



MINISTRY OF FINANCE

# Budget review 2019

January 2019

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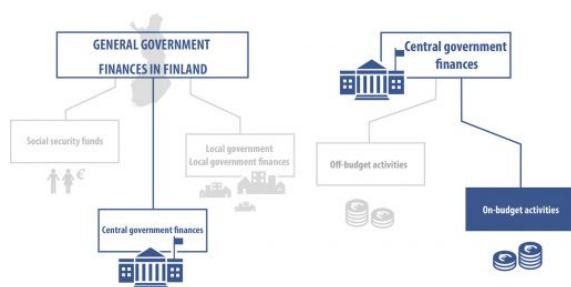
Economic Policy

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# 1 Introduction

General government finances in Finland consist of central government, local government and social security funds. Central government finances consist of on-budget activities and off-budget activities (the off-budget activities are discussed in chapter 9 "Extra-budgetary central government finances" of the budget). The position of central government on-budget activities in central government finances and general government finances is illustrated by Diagram 1. This publication is mainly concerned with the central government on-budget activities. It examines the Government's 2019 budget, which was approved by Parliament in December 2018. The purpose is to provide a concise description of the main themes of the budget with the help of diagrams and tables as well as to guide the reader to explore the themes in more detail via Internet links. The background materials for budgeting include the independent economic forecasts produced by the Economics Department at the Ministry of Finance, which are presented in the Economic Survey.



Source: [tutkibudjetia.fi](http://tutkibudjetia.fi) (translation)  
Diagram 1. Central government finances as part of the general government finances and the on-budget activities as part of the central government finances

The central government budget is a plan concerned with the central government's finances and financial management prepared on the basis of the General Government Fiscal

Plan published in the spring. In practice, the budget evaluates the extent and allocation of central government revenue and expenditure for the following year. The Government negotiates on the budget proposal in the budget session.

In Finland, the Parliament has the prime decision-making authority on the use of central government resources. The Parliament primarily exercises its power in two ways: by enacting laws and approving budgets. The majority of the content of the budget is bound by law and, indeed, laws are often amended before making decisions on the budget. The Parliament approves the budget for the following budget year before the end of the previous budget year.

The Government Programme defines the Government's main economic policies, which serve as the basis for preparing the budget. At the beginning of the parliamentary term, the Government also decides on the spending limits for the parliamentary term, i.e. the central government's expenditure ceiling, and the rules for the spending limits procedure. At the same time, the spending limits set the outline for the entire expenditure during the four-year parliamentary term. The spending limits' allocation for each administrative branch is reviewed within the parliamentary term spending limits in April as part of the General Government Fiscal Plan, and updates the spending limits to correspond to changes to the level of costs, prices and spending limit expenditure structure. For more information, see <http://vm.fi/en/central-government-spending-limits>.

The 2019 budget amounts to EUR 55.5 billion. Most of the appropriations will be spent on social security. Revenue will be primarily collected in taxes based on turnover, such as value-added tax, and income taxes, including earned income and capital income tax. The central government on-budget deficit is predicted to amount to EUR 1.7 billion and central government debt is expected to rise to approximately EUR 107 billion.

The following chapter includes an overview of the economic outlook in the areas of real economy and general government finances. Chapter 3 is concerned with the Government's economic policy goals and their implementation. Chapter 4 examines the budget from a sustainable development perspective.

Chapter 5 includes the 2019 budget's revenue and expenditure estimates, deficit and debt. Local government and regional finances are also discussed from the viewpoint of the on-budget activities. Chapter 6 includes a summary of the review.



## 2 Economic outlook



The economic review of the Ministry of Finance deals with the economic outlook at the national and international level as well as economic policy and general government finance.

### Real economy

In the global economy the fastest growth phase of the current cycle has already passed, and so growth will slow down over the coming years. In 2019, the growth in Finland's economy will slow to 1.5%. The slowdown will be broad-based, but growth will be particularly affected by a decline in housing investment. Export growth in 2019 will be impeded by the erection of further trade barriers. Nevertheless, net exports, aided by an increase in capacity in the forest industry, will continue to support GDP growth. The rapid rise in households' disposable income will continue as the growth in earnings gathers pace. In 2019, real income will grow significantly and household consumption growth will quicken in comparison with the previous year, despite rising inflation. Although GDP will be slowing, the emergence of only a moderate rise in real wages and salaries will ensure that

the demand for labour is maintained in 2019. The unemployment rate is projected to fall to 6.9% and the employment rate to rise to 72.4% in 2019. Key forecast figures for 2016–2019 have been compiled in Table 1.

Table 1. Trends in the national economy 2016–2019  
December 2018 forecast

	2016*	2017*	2018**	2019**
GDP at market prices (EUR bn)	216	224	233	241
GDP, change in volume (%)	2.5	2.8	2.5	1.5
Unemployment rate (%)	8.8	8.6	7.5	6.9
Employment rate (%)	68.7	69.6	71.6	72.4
Consumer price index, change (%)	0.4	0.7	1.2	1.4
Interest rate (10 year bonds) (%)	0.4	0.5	0.7	1.0

\* Advance information  
\*\* Forecast

### General government finances

The growth in the economy and the measures to curb rising expenditure are strengthening general government finances. Still considerably in deficit just a few years ago, Finland's general government finances will be in balance at the end of the present decade. The government-debt-to-GDP ratio will also fall in the coming years.

General government finances will nevertheless begin to gradually weaken in the early part of the 2020s when GDP growth slows and the annual consolidation measures being made in the current government term come to an end. The ageing of the population will weaken general government finances, as this will increase the expenditure on pensions and health and care services year by year. Indeed, the ageing of the population will create considerable pressure on general government finances in the long term. Table 2 presents key

indicators for general government finances for 2016–2019.

