaning that an expansionary fiscal policy was adopted in that year.

Given the slowdown in economic growth in 2011, an expansionary stance was appropriate. Moreover, the fact that there was very little of a gap between the primary stimulus and the fiscal stimulus indicates the dominance of the contribution of structural change. It should be remembered, however, that these figures represent a simplification of the stabilizing effect of Confederation's fiscal policy. In reality, the impact of federal finances on economic development depends on many other factors, such as the structure of expenditure and receipts or fiscal management by the cantons, communes and social insurance funds.

22 Debt brake

CHF mn	Fin. stmt. 2007	Fin. stmt. 2008	Fin. stmt. 2009	Fin. stmt. 2010	Fin. stmt. 2011
Ordinary fiscal balance	4 127	7 297	2 721	3 568	1 912
Cyclical	1 510	1 086	-1 097	-817	-450
Structural	2 616	6 210	3 818	4 384	2 362
Compensation account credit	2 616	6 210	3 818	3 969	2 197
Compensation account balance	2 616	8 827	12 645	15 614	17 811
Amortization account credit	–	–	–	416	-1 542
Amortization account balance	–	–	–	416	-1 127

Note: With the entry into force of the extended debt brake rule on January 1, 2010, the compensation account was reduced by 1 billion (Art. 66 FBA, amendment of March 20, 2009).

The debt brake aims to maintain a balanced federal budget in the medium term, and thus prevents an increase in debt caused by structural deficits. The expenditure rule takes into account the situation in the economy, which pursued its recovery last year after suffering a severe recession in 2009. The general economic underutilization rate subsequently declined but was not completely eliminated. In the 2011 financial statements, this is clearly reflected in the continued excess expenditure over receipts, which is in line with the economy's capacity underutilization rate and translates into a *cyclical deficit* of 0.5 billion.

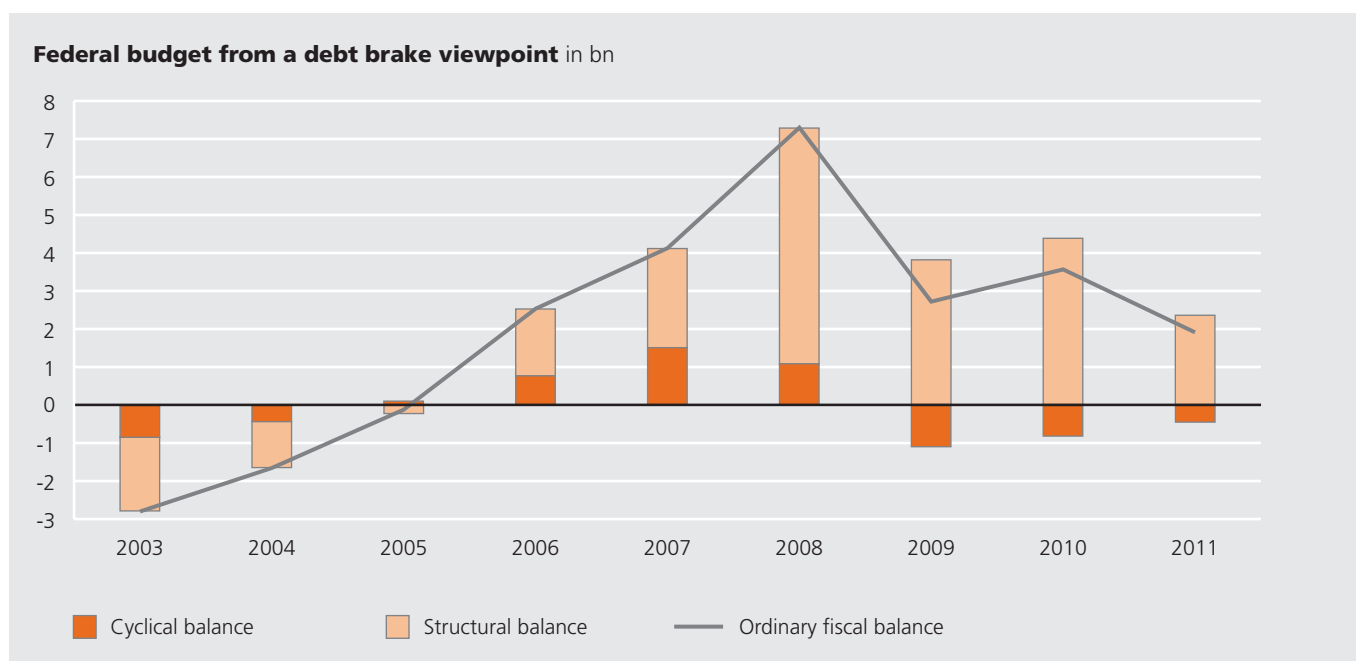
The reported surplus in the ordinary financing statement exceeds the cyclical deficit by a total of 2.4 billion. This *structural surplus* was down by some 2 billion year-on-year, resulting from the wide discrepancy between growth in receipts and expenditure. It is clear from the details that receipts adjusted for special factors, in particular, failed to keep pace with economic growth (see section 21).

The structural surplus for 2011 is appropriated as follows: an amount consistent with the budgeted structural surplus (166 mn) will be credited to the *amortization account*. The amortization account introduced under the extended debt brake rule provides a statistical measure of extraordinary expenditure and receipts. If the account is in deficit, the shortfall must be offset through recourse to structural surpluses in the ordinary budget.

The deficit in the extraordinary budget in 2011 (1,708 mn) will also be booked to the amortization account, resulting in a total burden of 1.5 billion. The new shortfall of 1.1 billion on the amortization account must be offset within the next six fiscal years.

The remainder of the structural surplus (2.3 bn) is to be credited to the compensation account, bringing that account balance to 17.9 billion. This high balance has resulted from overshooting the debt brake minimum requirements since 2006, leading to the reduction of federal debt in recent years. In addition to measuring results, the compensation account also functions as a fluctuation reserve. In the event that an unexpected sharp drop in receipts creates a structural deficit despite cyclical adjustment, the fluctuation reserve would stop the compensation account from instantly going into deficit, necessitating consolidation measures.

It is also interesting to take a look at the change in the overall fiscal balance and its components. The decline of 1.7 billion is attributable to changes in the cyclical and structural balance. The cyclical balance (+0.3 bn) indicates a tightening of the fiscal stance, required by the debt brake on account of the brighter economic outlook. However, this restrictive effect of the automatic stabilizers was overlaid by a discretionary expansionary stimulus: at approximately 2.0 billion, the deterioration in the structural balance was considerably higher (see box in section 21).



The above chart shows the federal budget since the introduction of the debt brake in 2003, which requires a minimum of a structurally balanced budget. The trend can be subdivided into three separate phases: in the first phase (2003–2005), structural deficits were successfully eliminated by the debt brake requirements. Between 2006 and 2008, when the economy was strong, the debt brake stopped any further expenditure funded by the high tax receipts. Instead, substantial surpluses were generated. The Confederation was thus relatively well placed when the financial, economic and currency crises took hold between 2008 and 2011. Here, too, the debt brake proved its resilience in the face of recession: in 2008, it allowed for the extraordinary expenditure needed to bail out

UBS, and in 2009–2010 it left enough room for three levels of economic stabilization measures, including the advance redistribution of CO₂ tax. In 2011, the flexibility afforded by this instrument permitted a package of measures to mitigate the effects of the strong Swiss franc on the economy. The debt brake has generally proved to be an effective mechanism for controlling the federal budget over the economic cycle. Structural surpluses in the federal budget were reflected in a sharp drop in federal debt after 2005 (see also section 26), with the resulting decrease in interest expense giving the federal budget considerable room for maneuver.

23 Statement of financial performance

Surplus/deficit

CHF mn	Fin. stmt. 2010	Budget 2011	Fin. stmt. 2011	Deviation vs. FS 2010 Absolute	%
Surplus/deficit for the year	4 139	-1 244	2 094	-2 045	
Ordinary result (incl. financial result)	4 139	-96	3 013	-1 126	
Ordinary revenue	63 523	62 019	65 693	2 169	3.4
Ordinary expenses	59 385	62 116	62 680	3 295	5.5
Extraordinary revenue	427	–	229	-198	
Extraordinary expenses	427	1 148	1 148	721	

The statement of financial performance reported a surplus of 2.1 billion (surplus/deficit for the year), which corresponds to the ordinary result of 3.0 billion (result from operating activities including the financial result) less the expense surplus from extraordinary transactions.

Compared with the financing statement, the result for the statement of financial performance was 1.9 billion higher. On the expenses side, the difference can be attributed to the recognition of accruals and deferrals, value adjustments, depreciation and amortization which are not recognized in the financing statement. However, the financing statement does recognize the investment expenditure. Total depreciation on administrative assets was 2.1 billion (including 1.4 bn for motorways, and 0.5 bn for buildings). When total investment expenditure is compared with the lower total for depreciation and impairments, the relatively small difference between the two values (around 0.7 bn) reflects the Confederation's stable investment volumes. On the revenue side, the provision for the repayment of withholding taxes under tax revenue was adjusted to the lower gross revenue, which is reflected in the statement of financial performance as additional revenue of 1.1 billion.