**Table 2. Key figures measured in terms of national accounting in ratio to GDP, percent**  
December 2018 forecast

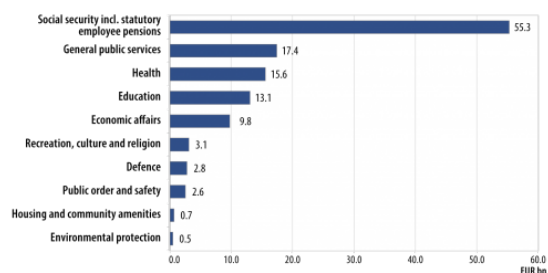
% of GDP	2016*	2017*	2018**	2019**
Taxes and social security contributions	44.0	43.3	42.3	42.2
General government expenditure	55.9	54.0	52.9	52.2
Net lending	-1.7	-0.7	-0.8	-0.4
- central government	-2.7	-1.8	-1.3	-0.7
- local government	-0.4	-0.1	-0.6	-0.5
- employment pension schemes	1.1	0.9	0.9	0.8
- other social security funds	0.2	0.3	0.2	0.0
General government debt	63.0	61.3	59.2	58.4
Central government debt <sup>1)</sup>	47.4	47.3	45.0	44.5

\* Advance information

\*\* Forecast

1) The estimate of central government debt by the Economics Department of the Ministry of Finance differs from that estimated based on the budget, for instance, due to updated revenue forecasts

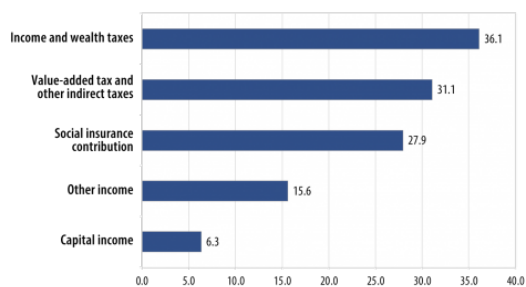
housing allowance, allowances during illness and allowances preventing social exclusion.



Source: Statistics Finland, National Accounts

**Diagram 3. General government expenditure by function (COFOG) in 2016, EUR bn**

In addition to economic cycles, the structures of general government finances are also reflected on the revenue contributions to general government and the allocation of expenditure. Diagram 2 illustrates that the majority of general government revenue was collected as income or wealth tax, and as indirect tax, in 2016.



Source: Statistics Finland

**Diagram 2. General government revenue in 2016, EUR bn**

Table 3 illustrates the average extent of the costs resulting from education and culture as well as social welfare and health care services. The table reveals, for example, that the costs per student of vocational education and training were the highest compared with other forms of education in 2016.

**Table 3. Average expenses of selected public services in 2016**

	EUR	
<b>Education and culture</b>		
Basic education	9,016.0	/pupil
Upper secondary education	7,661.0	/student
Initial vocational education	11,160.0	/student
Polytechnic education	8,035.0	/student
University education	8,985.0	/student
Public libraries	3.6	/loan
<b>Social services</b>		
Children's day care <sup>1)</sup>	86.0	/day
Old people's homes <sup>2)</sup>	152.0	/day
<b>Health care services</b>		
Basic health care		
- Visit to health centre <sup>3)</sup>	80.1	/visit
- Ward treatment	280.0	/day
- Dental care	88.3	/visit
Special medical treatment		
- Somatic specialised medical treatment <sup>4)</sup>	1,141.9	/day

1) Includes part-time and full-time day care financed by municipalities. The number of days of care has been weighted in terms of part-time and full-time day care, with a weighting factor of 0.6 used for days of part-time day care and a weighting factor of 1 for days of full-time day care.

2) Based on the costs of the six largest "Kuusikko" municipalities.

3) Includes all visits, incl. e.g. child welfare clinic and physiotherapy. The average cost of a visit to a doctor in basic health care is EUR 51.1/visit.

4) Includes inpatient care and day surgery

Sources: National Board of Education, National Institute for Health and Welfare, Finnish Public Libraries Statistics and Statistics Finland

Most of general government expenditure consists of expenditure on social security benefits, as shown in Diagram 3. This expenditure includes pensions, unemployment benefits, benefits aimed at families as well as

### 3 Government economic policy

Prime Minister Sipilä's Government decided on its economic policy in the Government Programme (<http://valtioneuvosto.fi/en/sipila/government-programme>). The Government's objective is to raise Finland's economy on to a path of sustainable growth and rising employment, and to secure the funding of public services and social security. The objective is for the increase in general government debt ratio to GDP to level off by the end of the parliamentary term and to bring living on debt to an end in 2021.

In addition to fiscal policy objectives, the Government has set as targets that the employment rate will rise to 72% and the number of people in employment by 110,000 during the parliamentary term. In the light of current forecasts, these employment targets are being met. The achievement of the objectives has been facilitated by the good economic climate. The rapid growth in employment has increased tax revenue and the decline in unemployment has reduced unemployment expenditure.

The Government has supported the sustainable growth of the economy and employment through structural reforms. Efforts have been made to increase demand for labour with the Competitiveness Pact, which entered into effect in 2017 and has improved the competitiveness of Finnish businesses. Supply of labour, on the other hand, has been boosted by, for example, removing incentive traps, increasing labour mobility and reforming the unemployment benefits system and employment services. At the same time, the Gov-

ernment has adhered to the Government Programme policy of not increasing the taxation of wage earners.

A cornerstone of the Government's economic policy is bridging the sustainability gap. At the beginning of the parliamentary term, the sustainability gap was estimated to be approximately EUR 10 billion at 2019 prices. The immediate consolidation measures in accordance with the Government Programme have been recorded in the central government spending limits and are for 2019 included in the budget. The immediate consolidation measures account for approximately EUR 4 billion of the EUR 10 billion package of measures, although there remains uncertainty associated with the impact of measures dependent on decisions by municipalities and with the impact assessments of certain measures. The regional government, health and social services reform as well as other measures to reform public administration may, if successful, strengthen general government finances by EUR 4 billion in the long term.

In addition to the debt target, the Government has set targets for the general government budgetary position related, on the one hand, to the budgetary position of central government, local government and the social security funds during the parliamentary term and, on the other hand, to the combined structural budgetary position of general government in the medium term. Table 4 describes these objectives and rules that guide Finland's fiscal policy targets, and compares them with the forecast by the Ministry of Finance. In the light of the forecast,



the sector-specific budgetary objectives for general government finances will be broadly achieved. Local government and the social security funds will achieve the objectives set for them, and central government will more or less reach the objective set for it.

Finland’s general government fiscal targets are also governed by EU regulations, most significant of which is the Stability and Growth Pact, which requires that Member States maintain structural balance in general government finances and avoid excessive debt.

Table 4. Objectives and rules steering Finland’s fiscal policy

Public finance sector	Variable	Target for 2019, % of GDP	Forecast for 2019, % of GDP
<b>Government’s budgetary targets for the parliamentary term</b>			
Central government	Deficit	no more than -0.5 %	-0.7 %
Local government sector	Deficit	no more than -0.5 %	-0.5 %
<b>Social security funds</b>			
- Earnings-related pension funds	Surplus	approximately 1.0 %	0.8 %
- Other social security funds	Financial standing	approximately 0.0 %	0.0 %
General government finances	Debt	debt-to-GDP ratio in 2019 < in 2018	58.4 %
<b>EU rules</b>			
General government finances	Deficit	no more than -3.0 %	-0.4 %
	Debt*	60 %	58.4 %
	Medium-term budgetary objective (MTO) for structural budgetary position**	-0.5 %	-0.8 %

\* The interpretation of the EU’s debt rule also takes into account e.g. the speed of debt reduction in the past and the future.

\*\* Under the Stability and Growth Pact, EU Member States are obligated to set a medium-term budgetary objective (MTO) for the structural deficit of general government finances. The structural deficit of 0.5% in ratio to GDP has been set as Finland’s MTO. In spring 2017, Finland was granted flexibility, under the structural reform and investment clauses, totalling 0.6 % in ratio to GDP due to reforms supporting the sustainability of general government finances and the implementation of EU co-funded investment projects. The Government aims to reach the MTO in 2019. More information in chapter 3 on the general rationale of the budget.





# 4 Sustainable development



The global 2030 Agenda for Sustainable Development was adopted at the UN Summit in 2015. It sets common goals for sustainable development for all UN member states. The Government has prepared a report on the implementation of the 2030 Agenda, outlining the key focus areas and actions for enhancing sustainable development in Finland economically, socially and environmentally. The Government's national implementation of the 2030 Agenda is based on two focus areas: *A carbon-neutral and resource-wise Finland* and *A non-discriminating, equal and competent Finland*. Chapter 6 of the budget's general strategy and outlook focuses on sustainable development.



Diagram 4. Sustainable Development Goals (SDG), 2030 Agenda for Sustainable Development

## 4.1 Appropriations

In connection with the preparation of the 2019 budget, the appropriations included in the budget that promote the goals of the focus area *A carbon-neutral and resource-wise Finland* have been identified. The said appropriations are presented in Tables 5-7 and they are broken down according to the key actions of the above-mentioned report. The identified appropriations will promote, among other things, biodiversity and the wellbeing of the environment and nature, reduce emissions, advance bioeconomy solutions and develop Finland towards a low-carbon society. The identified appropriations can be found, in particular, in the administrative branches of the Ministry of Economic Affairs and Employment, the Ministry of Agriculture and Forestry, the Ministry of Transport and Communications, the Ministry of the Environment and the Ministry for Foreign Affairs.

Table 5. A carbon-neutral and resource-wise Finland, report actions 1.1 and 1.2

		Budget 2018 EUR million	Budget 2019 EUR million
1.1 Launch the implementation of the energy and climate strategy			
1.2 Prepare and implement a plan for medium-term climate policy			
MINTC	31.10.35 Discretionary government transfer for construction of Western Metro	31.5	5.0
	31.10.36 Discretionary government transfer for construction of rail transport projects	16.1	25.1
	31.10.37 Discretionary government transfer for promoting walking and cycling and for public transport projects in local government	0.0	3.5
	31.20.40 Vehicle scrapping premium	8.0	0.0
	31.20.42 Acquisition and conversion support for electric cars and gas and ethanol conversions of cars	6.0	6.0
	31.30.63 Purchase and development of public transport services* (incl. air transport purchases and Merenkulku transport)	88.7	87.5
MEAE	32.20.28 Promoting materials efficiency	0.4	0.4
	32.50.64 EU and central government financial contribution to EU Structural Fund, External Border Cooperation and other Cohesion Policy programmes* (in programme period 2014–2020, it has been agreed to use 25% of ERDF funding on Structural Fund programme special objectives towards a low-carbon economy)	52.0	58.0
	32.60.20 Promoting energy efficiency and the use of renewable energy	3.5	3.4
	32.60.40 Energy subsidy (The energy subsidy is part of economic steering aimed at directing the energy system towards more efficient and climate- and environment-friendly solutions)	57.7	47.3
	32.60.44 Renewable energy production subsidy	314.1	214.5
	32.60.45 Investment support for renewable energy and new energy technology	40.0	0.0
	32.60.47 Promoting infrastructure for electric transport and biogas transport use	3.0	3.0
ME	35.10.22 Certain environment expenditure items* (Climate Panel and climate projects)	1.5	1.5
	35.10.61 Promoting waterways and environmental management* (Wood construction programme)	2.2	2.0
	35.20.52 Grants to promote residential buildings' electric transport infrastructure	1.5	1.5
	<b>Total</b>	<b>626.2</b>	<b>458.7</b>

\* Only the stated portion of the item's appropriations relate to the key aim of a carbon-neutral and resource-wise Finland

Table 6. A carbon-neutral and resource-wise Finland, report action 1.3

		Budget 2018	Budget 2019
		EUR million	EUR million
<b>1.3 Create sustainable bioeconomy and cleantech solutions</b>			
<b>MAF</b>	30.10.40	9.5	10.0
	30.10.64	95.0	126.5
	30.20.41	157.5	157.5
	30.20.43	290.7	290.7
	30.20.47	0.5	0.3
	30.20.61	6.7	0.0
	30.40.22	14.9	6.5
	30.40.31	8.5	5.6
	30.40.44	56.2	56.2
	30.40.45	5.0	5.0
<b>MEAE</b>	32.20.43	49.3	0.0
<b>ME</b>	35.10.21	1.2	1.4
	35.10.22	7.0	9.0
	35.10.52	1.7	1.2
	35.10.61	4.4	12.5
	35.10.63	20.0	20.2
	<b>Total</b>	<b>728.1</b>	<b>702.6</b>

\* Only the stated portion of the item's appropriations relate to the key aim of a carbon-neutral and resource-wise Finland

tion of bioeconomy and cleantech solutions, presented in Table 6, for which EUR 702.6 million is allocated for 2019. Of this, the largest share, EUR 290.7 million, consists of environmental compensation, organic production, advice and non-productive investments. In addition, a significant package of measures, presented in Table 5, is the implementation of the energy and climate strategy and the medium-term climate policy, for which a total of EUR 458.7 million is allocated. Of this sum, EUR 214.5 million is allocated to the production subsidy for renewable energy.