Compared with the 2011 budget, the ordinary result in the statement of financial performance was 3.1 billion higher (+3.0 bn instead of the budgeted -0.1 bn). This deviation is due to the net operating result (additional revenue of some 3.1 bn less additional expenses of 0.1 bn) as well as a 0.1 billion lower expense surplus in the financial result. The remarkable additional revenue was largely attributable to the higher tax revenue, with the previously mentioned withholding tax almost 2.3 billion more than budgeted following the partial reversal of the provision.

Extraordinary expenses include the restructuring contribution to the SBB pension fund (1,148 mn). The extraordinary revenue resulted from unrealized profit from the disposal of the financial interest in SAPOMP Wohnbau AG (205 mn) and the sale of Swisscom shares (24 mn).

Details on the statement of financial performance can be found in the table in section 52.

24 Statement of financial position

CHF mn	2010	2011	Deviation vs. 2010	
			Absolute	%
Assets	104 222	104 526	304	0.3
Non-administrative assets	30 193	29 526	-666	-2.2
Administrative assets	74 029	75 000	971	1.3
Liabilities and equity	104 222	104 526	304	0.3
Short-term liabilities	33 787	33 988	201	0.6
Long-term liabilities	99 938	97 939	-1 999	-2.0
Net assets/equity	-29 502	-27 400	2 102	7.1
Other net assets/equity	5 449	5 281	-168	-3.1
Accumulated deficit	-34 951	-32 681	2 270	6.5

The statement of financial position gives an overview of the Confederation's asset and capital structure. Following standard practice in Swiss government units, *assets* are divided into non-administrative and administrative assets for credit-granting reasons. *Liabilities* are broken down into debt and equity. The accumulated deficit is recognized as negative equity.

Non-administrative assets decreased by 0.7 billion. This sum is largely comprised of the following items: a decrease in fixed-term deposits (-3.1 bn) and unemployment insurance loans (-1.4 bn) and an increase in bank deposits (3.9 bn). *Administrative assets* rose by 1 billion due mainly to the increase in motorways under construction (0.5 bn) and the capitalized net expense for

the infrastructure fund (0.4 bn). *Liabilities* declined by a total of 1.8 billion. This can be explained primarily by the following significant movements: increases in short-term money market claims (1.4 bn), the liability toward the infrastructure fund (0.5 bn) and other current liabilities (0.4 bn), on the one hand, and reductions in the withholding tax accrual (-1.5 bn), federal bonds (-1.5 bn) and the provision for withholding tax (-1.1 bn) on the other.

The Confederation's negative *net assets/equity*, declined by 2.1 billion due to the surplus/deficit for the year shown in the statement of financial performance.

25 Statement of investments

CHF mn	Fin. stmt. 2010	Budget 2011	Fin. stmt. 2011	Deviation vs. FS 2010 Absolute	%
Statement of investments balance	-6 925	-7 786	-7 519	-593	
Ordinary statement of investments balance	-6 925	-6 936	-6 959	-34	
Ordinary investment receipts	333	627	593	261	78.4
Ordinary investment expenditure	7 258	7 563	7 552	294	4.1
Extraordinary investment receipts	–	–	290	290	
Extraordinary investment expenditure	–	850	850	850	

The statement of investments includes expenditure incurred for the acquisition and accumulation of assets which are required for the performance of functions and used over successive periods (administrative assets). It also shows the receipts resulting from the sale or repayment of these assets.

Proprietary investments accounted for a third of *ordinary investment expenditure* (mainly buildings and motorways), while transfers accounted for two-thirds of the total (mainly loans and contributions). They increased by 4.1% relative to the previous year. However, adjusted for the budget-neutral capitalization of SIFEM AG (see box in section 32), investment expenditure was 121 million lower than the previous year (-1.7%), despite the fact that investment credits were increased by 123 million through the measures to mitigate the effects of the strong Swiss franc and additional investment expenditure of some 100 million was approved by way of ordinary additional credits.

The decline in investment expenditure was primarily due to the parts of the *2012-13 consolidation program* implemented in 2011. In particular, these included compensation of investments brought forward within the framework of the 2009 economic stabilization measures. This removed some 180 million from the budget. However, the associated cuts do not entail the abandonment of tasks and do not mean lower investments over the years. The adjustment for inflation was also implemented, resulting in a further reduction in expenditure of some 110 million.

Normally, *ordinary investment receipts* consist almost exclusively of loan repayments (mainly concerning housing construction promotion and licensed transportation companies), as well as proceeds from the sale of buildings (mainly in the area of defense). They are relatively insignificant in relation to total receipts. However, it is often difficult to make projections for ordinary investment receipts, which can result in major deviations from the budget. In 2011, there were also high receipts from the disposal of financial interests. These were the receipts accrued under investments as part of the transactions for setting up the federal government's development finance institution SIFEM AG (191 mn) as well as the repayment of share capital in association with the dissolution of SAPOMP Wohnbau AG (170 mn).

In contrast to the previous year, the *extraordinary budget* showed both investment receipts and expenditure. Extraordinary investment receipts resulted from the dissolution of SAPOMP Wohnbau AG as, apart from the ordinary proceeds from the repayment of the share capital, the sale also produced additional non-budgeted receipts of 256 million. The extraordinary budget also included receipts of 34 million from the sale of Swisscom shares. The extraordinary investment expenditure consisted of the net expense of 850 million for the infrastructure fund in accordance with the parliamentary initiative of the National Council's Committee for Transportation and Telecommunications, which was approved by the 2010 summer plenary session.

26 Debt

Development of federal gross debt

	2000	2005	2009	2010	2011
Gross debt (CHF mn)	108 108	130 339	110 924	110 561	110 516
Interest-bearing debt (CHF mn)	104 046	123 460	100 989	99 097	98 963
Gross debt ratio (% GDP)	25.6	28.1	20.7	20.1	19.6

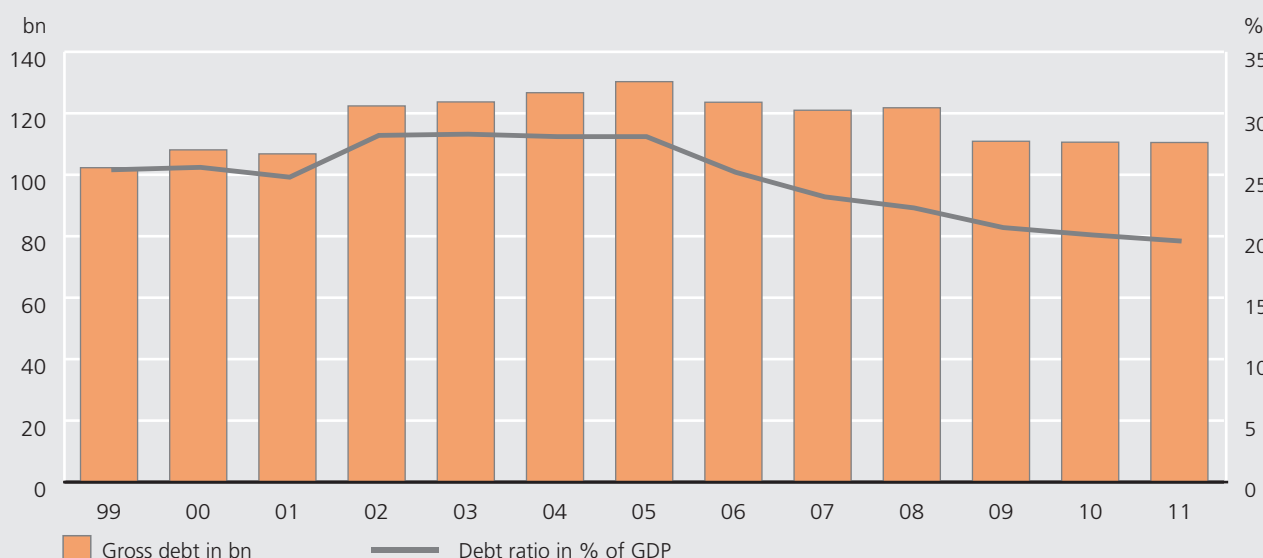
Gross debt was practically unchanged on the prior year. As the flow of liquid funds to the federal budget from the ordinary financing surplus was largely absorbed by the extraordinary budget, tight limits were imposed on further debt reduction.

considerably (-0.4 bn). This was due in part to the substantial premiums on account of the low level of interest rates, which have the effect of lowering expenditure, as well as a reduction in the volume of bonds outstanding.

Interest-bearing debt came to 99 billion, falling only slightly year-on-year by approximately 0.1 billion. Nonetheless, and somewhat surprisingly, interest expense was reduced quite

Thanks to the GDP growth, the debt ratio (gross debt as a percentage of GDP) fell to 19.6%, declining now for the sixth year in succession.