Table 7. A carbon-neutral and resource-wise Finland, report actions 1.4, 1.5, 1.6 and 1.9

		Budget 2018	Budget 2019
		EUR million	EUR million
<b>1.4 Follow the road map to the circular economy alongside implementing organisations</b>			
<b>MEAE</b>	32.20.44	2.0	2.5
	<i>In addition, the circular economy action 1.4 is supported by Business Finland financing, i.e. with the appropriations of items 32.20.40, 32.20.43 and 32.20.83.</i>		
<b>1.5 Accelerate public procurement in central and local government</b>			
<b>MEAE</b>	32.20.42	4.0	4.0
<b>1.6 Support sustainable innovations</b>			
<b>MFA</b>	24.30.66	4.5	4.5
	<i>Official development assistance* (Support for the UN Technology Innovation Lab and support for the UN Children's Fund and UN Population Fund's innovation funds)</i>		
<b>MEAE</b>	32.20.40	120.0	121.2
	32.20.83	75.0	75.0
	<b>Total</b>	<b>199.5</b>	<b>200.7</b>
<b>1.9 Promote carbon-neutrality and wise use of resources globally</b>			
<b>MFA</b>	24.30.66	144.0	159.0
	<i>Official development assistance* (Includes projects aimed at food security, access to water and energy, and sustainable use of natural resources)</i>		
	24.30.88	6.0	6.0
	<i>Increasing Finland's capital* (Climate projects)</i>		
	24.30.89	78.0	130.0
	<i>Development cooperation financial investments* (Climate projects)</i>		
	24.90.67	0.1	0.1
	<i>Expenditure for cooperation under the International Climate Agreement</i>		
	24.90.68	1.5	1.5
	<i>Baltic Sea, Barents and Arctic cooperation</i>		
	<b>Total</b>	<b>228.1</b>	<b>296.6</b>
	<b>TOTAL (Tables 5–7)</b>	<b>1,787.9</b>	<b>1,665.1</b>

\* Only the stated portion of the item's appropriations relate to the key aim of a carbon-neutral and resource-wise Finland

Other significant individual appropriation items include the purchase and development of public transport services (EUR 87.5 million), funding for regional and local rural development (EUR 107 million), greening support (EUR 157.5 million), support for sustainable development research, development and innovation (EUR 121.2 million) and development cooperation projects, which will promote, for example, food security and sustainable use of natural resources (EUR 159 million).

The goals of the carbon-neutral and resource-wise Finland focus area will be promoted with a total of approximately EUR 1.7 billion in the 2019 budget. This represents a decrease of approximately EUR 126 million from 2018, mainly due to the termination of Government key projects at the end of 2018. In addition, the amount of support for renewable energy has been reduced as a result of the higher than expected market price of electricity and the increased tax on peat. The Government that takes office after the 2019 parliamentary elections will decide on possible changes in the appropriation levels.

The largest package of measures is the crea-

## 4.2 Taxes

The 2019 budget includes a number of taxes that may be considered as promoting the carbon-neutral and resource-wise Finland focus area. These include, in particular, energy taxes, motor vehicle tax, car tax, excise duty on certain beverage packagings and waste tax. Although these taxes may be regarded as meeting sustainable development objectives, they may also include individual tax structures that are both in accordance with and contrary to the objectives.

Energy taxes are collected on transport fuels, off-road work machine and heating fuels, and electricity. In addition to the tax revenue

they raise, energy taxes boost incentives for energy-efficiency and lower-emission energy production. Diagram 5 illustrates the development of the tax levels of various fuels and electricity from 2009 to 2018. The diagram shows that the tax levels of fuels and electricity have risen gradually since 2011, excluding the tax on peat, which has risen and fallen during the period. In 2011, the national energy tax system was reformed such that the litre- or weight-based excise duty on fuel was changed to an energy content tax, based on the energy content of a fuel, and to a carbon dioxide tax, based on the specific emissions of carbon dioxide arising from the combustion of a fuel. Local emissions arising from the combustion of fuels also began to be taken into account in the calculation criteria for the tax.

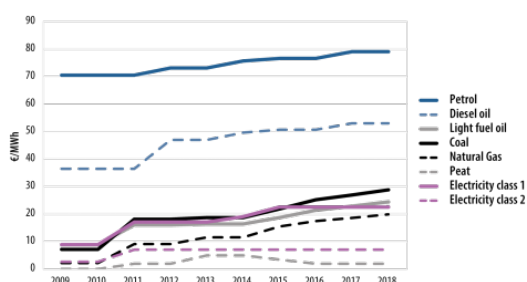


Diagram 5. Development of fuel and electricity tax levels 2009–2018, EUR/megawatt hour

The 2019 budget makes changes to energy taxes that can be considered as contributing to the objectives of the carbon-neutral and resource-wise Finland focus area. The emissions steering of combined electricity and heat production will be increased. Taxation of off-road work machine and heating fuels will be increased and changed such that, in calculating the carbon dioxide tax of a fuel, other greenhouse gas emissions arising during the fuel's life cycle will also be taken into account in addition to the greenhouse gas emissions arising from the combustion of the fuel.

Details of the 2019 tax changes are not yet known in all respects, but the tax level will rise from 2018.

Motor vehicle tax and car tax are determined partly on an emissions basis, so they increase the cost of acquiring and running larger-emission vehicles and therefore encourage a shift towards lower-emission transport. The excise duty on certain beverage packagings encourages recycling of beverage packagings. The waste tax, on the other hand, is a steering environmental tax aimed at reducing landfill processing of waste and increasing recycling.

The car tax emission scale has been steepened during this parliamentary term and the latest tax reduction for low-emission cars entered into force at the beginning of 2019. The reduction of the motor vehicle tax for tax days beyond the start of 2020 will reduce motor vehicle tax receipts already in 2019. The tax reduction also brings a slight tightening of the motor vehicle tax emission scale, but the emissions-increasing impact of the lower tax may in fact be exacerbated by the tax reduction's cost-cutting effect on car use. The overall impact on carbon dioxide emissions from transport will, however, be minor.

### 4.3 Environmentally harmful subsidies

Environmentally harmful subsidies refer to subsidies that result in an increase in the utilisation of natural resources and the environmental burden in the subsidised enterprise or the subsidised sector. The introduction of these subsidies is generally justified on non-environmental grounds, as they may also have positive effects on other policy objectives such as food production, regional economy, employment and growth. These positive impacts should be taken into account in eva-

luating the subsidies.

The 2019 budget includes environmentally harmful subsidies, which can be identified particularly in the tax system but also in appropriations. The environmentally harmful subsidies discussed in this context are based on studies conducted earlier. (Environmental impact of subsidies in the sector of the Ministry of Agriculture and Forestry, 2012; Environmentally harmful subsidies, 2013; Preparation of the structural policy programme, 2013; Subsidies harmful to biodiversity, 2015. [All in Finnish])

The tax system includes tax subsidies, i.e. exemptions from the normal tax structure. The largest environmentally harmful tax subsidies are in the field of energy taxation, namely the lower than normal tax rates for diesel, off-road work machines, peat, industry and greenhouses, the tax refund for energy-intensive companies and the energy tax refund for agriculture. In the appropriations, compensation for indirect costs of emissions trading and certain agricultural subsidies, for example, can be classified as environmentally harmful subsidies.

Based on the above-mentioned studies, the environmentally harmful subsidies in the 2019 budget are estimated to amount to approximately EUR 3.5 billion, which mainly consist of various tax subsidies. Environmentally harmful subsidies are mainly directed at three sectors: energy, transport and agriculture. The transport sector is the largest of these, estimated at approximately EUR 1.4 billion, but the subsidy levels of the sectors are quite close to each other. In both the energy and agriculture sectors, the subsidies amount to slightly over EUR 1 billion.

The largest single environmental harmful subsidy consists of the lower electricity tax rate for industry and greenhouses, and it is estimated to amount to approximately EUR 600 million in 2019. In the transport sector, the subsidy levels of the lower tax rate on diesel, the commuting expenses deduction and the lower tax rate on light fuel oil used in off-road work machines are all close to approximately EUR 400 million. In the agriculture sector, the largest single subsidy consists of the payments for least favoured areas, which balances the effects of differences in natural conditions and amounts to approximately EUR 548 million.

# 5 Budget 2019



Central government revenue and expenditure are examined in the budget's general strategy and outlook in chapters 4 and 5 as well as in the detailed rationale ([www.budjetti.vm.fi](http://www.budjetti.vm.fi), in Finnish or Swedish). The revenue estimates are presented by department and the appropriation estimates by administrative branch.

## 5.1 Revenue, expenditure, deficit and debt

### Revenue

In 2019, central government on-budget revenue (excluding net borrowing) is estimated to be approximately EUR 53.8 billion, with tax revenue accounting for approximately 85%, i.e. EUR 45.8 billion. Tax revenue is expected to grow by 3.7% in 2019.

Diagram 6 examines the development of tax revenue between 2005 and 2019. The recovery in economic growth that began in 2016 has boosted growth in tax revenue. Value-added tax is the central government's largest single source of revenue. During the current

economic upswing, corporate tax revenue has grown most strongly. Growth in energy tax receipts, on the other hand, has remained subdued despite an increase in taxation.

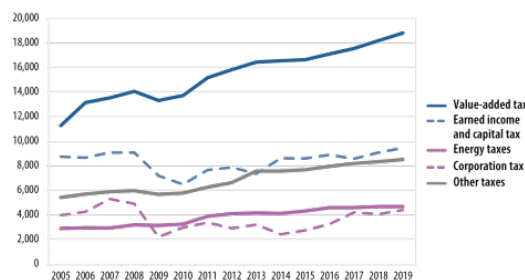


Diagram 6. State tax revenue by type 2005–2019, EUR million

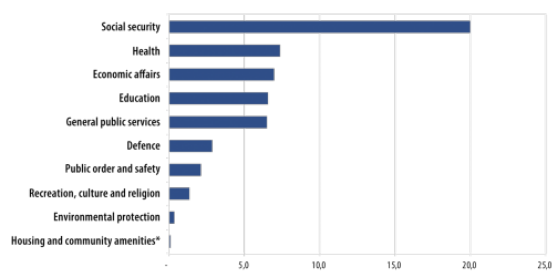
### Expenditure

The appropriations of the budget amount to EUR 55.5 billion, which is approximately EUR 0.3 billion less than in the actual 2018 budget. The expenditure level is reduced by the ending of fixed-term key projects, the consolidation measures in accordance with Annex 6 of the Government Programme, and lower unemployment benefit expenditure due to the improved employment situation. The savings impact of a number of consolidation measures, such as measures related to basic transport infrastructure, regional development of specialised medical care and operating expenditure, will grow in 2019. The impact of consolidation measures in accordance with Annex 6 of the Government Programme will reduce central government expenditure by approximately EUR 0.3 billion from 2018. In addition, the freezing of index adjustments is a factor that improves the budget balance. The expenditure level is raised by, among



other things, statutory and contractual increases, such as pay rises in accordance with the central government collective agreement concluded in the spring, and certain automatic factors, such as growth in age-related central government pension expenditure.

The allocation of appropriations, i.e. central government expenditure, to different purposes depends on political decisions, economic structures and economic cycles. In 2019, a significant share of the budget appropriations will be allocated to social security (36%). Diagram 7 illustrates where the Finnish State will allocate its appropriations in 2019.



\* Most of the expenditure to support housing production is funded from the off-budget Housing Fund. In addition, direct housing allowance is included in social security expenditure.

Diagram 7. Budget appropriations in 2019 by function (COFOG), EUR bn

Part of the revenue in the central government budget is received from the European Union, while Finland also pays contributions to the EU. At central government level, Finland is projected to contribute approximately EUR 2.1 billion to the EU budget and the European Development Fund in 2019. Finland's contributions will be EUR 205 million higher than the figure budgeted for 2018. Finland is expected to receive revenue of approximately EUR 1.2 billion from the EU budget, which is EUR 187 million more than the projected figure for 2018. The relationship between EU revenue and expenditure in the central government finances is illustrated in Table 8. In accordance with the budget pro-

posal of the EU for 2019, EU funding will be allocated to addressing challenges related to migration and the situation with refugees, improving the security of the citizens of EU Member States, and additional contributions related to strategic investments and sustainable growth.