Federal debt and debt ratio



31 Development of receipts

Development of receipts by account group

CHF mn	Fin. stmt.	Budget	Fin. stmt.	Deviation vs.		Deviation vs.
	2010	2011	2011	Absolute	FS 2010 %	budget 2011 Absolute
Ordinary receipts	62 833	62 423	64 245	1 412	2.2	1 822
Tax receipts	58 157	57 268	58 996	840	1.4	1 729
Direct federal tax	17 886	17 547	17 891	5	0.0	344
Withholding tax	4 723	3 707	4 861	137	2.9	1 154
Stamp duty	2 855	2 750	2 857	2	0.1	107
Value added tax	20 672	21 450	21 642	970	4.7	192
Other consumption taxes	7 602	7 448	7 341	-261	-3.4	-107
Misc. tax receipts	4 418	4 366	4 405	-13	-0.3	40
Nontax receipts	4 677	5 155	5 249	572	12.2	94

Overview

Ordinary receipts were up by 1.4 billion, or 2.2%, on the previous year. Unlike in 2009 and 2010, this was disproportionately lower than the nominal economic growth rate of 2.6%. The lower growth was caused by tax receipts, which increased by only 1.4% and account for 91.8% of ordinary receipts.

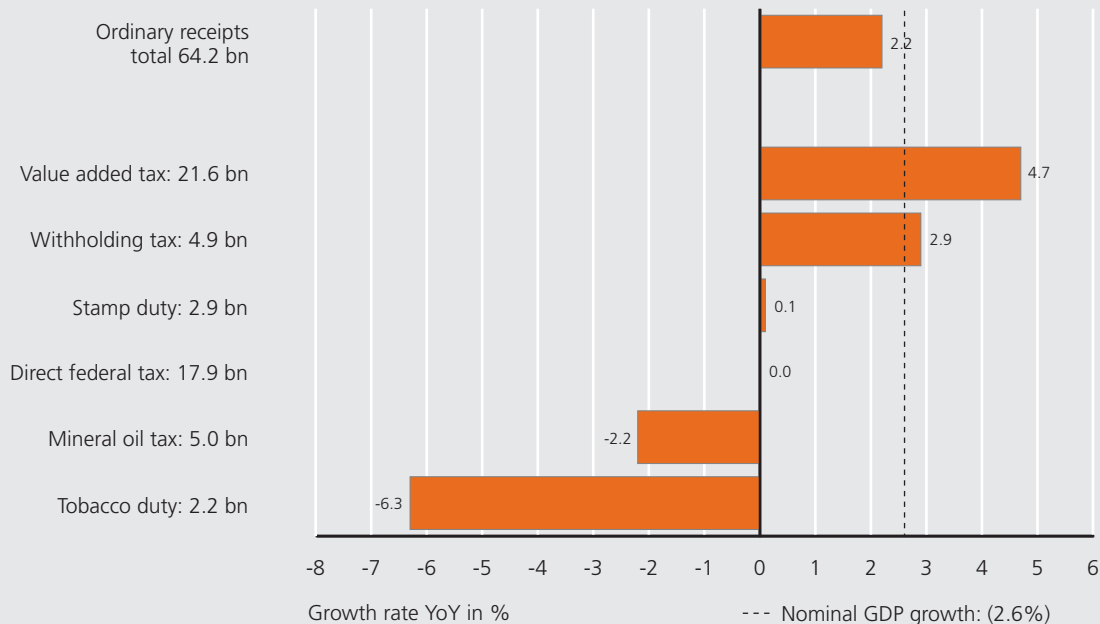
Even this meager growth was generated only thanks to special factors, with the primary one being the VAT increase in favor of disability insurance. Adjusted for special factors, ordinary receipts grew by only 0.6%. This was due to lackluster VAT receipts, stagnant direct federal tax receipts and declining consumption taxes.

Development of the different receipt categories

The chart below shows the growth rates for the six highest tax receipt volumes relative to GDP.

- *Value added tax* shows the strongest rise, with VAT receipts up by 4.7% and accounting for 36.7% of total tax receipts. This growth is largely explained by the hike in the VAT rate introduced in 2011 in favor of disability insurance, the full impact of which will not unfold until 2012.
- *Withholding tax* was also up, increasing by 2.9%. Despite a fall in receipts due primarily to the capital contribution principle introduced in 2011, this was more than offset by a lower reimbursement rate following the decline in dividend income in 2010.

Development of 2011 receipts in %



- *Stamp duty* stagnated: the increase in receipts from issue tax and insurance premium stamp duty was largely offset by the fall in receipts from transfer stamp tax resulting from the stock market uncertainty in 2011, which impacted turnover.
- Regarding *direct federal tax*, the taxes on the net revenue of legal entities and on the income of natural persons evolved in opposite directions, thereby offsetting each other. The fall in tax receipts from natural persons was partly due to the reform of family taxation and compensation for the consequences of bracket creep, both of which came into effect on January 1, 2011. The increase in taxes on the net revenue of legal entities was mainly due to an uptick in economic growth in 2010. This explains the stagnation of this tax seen between 2010 and 2011.
- *Receipts from mineral oil tax and tobacco duty*, which account for the bulk of "Other consumption taxes", fell by 2.2% and 6.3% respectively. This can be explained by the decrease in fuel tourism as the Swiss franc became more expensive and a 20-centime increase in the price of a packet of cigarettes.

The discrepancies in growth rates for the different tax types are attributable both to time delays (e.g. in the case of direct federal tax) as well as the distortionary effect of special factors (e.g. changes in tax rates). Moreover, different tax types react differently to cyclical changes: for example, withholding tax and stamp duty tend to be loosely correlated with economic growth.

Development of receipts after adjusting for special factors

Experience shows that, in the long run, all of the Confederation's receipts develop in proportion to nominal GDP, i.e. the growth of receipts displays a long-term elasticity of 1 with respect to GDP growth. Taking a top-down approach, this benchmark can be used to assess the plausibility of budgeted receipt items. However, several categories of receipts show substantial structural breaks, which have a major impact on their year-on-year development and thus distort any comparison with GDP growth. These special factors are shown in the table below for the years 2010 and 2011. The level of receipts that would have been possible in 2010 and 2011 without these breaks is calculated as the estimated receipts less the additional receipts of a purely structural origin (e.g. the 860 mn resulting from the VAT rate hike in favor of disability insurance and the receipts from the portfolio transfer to SIFEM AG) plus the decrease in receipts of a purely structural origin (e.g. those associated with part A of the VAT reform). Furthermore, withholding tax must be adjusted on account of its extremely high volatility. In the 2010 financial statements, this tax was 422 million higher than its long-term trend, which had a distorting impact on its growth rate. Such a discrepancy also existed for 2011, amounting to 379 million. In net terms, therefore, receipts for 2010 should be revised downward by 547 million and those for 2011 by 1,583 million.

Special factors taken into account when adjusting the development of receipts

CHF mn	Fin. stmt. 2010	Fin. stmt. 2011	Deviation vs. FS 2010	
			Absolute	%
Ordinary receipts	62 833	64 245	1412	2.2
Special factors				
Direct federal tax: capital contribution principle	–	-10		
Direct federal tax: family tax reform	–	-45		
Direct federal tax: compensation for consequences of bracket creep	–	-36		
VAT: IV supplementary financing	–	860		
VAT: part A of reform	–	-150		
Mineral oil tax: counterproposal to SUV initiative	-15	-60		
Tobacco duty: effects of price increase	140	60		
Nontax receipts: sale of Sapomp AG	–	170		
Nontax receipts: SIFEM AG portfolio transfer	–	416		
Withholding tax	422	379		
Total net increase (+) / decrease (-) in receipts due to special factors	547	1 584		
Adjusted ordinary receipts	62 286	62 661	375	0.6

Therefore, adjusted for structural breaks and the volatile nature of withholding tax, receipts grew by just 0.6% between 2010 and 2011. This yields a receipt elasticity of 0.2 (0.8 unadjusted) relative to economic growth, which is clearly disproportionately low but appears plausible nonetheless. In actual fact, the adjusted VAT growth rate was only 1.2% in 2011 and the trend for VAT receipts is linked to that for domestic demand, which underperformed nominal GDP growth. Moreover, adjusted direct federal tax, which accounts for more than a quarter of total receipts, increased by only 0.5% relative to 2010, and the other consumption taxes declined (-1.8% after adjusting for special factors).

Quality of estimates

Receipt estimates have taken on greater significance since the introduction of the debt brake, which requires expenditure to be budgeted on the basis of estimated receipts. Ordinary receipts were 2.9% (1.8 bn) above the budgeted level. This discrepancy is narrower than it was for 2010 and, moreover, is lower than the average absolute forecast error for the last ten years (4.8%). The 2011 discrepancy was mainly attributable to the underestimation of withholding tax receipts in drawing up the 2011 budget. Withholding tax receipts are notoriously difficult to estimate due to their volatility. Point forecasts for withholding taxes were thus abandoned in 2005 in favor of using a long-term average of 3 billion as the budgeted value. The value was increased to 3.7 billion in the 2011 budget, based on the mean value for the past eight years. However, a new projection method (exponential smoothing) will be used from 2012 budget onward.

32 Development of expenditure by task area

CHF mn	Fin. stmt. 2010	Budget 2011	Fin. stmt. 2011	Deviation vs. FS 2010		Deviation vs. budget 2011
				Absolute	%	Absolute
Ordinary expenditure	59 266	63 069	62 333	3 067	5.2	-736
Social welfare	18 454	20 409	20 557	2 103	11.4	148
Finances and taxes	10 111	10 145	9 954	-156	-1.5	-191
Transportation	8 225	8 085	8 062	-163	-2.0	-23
Education and research	6 067	6 329	6 509	442	7.3	179
National defense	4 395	4 942	4 533	139	3.2	-409
Agriculture and food	3 666	3 668	3 663	-3	-0.1	-5
International relations - international cooperation	2 607	2 970	2 799	192	7.4	-172
Other task areas	5 742	6 040	5 839	97	1.7	-201

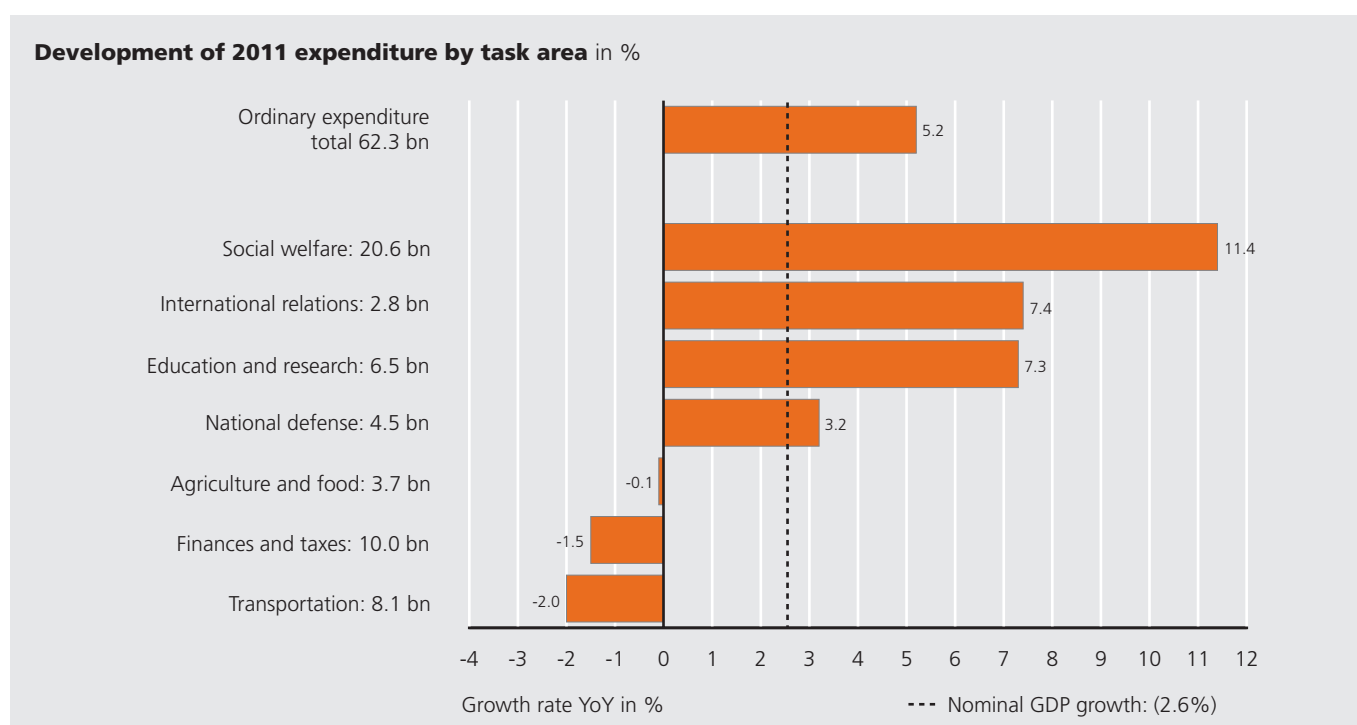
Note: Adjusted for the one-time SIFEM special factor, the ordinary expenditure growth rate was 4.5%. Accordingly, the figure under "International relations" is reduced by 480 million for the 2011 budget, or 416 million for the 2011 financial statements (see box at the end of this section).

Ordinary federal expenditure rose by 3.1 billion relevant to the 2010 financial statements, which is equivalent to an increase of 5.2%. This strong increase was attributable to the following developments:

- In 2011, the proportion of receipts from the VAT increase for disability insurance (IV) benefits (855 mn) and the special contribution to IV interest payable (186 mn) played a role for the first time (combined effect +1,042 mn).
- The package of measures to mitigate the effects of the strong Swiss franc led to one-time expenditure of 834 million.
- The SIFEM AG outsourcing led to one-time expenditure of 416 million in 2011, which is matched by receipts to the same amount (2011 budget: 480 mn).

If these factors are excluded, the increase in expenditure amounted to just under 780 million, or 1.3%, as compared to nominal GDP growth of 2.6%. The increase in expenditure was restrained by the implementation of parts of the 2012-2013 consolidation program (particularly the correction for inflation, compensation for investment brought forward, interdepartmental measures in the Administration). The expiration of the economic stabilization measures implemented in 2009 and 2010 also had the effect of restraining expenditure.

Expenditure patterns in the seven financially most significant task areas are outlined below in order of spending level. The level of expenditure for 2011 and year-on-year growth are indicated in parentheses for each task area.



Social welfare (20.6 bn, +11.4%): the high growth rate in social welfare expenditure was heavily influenced by the entry into force of the IV supplementary financing (+1 bn) and one-time contributions to unemployment insurance (500 mn, package of measures to mitigate the effects of the strong franc). The ordinary increase in expenditure in the task area therefore amounted to around 560 million (+3.0%). Of this sum, just under half related to old age and survivors' insurance (AHV, +249 mn), whereby pension indexing and the higher number of pensions paid out contributed to the rise in a largely equal measure. Expenditure on health insurance (above all individual premium reductions) rose by 142 million (+7.1%) as a result of the continued dynamic development in healthcare costs, while the ordinary federal contribution to disability insurance increased by 108 million (+3.1%). In addition, there were also rises in expenditure on migration (+52 mn), supplementary benefits (+34 mn) and welfare assistance (+13 mn), whereas expenditure on subsidized housing and housing construction promotion declined (-42 mn, compensation for investments brought forward and special factor in the 2010 financial statements).

Finances and taxes (10.0 bn, -1.5%): total expenditure in the finances and taxes task area was 156 million lower than the previous year. Whereas expenditure on fund-raising and asset and debt management declined by 367 million thanks to the low interest rate environment (issuing premium) and lower debts, there was a rise in expenditure on fiscal equalization (+148 mn, as per determination of the equalization mechanism) and the shares of federal receipts (+62 mn, positive development of receipts).

Transportation (8.1 bn, -2.0%): transportation expenditure declined by 163 million relative to the previous year. This does not include the extraordinary deposit in the infrastructure fund (850 mn). Expenditure on road transportation was 325 million lower than the previous year, which is explained on the one hand by accounting effects (accruals and deferrals, coding of the ordinary deposit in the infrastructure fund), and on the other by the implemented parts of the 2012-2013 consolidation program (correction for inflation, compensation for investment brought forward). By contrast, expenditure on public transportation rose by 126 million (+2.4%), due to the coding of the ordinary deposit in the infrastructure fund (+99 mn), as well as to – as a result of the package of measures to cushion the strength of the franc among other things – additional expenditure on the transfer of freight traffic (+14 mn) and regional passenger transportation (+5 mn). Expenditure on air transportation rose by 36 million as a consequence of the first partial revision of the Air Navigation Act (+37.8%).

Education and research (6.5 bn, +7.3%): expenditure on education and research rose by 442 million compared with the previous year. However, some of this increase (195 million) was attributable to the package of measures to cushion the strength of the

franc, which resulted in additional funds being provided to the Commission for Technology and Innovation (CTI), the ETH Domain, and the Swiss National Science Foundation (SNSF). If this package of measures is excluded from education and research expenditure, the increase relative to the 2010 financial statements amounts to 247 million, or 4.1%. There was a particularly strong increase in contributions in the area of vocational education (lump-sum contributions to the cantons) as well as in expenditure on theoretical research (e.g. ETH Domain, SNSF, CERN) and applied research (particularly EU Research Framework Programs, CTI).

National defense (4.5 bn, +3.2%): the significant growth in expenditure on national defense (+139 mn) can be explained primarily by the higher expenditure on armaments (+186 mn) and additional demand in the area of general supplies and equipment for the army (+49 mn). By contrast, there was a decline in expenditure in a number of other areas relative to the 2010 financial statements, namely personnel expenditure (-24 mn), troop expenditure (-10 mn), and expenditure on international cooperation and peacekeeping (-41 mn). Expenditure on national security cooperation increased by 13 million (+12.5%).