Table 8. Flow of payments between Finland and the EU 2017–2019, EUR million

Central government expenditure	Final accounts 2017	Budget 2018	Budget 2019
<b>On-budget finances</b>			
VAT payment	274	285	301
GNI payment	1,360	1,457	1,619
Finland's share of the UK budgetary rebate	164	139	149
EU PAYMENTS TOTAL	1,798	1,881	2,069
European Development Fund	60	57	74
<b>Total</b>	<b>1,858</b>	<b>1,938</b>	<b>2,143</b>
Central government revenue	Final accounts 2017	Budget 2018	Budget 2019
<b>On-budget finances</b>			
Agricultural support	537	537	537
Rural development support	314	110	340
Subsidies from structural funds and cohesion funds	221	240	200
Customs duties and other levies	35	36	37
Other revenue	41	50	46
<b>Off-budget finances</b>			
Intervention Fund of Agriculture	0	0	0
Fund for Agricultural Development	0	0	0
<b>Total</b>	<b>1,148</b>	<b>973</b>	<b>1,160</b>
<b>Customs duties, agricultural payments and sugar payments collected on behalf of the EU</b>	<b>174</b>	<b>178</b>	<b>183</b>

## Deficit

The 2019 budget shows a deficit of approximately EUR 1.7 billion, which will be covered by increased borrowing. The deficit will increase slightly compared with the figure budgeted for 2018, taking into account the approved supplementary budgets. The budget deficit for 2018 will be reduced by early repayment to the central government of refinancing credits. Without these premature repayments, the budget deficit for 2018 would be an estimated EUR 2.7 billion.

In national accounting terms, the central government deficit for 2019 is expected to be approximately 0.7% in ratio to GDP. Central government on-budget activities have shown a deficit since 2009. The situation is illustrated in Diagram 8.

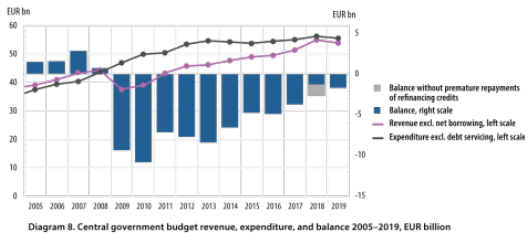


Diagram 8. Central government budget revenue, expenditure, and balance 2005–2019, EUR billion

## Debt

At the end of 2019, central government debt (including debt of off-budget entities) is estimated to be approximately EUR 107 billion, which is approximately 44% of GDP. The lower than budgeted net borrowing in 2018 had the effect of reducing the level of debt. Diagram 9 illustrates that central government debt has more or less doubled over the last ten years.

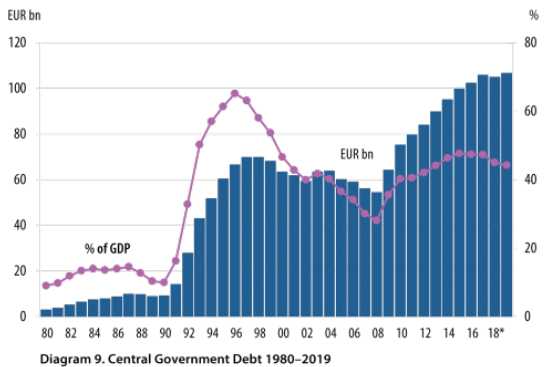


Diagram 9. Central Government Debt 1980–2019

## 5.2 Excerpts from tax and allocation decisions in the 2019 budget

### TAX CRITERIA CHANGE

Most of the tax criteria changes under the Government Programme have already been implemented in 2016–2018. Key measures

have been a reduction in taxation on labour and an increase in excise duty and real-estate tax taxation.

In 2019, the gradual entry into force of changes according to the Government Programme will continue: the tobacco tax will be tightened, the car tax will be eased and the deduction for interest paid on housing loans will be reduced.

The taxation of earned income will be reduced, with the emphasis on low-income earners, by raising the low-income allowance, the earned income deduction and the pension income allowances in central and local taxation. The combined effect of this annually, covering all tax recipients, will be EUR 130 million. In addition, an index adjustment will be made to the earned income taxation criteria to ensure that there is no increase in taxation arising from movements in the general earnings level. The existence of a reduced lower limit at which the so-called solidarity tax is paid will continue in 2019.

The maximum amount of the deduction for temporary quarters will be raised so it better supports moving for the sake of work. The tax exempt mileage allowance payable to voluntary workers will be broadened. In accordance with the Government Programme, municipalities will be compensated for the revenue impact of changes in tax criteria. The restriction of companies' right to deduct interest will be tightened when Finland implements the EU's Tax Evasion Directive.

Excise duties will be increased to compensate for the tax revenue losses resulting from the easing of earned income taxation. The excise duty on alcohol will be increased by an annual EUR 30 million and the excise duty on soft drinks by an annual EUR 25 million. Taxation of heating fuels will be changed so that



the calculation of a fuel's carbon dioxide tax will take into account the average life cycle emissions of the fuel. In addition, the tax on peat will be increased and the tax subsidy for combined electricity and heat production will be changed so that the halving of the carbon dioxide tax is replaced by a reduction in the energy content tax. As a result, tax revenue from peat and other heating fuels will rise in gross terms by EUR 38 million. The motor vehicle tax will be reduced by EUR 50 million for tax days beyond the start of 2020, which will reduce tax receipts already in 2019.



## GENERAL PUBLIC SERVICES incl. Foreign Service

An appropriation of EUR 60 million is allocated to the Prime Minister's Office in 2019 for the preparation and implementation of the Presidency of the Council of the European Union. Finland will hold the Presidency of the Council of the European Union from 1 July to 31 December 2019.

A sum of EUR 860,000 is allocated in 2019 for the Healthy Premises 2028 Programme. The programme aims to make public buildings healthy and improve healthcare and rehabilitation for those suffering from poor indoor air quality.

An appropriation of EUR 1.5 million is allocated for the Sami truth and reconciliation process.

An increase of EUR 7 million in election expenditure is allocated for the holding of the 2019 county elections in connection with the European Parliament elections.

A total of EUR 17.6 million is allocated for the Foreign Service's construction projects, of which EUR 7 million is for temporary premises for the secretariat of the Embassy of Finland in Beijing and EUR 4.3 million for renovation of the premises of the Embassy of Finland in Moscow. In addition, an increase of EUR 1.2 million is allocated for the Foreign Service for the reopening of the diplomatic mission in Baghdad.

An increase is made in the budget authority for commitment to replacing European Investment Bank capital, allowing Finland's share of the EIB's subscribed capital to be raised by EUR 595 million to a total of EUR 3.694 billion, from the present EUR 3.099 billion, due to the United Kingdom's withdrawal from the European Union.