Agriculture and food (3.7 bn, -0.1%): agriculture expenditure showed little change compared with the previous year (-3 mn). A good three-quarters of the overall figure (2.8 bn) related to general and ecological direct payments, which is some 26 million (or 0.9%) more than the previous year. Expenditure in the area of production and sales (441 mn) also showed a rise compared with the 2010 financial statements (+13 mn, or +3%), which was the result of an increase in claims for crop production and livestock aid, as well as an increase in allowances for the dairy industry. By contrast, there was a decline of 37 million in expenditure on fundamental improvements and social measures as a result of the correction for inflation in accordance with the 2012-2013 consolidation program and the low interest rate environment (lower demand for operating aid). There was also a slight decline of 4 million (-1.3%) in other expenditure, which includes agriculture family allowances and export contributions.

International relations – international cooperation (2.8 bn, +7.4%): when adjusted for the budget-neutral special factor relating to SIFEM AG, expenditure on international relations and international cooperation experienced a rise of 192 million compared with the previous year. Most of this increase (95%) was channeled into development assistance (+10.3%). This is a reflection of the decision by parliament to increase the ratio of official development assistance (ODA) to 0.5% of gross national income by 2015. In addition, expenditure on contributions to EU enlargement increased by 11 million, while the additional expenditure on economic relations (+6 mn) was more than offset by the lower expenditure on political relations (-7 mn).

Distorting effect in connection with SIFEM AG

In 2011, the investment activity of SECO with respect to private companies in developing and transition countries was outsourced to the development financing company SIFEM AG (Swiss Investment Fund for Emerging Markets). The granting of a loan to SIFEM AG to increase equity capital resulted in investment expenditure of 416 million. At the same time, receipts to the same amount were generated from the sale of the investment portfolio of SECO to SIFEM AG and from the capitalization and closure of two accounts used to process the operating activities of SIFEM; from a budget perspective, therefore, the transaction was neutral.

As federal receipts and expenditure were both boosted in 2011 as a result of this one-time occurrence, the underlying rate of increase in both cases is distorted. When the portfolio transfer to SIFEM AG is excluded from the picture, growth in the task area *Foreign relations – international cooperation* comes in at 7.4% (rather than 23.3%) and ordinary investment expenditure declines by 1.7% (as opposed to growing by 4.1%). The growth in ordinary expenditure amounts to 4.5% (instead of 5.2%).

33 Development of expenses by account group

Expenses by account group

CHF mn	Fin. stmt. 2010	Budget 2011	Fin. stmt. 2011	Deviation vs. FS 2010 Absolute	%
Ordinary expenses	59 385	62 116	62 680	3 295	5.5
Operating expenses	12 039	12 829	12 230	191	1.6
Personnel expenses	4 824	5 120	4 923	99	2.1
General, administrative and operating expenses	4 071	4 205	3 983	-89	-2.2
Defense expenses	1 001	1 341	1 163	162	16.2
Deprec., amortiz. tangible/intangible fixed assets	2 143	2 163	2 162	19	0.9
Transfer expenses	44 024	46 275	46 994	2 970	6.7
Third parties' share in federal income	7 705	8 321	8 549	844	11.0
Compensation to public bodies	807	896	856	49	6.1
Contributions to own institutions	2 850	2 955	2 971	121	4.2
Contributions to third parties	13 608	14 312	14 317	710	5.2
Contributions to social insurance	14 493	15 521	15 754	1 261	8.7
Value adjustment on investment contributions	4 302	4 219	4 160	-142	-3.3
Value adjustment on loans and financial interests	259	52	386	127	49.0
Financial expense	3 299	3 012	3 428	129	3.9
Interest expense	2 902	2 886	2 669	-234	-8.1
Decrease in equity values	95	–	440	345	363.9
Other financial expense	302	126	320	18	5.9
Net expense for restricted funds in liabilities	22	–	27	5	22.1

Ordinary expenses for 2011 were up 3.3 billion on the previous year, representing an increase of 5.5%. This was driven mainly by a sharp rise in transfer expenses (+3.0 bn), although operating expenses and financial expense also increased relative to 2010. Transfer expenses, in particular, were severely affected by the structural break in the financing of disability insurance and the one-time expenditure for measures to mitigate the effects of the strong Swiss franc.

Operating expenses grew by 1.6% compared to the previous year, due mainly to higher defense expenses. The increase in personnel expenses and the decrease in general, administrative and operating expenses more or less offset each other. The various components of operating expenses developed as follows:

- *Personnel expenses* grew by 2.1%, up 99 million on the previous year. Approximately half of this increase can be explained by wage measures granted and higher employer contributions for a lower employee headcount together with additional expenditure for early retirement and restructuring. The other half resulted from one-time effects reducing expenses in the 2010 financial statements (changes in provisions for social plan costs and pension provisions for members of the

Federal Council, judges of the Federal Supreme Court, and the Federal Chancellor and Vice-Chancellor). Adjusted for these effects, personnel expenses increased by around 1%.

- Meanwhile, *general, administrative and operating expenses* decreased in 2011 (-89 mn, or -2.2%). The main reason for this decline was Swiss Post's decision not to purchase fuel from the DDPS (-43 mn), a smaller increase in the number of coins in circulation (-20 mn) and lower expenses for buildings (-66 mn); in contrast, army operating expenses increased by 67 million.
- *Defense expenses* were up 162 million (+16.2%) on the previous year due to an increase in procurements as part of armament programs.
- *Depreciation and amortization of tangible and intangible fixed assets* increased by 0.9% relative to 2010. In particular, depreciation on buildings and on property, plant and equipment was somewhat higher than the previous year. In contrast, depreciation on motorways and on land was slightly lower.

Transfer expenses accounted for a good 90% of the total increase in ordinary expenses. The increase was particularly noticeable for social insurance contributions, third parties' share in federal revenue and contributions to third parties:

- *Contributions to social insurance* rose by 1.3 million (+8.7%). Of this, 500 million was attributable to the net expense for unemployment insurance as part of the measures to mitigate the effects of the Swiss franc's strength and a further 186 million was due to the Confederation assuming the entire interest payable on the disability insurance (IV) debt for the first time. The federal contribution to AHV increased by 275 million, the ordinary federal contribution to IV by 104 million and expenditure on individual premium reductions by 140 million.
- The growth in *third parties' share in federal revenue* is very much marked by the IV special financing, attributable almost exclusively to the VAT supplement in favor of disability insurance (855 mn), applied for the first time in 2011. The other third parties' shares changed only slightly relative to the previous year.
- *Contributions to third parties* are comprised of contributions to fiscal equalization (+148 mn), contributions to international organizations (+165 mn) and other contributions to third parties (+396 mn). The increase in contributions to international organizations was largely accounted for by the areas of education and research (particularly EU Research Framework Programs) as well as development cooperation. The same applies for the other contributions, with a good 60% of the increase attributable to education and research (including the SNSF contribution, the CTI [measures against the strong Swiss franc], flat-rate contributions to vocational education and operating contributions to universities of applied sciences) and over 30% going to development cooperation (raising the ODA ratio to 0.5% of GNI).

- Most of the 49 million increase in *compensation to public bodies* is explained by higher contributions to the cantons in the area of migration (+48 mn), which also made up the bulk of expenses in this account group.
- *Contributions to own institutions* increased by a total of 121 million (+4.2%). This resulted from higher contributions to the ETH Domain (+41 mn) and to the SBB (SBB service level agreement, operating compensation; +40 mn), on the one hand, as well as the fact that the contribution to Swissmedic (16 mn) and the compensation paid to SBB Cargo for non-transalpine rail freight services (33 mn) were posted to this account group for the first time (previously: contributions to third parties).
- *Value adjustments* were practically unchanged overall. While value adjustments on *investment contributions* declined by 142 million (lower investment contributions in transportation), those on *loans and financial interests* were 127 million higher than the previous year, mainly as a result of the complete writing-off of the 100 million loan to the Swiss Association for Hotel Credits (SAH), as part of the measures against the strong Swiss franc, and higher value adjustments in transportation.

Financial expense was 129 million higher than the previous year (+3.9%). Despite a 234 million decrease in interest expense as a result of low interest rates and a reduction in bond holdings (-1.5 bn), this was more than offset by a 440 million reduction in Swisscom's equity value (Confederation's share in net assets/equity), which is not recognized in the financing statement, resulting from value adjustments on Fastweb and higher pension liabilities. The remaining financial expense rose by 18 million (+5.9%), primarily due to higher currency losses.

The increase in *net expense for restricted funds in liabilities* was due to higher deposits in the contaminated site fund (FOEN, +4 mn on account of delays in the cantons) and the fund for media research, broadcasting technology and program archiving (OFCOM, +1 mn).

The economic slump witnessed in the majority of industrialized nations in 2008 and 2009 has largely been overcome. The eurozone's economic performance was still slightly less than the pre-crisis level in 2011, while that of the United States was already higher. Switzerland was able to return to the pre-crisis level in mid-2010. The ongoing recovery is evident also in Switzerland, and is particularly apparent in the solid result for the 2011 fiscal year.

It is thus clear that the exceptionally good result in the previous year was no flash in the pan. However, this does not mean the past has been relegated to the history books. The financial and economic crisis of the past few years has long since metamorphosed into a debt crisis. This is a consequence of the crisis-related collapse in receipts and costly stimulation measures, both of which have led to a massive increase in public sector indebtedness in most industrialized nations. However, the crisis is also a consequence of various structural problems besetting numerous economies in Europe – problems that can no longer be concealed. As a result, confidence in the euro has been shaken, various countries have to accept high risk premiums on their debt instruments, and the severe measures taken to correct fiscal deficits are weighing on economic growth in the eurozone.

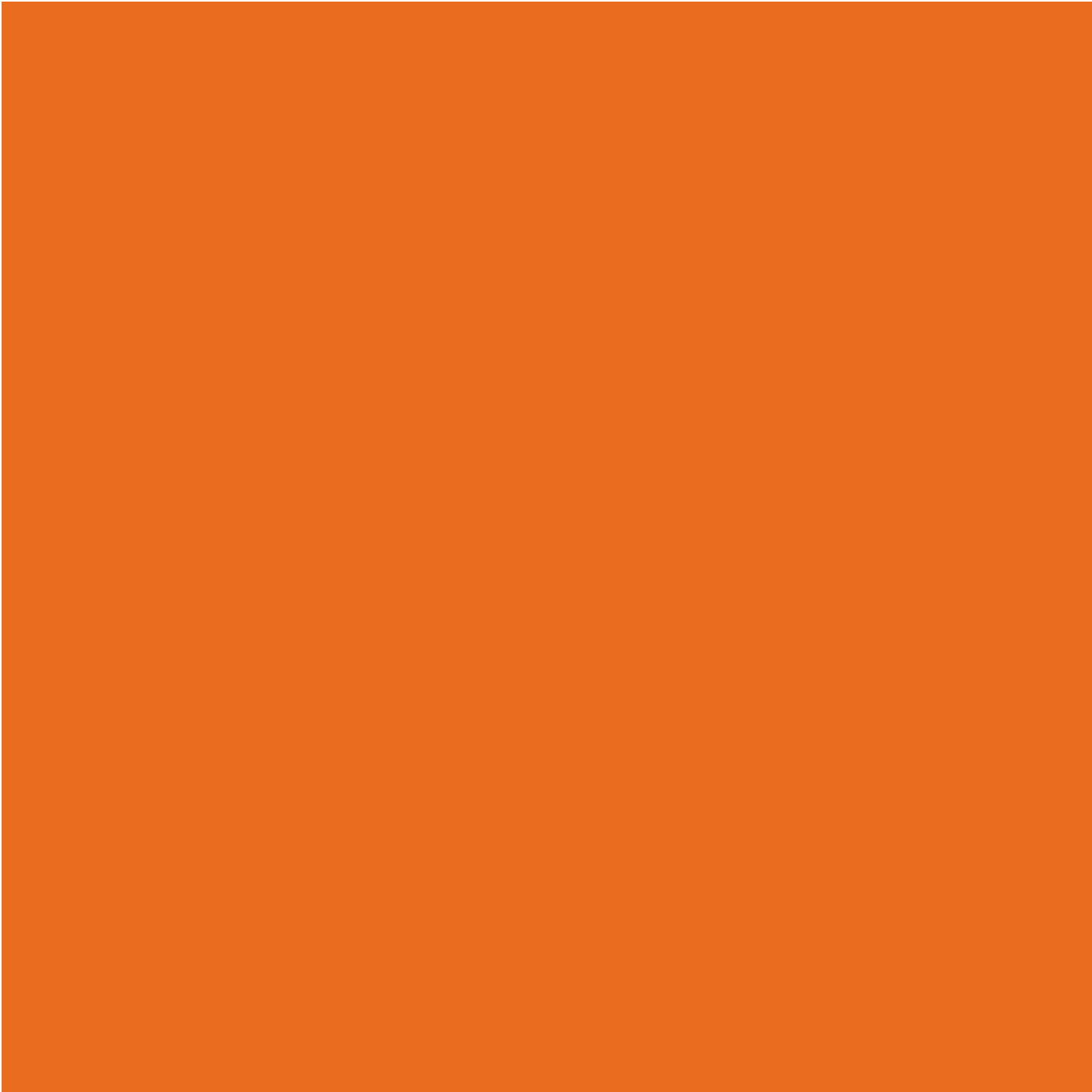
Switzerland is inevitably affected by this crisis in the eurozone. The upward pressure on the Swiss franc is still significant despite the SNB's lower limit. The crisis has also manifested itself not least in the prediction – made in December 2011 by the group of experts responsible for making economic forecasts for the

federal government – that the Swiss economy will now only grow by a feeble 0.5% in 2012, instead of the 1.5% originally forecast when the budget estimates were drawn up. Furthermore, the economic risks remain significant.

The downward correction in the forecast for 2012 also implies a lower level of receipts in subsequent years. The positive result for 2011 changes nothing in this respect, as this result – based on extrapolations – had already been incorporated into last year's financial planning. On top of this, structural declines in receipts from tax reforms and lower annual profit distributions by the SNB must be factored in.

According to the debt brake requirement, a lower ceiling for overall expenditure must now also be factored into calculations, which means there is very little if any freedom of fiscal maneuver over the next few years. Bearing in mind that further expenditure requests have been submitted – such as the increase in army funding – they will have to be offset with measures on the receipt or expenditure side.

This demonstrates all the more clearly that the current fiscal strategy – namely broad fulfillment of the debt brake stipulations at the financial planning stage and a restriction of expenditure increases to measures designed to boost the economy – is the best preparation for an era in which future economic development is difficult to predict. As before, a structurally balanced budget is the best fiscal way forward.



51 Financing and flow of funds statement

Financing statement

CHF mn	Fin. stmt. 2010	Budget 2011	Fin. stmt. 2011	Deviation vs. FS 2010 Absolute	%
Overall fiscal balance	3 140	-2 644	205	-2 935	
Ordinary fiscal balance	3 568	-646	1 912	-1 655	
Ordinary receipts	62 833	62 423	64 245	1 412	2.2
Tax receipts	58 157	57 268	58 996	840	1.4
Direct federal tax	17 886	17 547	17 891	5	0.0
Withholding tax	4 723	3 707	4 861	137	2.9
Stamp duty	2 855	2 750	2 857	2	0.1
Value added tax	20 672	21 450	21 642	970	4.7
Other consumption taxes	7 602	7 448	7 341	-261	-3.4
Misc. tax receipts	4 418	4 366	4 405	-13	-0.3
Royalties and concessions	1 391	1 335	1 410	19	1.3
Financial receipts	1 233	1 597	1 601	368	29.8
Financial interest receipts	790	800	838	48	6.0
Other financial receipts	443	797	763	320	72.3
Other current receipts	1 720	1 597	1 645	-75	-4.4
Investment receipts	333	627	593	261	78.4
Ordinary expenditure	59 266	63 069	62 333	3 067	5.2
Operating expenditure	9 487	10 402	9 789	303	3.2
Personnel expenditure	4 894	5 120	4 945	51	1.0
General, administrative and operating expenditures	3 592	3 941	3 682	90	2.5
Defense expenditure	1 001	1 341	1 163	162	16.2
Current transfer expenditure	39 536	42 076	42 494	2 958	7.5
Third parties' share in federal receipts	7 705	8 321	8 549	844	11.0
Compensation to public bodies	801	895	856	55	6.9
Contributions to own institutions	2 850	2 955	2 971	121	4.2
Contributions to third parties	13 616	14 312	14 316	700	5.1
Contributions to social insurance	14 564	15 593	15 802	1 238	8.5
Financial expenditure	2 972	3 028	2 605	-367	-12.3
Interest expenditure	2 834	2 841	2 380	-454	-16.0
Other financial expenditure	139	187	225	87	62.6
Investment expenditure	7 270	7 563	7 444	173	2.4
Tangible fixed assets and inventories	2 585	2 437	2 270	-315	-12.2
Intangible fixed assets	46	60	50	4	8.9
Loans	307	323	854	547	178.4
Financial interests	30	524	110	79	259.6
Investment contributions	4 302	4 219	4 160	-142	-3.3
Extraordinary receipts	–	–	290	290	
Extraordinary expenditure	427	1 998	1 998	1 571	

The financing and flow of funds statement (FFFS) is used on the one hand for determining the total financing requirements resulting from the difference between the Confederation's expenditure and receipts (financing statement). On the other, it shows how these requirements are to be covered (flow of funds statement) as well as which liquidity changes will be recognized in the statement of financial position as a result ("Federal fund"). The FFFS differs from the cash flow statement in accordance with the International Public Sector Accounting Standards (IPSAS) in terms of the structure and the content of the "Federal fund":