An appropriation of EUR 211 million is allocated for the preparation of the regional government, health and social services reform, i.e. for county and interim administration costs, change management, the development and modification of information systems and information management, and the establishment and operation of the counties' joint service centres.

Of the central government transfer to local government for basic public services, EUR 30 million will be allocated to promote digitalisation in local government. In addition, EUR 10 million will be allocated to the discretionary increase in central government transfers to local government.

## DEFENCE

A EUR 9.8 million increase is allocated in Defence Forces appropriations for additional expenditure resulting from the implementation of the Military Intelligence Act and an additional EUR 5.8 million for increasing the number of personnel.

A sum of EUR 260 million is allocated for defence materiel procurement for the first year's financial contribution to the Squadron 2020 Project.

An additional EUR 1.5 million is allocated for military crisis management, materiel and administration expenditure compared to the actual budget for 2018. The increase is mainly due to the planned continuation of the Iraq OIR and Afghanistan RS operations.

## PUBLIC ORDER AND SAFETY

An increase of approximately EUR 18 million is made in Police appropriations to safeguard core operations. The aim of the funding is, among other things, to maintain the number of police at the current level, namely approximately 7,200. In addition, an increase of EUR 2.5 million is made for community police activities, EUR 2.2 million is allocated for the costs of establishing a reserve police system, and EUR 3.3 million to increase the number of police in sparsely settled areas in particular. The police are also allocated other increases, for example for the Government ICT Centre's TUVE service costs and for monitoring of aliens.

An additional appropriation of EUR 10 million is allocated to the Finnish Security Intelligence Service for expenditure arising from civilian intelligence legislation, provided that the legislation enters into force in 2019. In

addition, the Finnish Security Intelligence Service is allocated additional funding of EUR 2.5 million to secure its core activities and operational capacity, and EUR 1.6 million for premises project costs.

A total of approximately EUR 2 million is allocated to the police, the Ministry of the Interior, the Regional State Administrative Agencies and others for the costs related to the legislation that has come into force on the monitoring of money laundering.

An additional appropriation of EUR 2.8 million is allocated in Border Guard appropriations for increased resource needs resulting from the growth of external border traffic at Helsinki-Vantaa Airport, and an increase of EUR 2 million is allocated to secure core operations.

Rescue services are allocated an additional EUR 0.9 million, of which EUR 0.5 million is for the training of emergency response centre operators.

Expenditure relating to asylum seekers will decline from 2018 by EUR 25 million. An estimate of 4,000 asylum seekers per year has been used as the assumption for immigration expenditure. Approximately 10,500 people are estimated to be within the scope of reception. The number of quota refugees will remain unchanged at 750 people.

Financial and debt counselling duties will be transferred to the state legal aid offices from the beginning of 2019. A total of EUR 8 million will be allocated to improving the position of over-indebted individuals. This will be directed at, among other things, financial and debt counselling, counselling of indebted individuals in connection with debt enforcement, and speeding up court proceedings.

Additional funding totalling EUR 1.8 mil-

lion is allocated for the Criminal Sanctions Agency to enhance sanctions ancillary to conditional imprisonment and to reduce the recidivism risk of those convicted of violent offences.

## ISSUES RELATED TO BUSINESS AND INDUSTRY

An increase of EUR 10.3 million is allocated for Employment and Economic Development Offices to support active job seeking and improve services for jobseekers, and an additional EUR 10 million to arrange regular interviews.

The maximum number of people on the wage subsidy payable to for example associations and foundations is raised from 3,000 to 4,000.

The Ministry of Economic Affairs and Employment is allocated approval authority of EUR 23 million for the recompense payable on employment provision results during the period 2020–2024. This allows commitment to the employment impact investment fund project aimed at reducing long-term unemployment. Performance-based remuneration is based on the effectiveness of actions, which is ascertained by comparing the project participants with an equivalent control group of other unemployed people.

Business Finland's authorisation to make grants amounts to EUR 344.4 million, which is EUR 73.6 million more than in the actual budget for 2018. An increase of EUR 8 million is allocated for the operating expenditure of Business Finland innovation funding agency, to be allocated to programme activities and to strengthen operations abroad.

An additional EUR 1 million is allocated for

the Geological Survey of Finland to explore battery mineral reserves and the potential for strengthening the domestic battery cluster. Funding for the VTT Technical Research Centre of Finland is increased by a total of EUR 10.4 million for the costs of the decommissioning of the FiR1 research reactor and the refurbishment of the Otakaari 3 hot cell facilities, and EUR 7 million for boosting strategic research.

EUR 3 million is allocated for rapidly implementable projects supporting the availability of skilled labour in regional cities, where the surrounding municipalities and businesses are also willing to make a contribution to financing the projects.

The authority to grant energy subsidies is increased by EUR 25 million.

A further EUR 10 million is allocated for shipbuilding innovation support, which will enable the shipbuilding industry to invest in innovation and in enhancing its global competitiveness.

The scrapping premium and support for the purchase of electric cars as well as gas and ethanol conversions of cars will be continued, and a total of EUR 6 million is allocated for this purpose.

An increase of EUR 40.3 million will be allocated to basic transport infrastructure management, for example to reduce the repair deficit and improve transport safety. In addition, an increase of EUR 4 million is allocated to grants for the maintenance of improvement of private roads.

A sum of EUR 3.5 million is allocated to the discretionary government transfers for promoting walking and cycling and for public transport projects in local government.

A number of appropriation increases are made for supporting agriculture, to ease the profitability problems of agriculture due to for example drought in the 2018 growing season. A EUR 27.5 million increase is allocated in 2019 for payments to least favoured areas. An increase of EUR 22.5 million is allocated for safeguarding the operating conditions for agriculture. In addition, an increase of EUR 4 million is allocated to national aid for agriculture and horticulture, for use in meeting the need to adjust aid and support levels in situations where the use of aid has exceeded the projected level. In 2019 EUR 20 million will be paid with regard to the raised refund of energy taxes on agriculture paid in 2018. A sum of EUR 3 million will be allocated to the Farmers' Pension Institute (MELA) for 2019–2020 to continue the Vältä viljelijästä (Consideration for farmers) project. Additional investments are also to be made, for example to promote bioeconomy innovation, for food exports and to improve farm structure.