- While the IPSAS prescribe a three-level structure according to operating activities (operating cash flow), investing activities (investing cash flow) and financing activities (financing cash flow), the FFFS, because of the debt brake requirements, makes a distinction between two levels, which are the overall fiscal balance and the flow of funds from financial investments as well as the flow of funds from debt financing.
- Unlike the "Cash and other liquid assets" fund which is relevant for IPSAS, the "Federal fund" includes amounts due from creditors (receivables) and amounts due to creditors (current liabilities) in addition to cash flows. This extended

Cash flow statement

CHF mn	Fin. stmt. 2010	Fin. stmt. 2011	Deviation vs. FS 2010 Absolute	%
Total flow of funds	2 576	298	-2 279	-88.4
Flow of funds from operations (overall fiscal balance)	3 140	205	-2 935	-93.5
Flow of funds from financial investments	1 777	-507	-2 283	-128.5
Short-term financial investments	3 780	-1 400	-5 180	-137.0
Long-term financial investments	-2 003	893	2 897	144.6
Flow of funds from debt financing	-2 341	600	2 940	125.6
Short-term financial liabilities	2 374	1 477	-897	-37.8
Long-term financial liabilities	-4 482	-1 449	3 033	67.7
Liabilities for separate accounts	-194	534	729	374.8
Special funds	-39	37	75	195.9

"Federal fund" statement

CHF mn	2010	2011	Deviation vs. 2010 Absolute	%
Fund status as of 1.1.	-6 078	-3 502	2 576	42.4
Fund status as of 31.12.	-3 502	-3 204	298	8.5
Status as of 31.12.:				
Cash and cash equivalents	6 015	5 544	-471	-7.8
Receivables w/o allowance for doubtful accounts	6 979	6 356	-623	-8.9
Current liabilities incl. withholding tax accrual	-16 496	-15 104	1 392	8.4

Note: Only fund-relevant changes are taken into account, which is why there may be deviations from the change in the corresponding items in the statement of financial position.

fund definition is based on the requirements resulting from budget management with the debt brake. A booked account payable already constitutes expenditure on the credit side. Restricting recognition to pure cash flows would not be in line with the debt brake concept.

The FFFS is prepared according to the direct method. All flows of funds are taken directly from the individual items in the statement of financial performance, the statement of investments and the statement of financial position. The negative balance of the "Federal fund" shows that current liabilities (including withholding tax accrual) exceed cash and other liquid assets and receivables.

Guidance on reading the flow of funds statement

The flow of funds from operating activities shows the overall fiscal balance. Aside from the ordinary financing result – flows of funds from operating activities and administrative asset investments/disinvestments – it also includes extraordinary receipts and expenditure. A plus sign indicates a net inflow of funds, while a minus sign indicates a net outflow of funds.

The flow of funds from financial investments and debt financing covers Federal Treasury transactions such as borrowings or non-administrative asset investments, as well as other transactions executed directly via the statement of financial position (e.g. advances to the FinPT fund). In the case of the

flow of funds from financial investments, a minus sign indicates that on the whole financial investments were made and thus funds flowed out of the "Federal fund". A plus sign in the flow of funds from debt financing indicates that funds flowed into the "Federal fund" due to the increase in liabilities.

In the "Federal fund", the flow of funds from task execution and financing activities is reflected in the changes in the Confederation's liquidity. The change in the "Federal fund" (298 mn) is derived from the overall fiscal balance (205 mn), the flow of funds from financial investments (-507 mn) and the flow of funds from debt financing (600 mn).

52 Statement of financial performance

CHF mn	Fin. stmt. 2010	Budget 2011	Fin. stmt. 2011	Deviation vs. FS 2010 Absolute	%
Surplus/deficit	4 139	-1 244	2 094	-2 045	-49.4
Ordinary result (incl. financial result)	4 139	-96	3 013	-1 126	-27.2
Operating result (excl. financial result)	4 992	1 302	4 306	-686	-13.7
Revenue	61 077	60 406	63 557	2 480	4.1
Tax revenue	57 757	57 268	60 096	2 340	4.1
Direct federal tax	17 886	17 547	17 891	5	0.0
Withholding tax	4 323	3 707	5 961	1 637	37.9
Stamp duty	2 855	2 750	2 857	2	0.1
Value added tax	20 672	21 450	21 642	970	4.7
Other consumption taxes	7 602	7 448	7 341	-261	-3.4
Misc. tax revenue	4 418	4 366	4 405	-13	-0.3
Royalties and concessions	1 383	1 336	1 403	20	1.5
Other revenue	1 803	1 774	1 880	77	4.3
Net revenue from restricted funds in liabilities	135	29	178	43	31.7
Expenses	56 085	59 104	59 252	3 166	5.6
Operating expenses	12 039	12 829	12 230	191	1.6
Personnel expenses	4 824	5 120	4 923	99	2.1
General, administrative and operating expenses	4 071	4 205	3 983	-89	-2.2
Defense expenses	1 001	1 341	1 163	162	16.2
Deprec., amortiz. tangible/intangible fixed assets	2 143	2 163	2 162	19	0.9
Transfer expenses	44 024	46 275	46 994	2 970	6.7
Third parties' share in federal income	7 705	8 321	8 549	844	11.0
Compensation to public bodies	807	896	856	49	6.1
Contributions to own institutions	2 850	2 955	2 971	121	4.2
Contributions to third parties	13 608	14 312	14 317	710	5.2
Contributions to social insurance	14 493	15 521	15 754	1 261	8.7
Value adjustment on investment contributions	4 302	4 219	4 160	-142	-3.3
Value adjustment on loans and financial interests	259	52	386	127	49.0
Net expense for restricted funds in liabilities	22	-	27	5	22.1
Financial result (expenditure surplus)	-853	-1 398	-1 293	-440	-51.5
Financial revenue	2 446	1 613	2 136	-310	-12.7
Increase in equity values	1 840	800	1 256	-585	-31.8
Other financial revenue	606	813	880	274	45.3
Financial expense	3 299	3 012	3 428	129	3.9
Interest expense	2 902	2 886	2 669	-234	-8.1
Decrease in equity values	95	-	440	345	363.9
Other financial expense	302	126	320	18	5.9
Extraordinary revenue	427	-	229	-198	-46.4
Extraordinary expenses	427	1 148	1 148	721	168.5
Ordinary result (incl. financial result)	4 139	-96	3 013	-1 126	-27.2
Ordinary revenue	63 523	62 019	65 693	2 169	3.4
Revenue	61 077	60 406	63 557	2 480	4.1
Financial revenue	2 446	1 613	2 136	-310	-12.7
Ordinary expenses	59 385	62 116	62 680	3 295	5.5
Expenses	56 085	59 104	59 252	3 166	5.6
Financial expense	3 299	3 012	3 428	129	3.9

53 Statement of financial position

CHF mn	2010	2011	Deviation vs. 2010	
			Absolute	%
Assets	104 222	104 526	304	0.3
Non-administrative assets	30 193	29 526	-666	-2.2
Current assets	14 584	14 674	90	0.6
Cash and cash equivalents	6 015	5 544	-471	-7.8
Receivables	6 459	5 862	-596	-9.2
Short-term financial investments	414	1 959	1 545	373.2
Prepaid expenses and accrued income	1 696	1 308	-387	-22.8
Non-current assets	15 609	14 852	-756	-4.8
Long-term financial investments	15 576	14 683	-893	-5.7
Receivables from restricted funds in liabilities	32	170	137	422.8
Administrative assets	74 029	75 000	971	1.3
Current assets	285	284	-1	-0.2
Inventories	285	284	-1	-0.2
Non-current assets	73 745	74 716	971	1.3
Tangible fixed assets	51 194	52 176	982	1.9
Intangible fixed assets	148	204	57	38.2
Loans	3 536	3 621	85	2.4
Financial interests	18 866	18 714	-152	-0.8
Liabilities and equity	104 222	104 526	304	0.3
Short-term liabilities	33 787	33 988	201	0.6
Current liabilities	14 024	14 151	127	0.9
Short-term financial liabilities	13 064	14 333	1 269	9.7
Accrued expenses and deferred income	6 377	5 203	-1 174	-18.4
Short-term provisions	321	301	-20	-6.2
Long-term liabilities	99 938	97 939	-1 999	-2.0
Long-term financial liabilities	83 473	82 032	-1 441	-1.7
Liabilities toward separate accounts	1 599	2 133	534	33.4
Long-term provisions	13 572	12 478	-1 094	-8.1
Payables to restricted funds in liabilities	1 294	1 296	2	0.1
Net assets/equity	-29 502	-27 400	2 102	7.1
Restricted funds in net assets/equity	4 048	3 803	-245	-6.1
Special funds	1 287	1 301	15	1.1
Reserves from global budget	114	176	62	54.7
Other net assets/equity	0	–	0	-100.0
Accumulated deficit	-34 951	-32 681	2 270	6.5

54 Statement of investments

CHF mn	Fin. stmt. 2010	Budget 2011	Fin. stmt. 2011	Deviation vs. FS 2010 Absolute	%
Statement of investments balance	-6 925	-7 786	-7 519	-593	
Ordinary statement of investments balance	-6 925	-6 936	-6 959	-34	
Ordinary investment receipts	333	627	593	261	78.4
Buildings	67	42	36	-31	-46.1
Property, plant and equipment	5	4	4	-2	-30.3
Motorways	6	–	5	0	-7.6
Loans	237	410	186	-50	-21.3
Financial interests	18	171	362	344	1 959.4
Ordinary investment expenditure	7 258	7 563	7 552	294	4.1
Buildings	596	681	639	43	7.2
Property, plant and equipment	140	155	120	-20	-14.0
Inventories	141	132	109	-32	-22.7
Motorways	1 695	1 470	1 512	-184	-10.8
Intangible fixed assets	46	60	48	2	4.0
Loans	307	323	854	547	178.4
Financial interests	30	524	110	79	259.6
Investment contributions	4 302	4 219	4 160	-142	-3.3
Extraordinary investment receipts	–	–	290	290	
Extraordinary investment expenditure	–	850	850	850	

The statement of investments shows expenditure incurred for the acquisition and accumulation of assets which are required for the performance of functions and used over successive periods. It also shows the receipts resulting from the sale or redemption of these assets. Investments are capitalized under administrative assets in the statement of financial position. The investment expenditure shown in the tables also includes accruals and deferrals not recognized in the financing statement. As a result, these values may differ slightly from the values shown in the financing and flow of funds statement (2010: -12 mn; 2011: +108 mn).

The reconciliation table shows the proportion of changes in administrative assets attributable to *investment expenditure and receipts* and the proportion attributable to *other changes*. Other changes include acquisitions and disposals not recognized in the statement of investments (e.g. retroactive capitalizations in the statement of financial performance, transactions recognized directly in net assets/equity, deliveries ex stock for inventories), and changes in the carrying amount due to depreciation, value adjustments, reversals, increases and decreases in the equity value of financial interests, or price changes in relation to inventories.

Reconciliation statement of investments and other changes in recognized administrative assets

2011 CHF mn	Total	Tangible fixed assets	Inventories	Intangible fixed assets	Loans	Financial interests	Investment contributions
Status as of 1.1.	74 029	51 194	285	148	3 536	18 866	–
Investment receipts	-884	-45	–	–	-186	-652	–
Investment expenditure	8 402	3 121	109	48	854	110	4 160
Other changes	-6 548	-2 094	-110	8	-582	390	-4 160
Status as of 31.12.	75 000	52 176	284	204	3 621	18 714	–

2010 CHF mn	Total	Tangible fixed assets	Inventories	Intangible fixed assets	Loans	Financial interests	Investment contributions
Status as of 1.1.	72 860	51 094	297	130	3 411	17 928	–
Investment receipts	-333	-78	–	–	-237	-18	–
Investment expenditure	7 258	2 431	141	46	307	30	4 302
Other changes	-5 757	-2 253	-153	-29	55	925	-4 302
Status as of 31.12.	74 029	51 194	285	148	3 536	18 866	–

55 Statement of net assets/equity

CHF mn	Total net assets/equity	Restricted funds in net assets/equity	Special funds	Reserves from global budget	Restate- ment- reserve	Accu- mulated deficit
Status as of 1.1.2010	-33 869	2 934	1 258	111	-	-38 173
Entry transfers in net assets/equity	-	1 114	-	3	-	-1 117
Change in special funds	29	-	29	-	-	-
Valuation changes	200	-	-	-	-	200
Total positions entered in net assets/equity	229	1 114	29	3	-	-917
Surplus or deficit	4 139	-	-	-	-	4 139
Total profit and loss entered	4 368	1 114	29	3	-	3 222
Other transactions	-1	-	-	-	-	-1
Status as of 31.12.2010	-29 502	4 048	1 287	114	-	-34 951
Entry transfers in net assets/equity	-	-245	-	62	-	183
Change in special funds	8	-	14	-	-	-6
Total positions entered in net assets/equity	8	-245	14	62	-	177
Surplus or deficit	2 094	-	-	-	-	2 094
Total profit and loss entered	2 102	-245	14	62	-	2 270
Status as of 31.12.2011	-27 400	3 803	1 301	176	-	-32 681

The statement of net assets/equity provides information on the effects of financial transactions recorded in the reporting period for assets and equity. Specifically, it clearly indicates the expense and revenue items that are recognized directly in net assets/equity rather than in the statement of financial performance, and the impact of changes in reserves and restricted funds in net assets/equity.

Restricted funds in net assets/equity

Funds from unappropriated restricted receipts are recognized in net assets/equity insofar as the law expressly provides for flexibility either in the use of the funds or with respect to the time at which they may be used. This applies to special financing for road transportation, the *FTA/WTO accompanying measures for the agri-food sector* and *air transportation*, as well as to the restricted reserves for the *Swiss Confederation's war transportation insurance* and the *Investment Risk Guarantee* (IRG). There was a decrease of 755 million in the special financing for road transportation as a result of an extraordinary deposit of 850 million in the infrastructure fund. This was resolved by parliament in 2011 with a view to improving the liquidity of the fund. A total of 533 million from restricted customs revenue was credited to the special financing for FTA/WTO accompanying measures for the agri-food sector. No expenditure was incurred. The three other special financing items showed only minor changes.

Special funds

Special funds are third-party funds granted to the Confederation subject to certain conditions, or inflows of funds from budget items pursuant to statutory provisions. Inflows and outflows are recorded directly in the relevant balance sheet accounts rather than in the statement of financial performance. The balance for special funds resulted in an asset inflow of 8 million. In addition, the building housing the Centre Dürrenmatt museum in Neuchâtel (carrying amount of 6 mn) was retroactively allocated to the assets of the special fund of the same name by recognizing a transfer within net/assets equity. The building in question had been recognized in the federal balance sheet in previous years, but had not been reported as fund assets.

Reserves from global budget

MPM administrative units have the option to create reserves and subsequently use these reserves to fund activities which are consistent with the objectives of their performance mandate. These reserves are recognized and appropriated in the accumulated deficit. In 2011, the reserves from global budget increased by 62 million (balance of deposits less withdrawals).

Accumulated deficit

The accumulated deficit decreased by 2,270 million in the year under review. While surplus revenue from the statement of financial performance (2,094 mn) and the decrease in restricted funds in net assets/equity (245 mn) resulted in a corresponding reduction, this was partly offset by the bolstering of reserves from global budget (62 mn) and the recognition of the transfer of the Centre Dürrenmatt building within net assets/equity (6 mn).

International comparison of state finance indicators for 2011

in % of GDP	Tax-to-GDP ratio	General government expenditure ratio	Deficit/surplus ratio	Debt ratio	Gross debt ratio
Switzerland	29.3	34.8	0.4	36.5	48.7
EU - euro area	n.s.	49.3	-4.0	88.3	95.6
Germany	36.0	45.5	-1.2	83.2	86.9
France	42.9	56.2	-5.7	85.8	98.6
Italy	43.0	50.1	-3.6	120.0	127.7
Austria	42.3	51.7	-3.4	73.6	79.9
Belgium	43.8	52.2	-3.5	96.3	100.3
Netherlands	n.s.	50.5	-4.2	64.8	72.5
Norway	42.8	43.8	12.5	n.s.	56.5
Sweden	45.8	51.8	0.1	36.8	46.2
United Kingdom	35.0	49.8	-9.4	87.6	90.0
USA	24.6	41.9	-10.0	n.s.	97.6
Canada	30.9	43.2	-5.0	n.s.	87.8
OECD Ø	n.s.	44.0	-6.6	n.s.	101.6

n.s.: not shown

Notes:

– Debt ratio: gross debt in accordance with financial statistics (FS Model), with reference to 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 2010

Swiss government finances by international standards – 2011

When compared internationally, the Swiss public finance indicators (Confederation, cantons, communes and social insurance) are among the lowest, which constitutes an important locational advantage. The tax-to-GDP ratio, which measures total tax receipts (tax and social insurance charges) in relation to GDP, amounted to 29.3% in 2010. Switzerland's general government expenditure ratio, defined as government expenditure in relation to GDP, is one of the lowest in the entire OECD at 34.8%. Switzerland's overall fiscal balance again showed a slight surplus in 2011. The surplus ratio amounted to 0.4%. Government debt is low by international standards both with reference to the Maastricht definition and in terms of liabilities. At 36.5%,

Maastricht-based debt for example is significantly below the 60% mark which is important for the euro area.

The OECD data and estimates (Economic Outlook 90, November 2011) are generally used for international comparisons of public finances. The information for Switzerland is based on the Financial Statistics data and estimates (2010 interim report, March 2012). Their results are determined in accordance with the finance statistics standards of the International Monetary Fund (IMF) and are compatible with the European System of Integrated Economic Accounts. However, there could be minor differences relative to the results published by the OECD for Switzerland due to the use of a different data basis. With the exception of the tax-to-GDP ratios for 2010, all figures refer to 2011.

Comparison of Swiss and euro area debt ratios in % of GDP