## ENVIRONMENTAL PROTECTION

A sum of EUR 15 million is allocated for the implementation of a new waterways protection enhancement programme.

For companies committed to the Green Deal agreement currently being prepared, oil

waste charges on restoration and development projects related to oil waste management will apply on a temporary basis.

The implementation of the Forest Biodiversity Programme for Southern Finland (METSO) will continue. In addition, EUR 0.2 million is allocated for updated inventories of traditional rural biotopes. Closure activities in the area of the Hitura mine, located in Nivala, will continue and EUR 16.3 million is allocated for this purpose.

An additional EUR 3.7 million is allocated to Metsähallitus, for instance for developing national parks and nature conservation areas.

## HOUSING AND COMMUNITY SERVICES

A sum of EUR 50 million from National Housing Fund resources can be used for the capitalisation of A-Kruunu Oy, which will facilitate an increase in construction.

EUR 400,000 is allocated to the Housing Finance and Development Centre of Finland for the launch of an experimentation project on living in housing cooperatives.

## HEALTHCARE

An increase of EUR 8.8 million will be made in central government funding for university-level research in healthcare units.

The influenza vaccine programme will be developed and expanded so that the vaccine is offered in the future to children aged from six months to six years. An increase of EUR 1 million is allocated to acquire the vaccines.

EUR 1.2 million is allocated for the continua-

tion and expansion of the pilot schemes concerning the development of national quality registers for healthcare.

## RECREATION AND CULTURE

The Schools on the Move programme will be extended to upper secondary school students, for which a total of EUR 2.8 million is allocated in 2019.

To strengthen prerequisites for top-level sport, the central government will prepare for the capitalisation of an Olympic Fund, which will be established by transferring to it a maximum of EUR 20 million of state-owned share assets. The central government capitalisation will be made in proportion to private capital provided.

EUR 1 million is allocated for the launching of pilot schemes promoting physical exercise among children in early childhood education and care.

The libraries' digital project is allocated EUR 860,000 for personnel skills development and for consolidating the AUTA Project operating model.

## EDUCATION

As part of Government measures to promote skills, research and growth, the grant authorisations of the Academy of Finland for scientific research is raised by EUR 25 million. An additional appropriation of EUR 5 million annually is allocated to strengthening the R&D&I activities of the universities of applied sciences.

The Ministry of Education and Culture is granted authority under which the central

government may transfer EUR 60 million in listed shares to the basic capital of the research-supporting foundation set up by the central government, and EUR 80 million in listed shares to the equity of the limited liability company to be set up to promote education exports and the development of learning environments in vocational education.

A sum of EUR 10 million is allocated for the implementation of the new Act on General Upper Secondary Education and for development of the quality of general upper secondary education. Implementation of the reform of upper secondary education will be launched by removing restrictions on the resitting of the matriculation examination, for which EUR 0.4 million is allocated.

The implementation of the reform of vocational education and training will continue and will be further supported by funding of EUR 15 million.

An additional EUR 2 million is allocated for promoting educational equality and the quality of education in pre-primary and comprehensive school education. In addition, EUR 3 million is allocated to supporting traditional club activities in schools.

Equality and raising the participation rate in early childhood education will be enhanced and an appropriation of EUR 10 million for positive discrimination grants is allocated for organisers of early childhood education.

The pilot project on free early childhood education for five-year-olds will be expanded, and an additional appropriation of EUR 5 million is allocated for this purpose.

An increase of approximately EUR 8 million is allocated in expenditure on financial aid for students for extending the right to financial aid for students to primary and lower sec-

ondary education students who have passed the age of compulsory schooling, for a learning materials allowance for general upper secondary education and vocational education students, and for extending the academic year support period in general upper secondary education. From the start of 2019, scholarships received by students will not be counted as income. From 1 August 2019, in the case of students aged less than 18, study grants and housing supplement will not be reduced on the basis of parental income. To meet these changes, an additional EUR 930,000 is allocated to study grant expenditure.



## SOCIAL SECURITY incl. earnings-related pensions

Due to the growing volume of pension expenditure and related index adjustments, an increase of EUR 115 million on the previous year is allocated for pensions and compensation paid by the central government. An additional EUR 17.1 million is allocated for the central government's share of the expenditure on self-employed persons' pensions, as the amount of insurance contributions will be below the level anticipated.

It is expected that unemployment benefit expenditure will decline by approximately EUR

292 million, mainly due to a fall in the unemployment rate. On the other hand, a total increase of EUR 3.4 million is allocated for unemployment security expenditure as a result of the shortening of the period without benefit, from 90 to 60 days. Further efforts will be made to boost employment by allocating EUR 20 million to improving incentives to accept work. In addition, the realisation of the right to earnings-related unemployment benefit for family members of entrepreneurs will be promoted, for which EUR 10 million is allocated.

It is proposed that the scope of the pension subsidy be expanded to cover new age cohorts. People who have been unemployed for over five years and are aged 60 or more could receive the subsidy if they so wish. A net appropriation of approximately EUR 3 million is allocated for the pension subsidy.

An increase of just under EUR 15 million is allocated for Kela's social security funds, to be allocated for instance to operating costs arising from the implementation of the activation model for unemployment benefit and from the work associated with decisions on social assistance.

The status of adoptive and multiple-birth families will be improved. A sum of EUR 300,000 is allocated for adjusting the adoption grant for families adopting from abroad, and the paternity allowance period for fathers in multiple-birth families will be extended.

The levels of the smallest daily allowances (sickness allowance, parental allowance, rehabilitation allowance and special care allowance) are raised to the same level as labour market support, in which case the allowances will increase by EUR 80.50 per month. The cost impact of the increase for the central government is approximately EUR



20 million on an annual basis. EUR 4.4 million is allocated in net terms to cover the costs of removing the 55-day qualifying period for sickness allowance.

The criteria for young people's vocational rehabilitation will be eased to support the studies and employment of young people in a difficult position. In addition, a rehabilitation allowance will be paid as participation income to young people in vocational rehabilitation for the entire period of the rehabilitation decision. An additional appropriation of EUR 3.6 million is allocated in 2019 for the change.

A total increase of EUR 1.5 million is allocated for youth workshop activities and for outreach youth work.

The guaranteed pension is increased by approximately EUR 9 per month, which increases central government expenditure by EUR 10 million on an annual basis.

New legislation will give front-line veterans the right to the same services supporting living at home to which disabled war veterans are already entitled. A total sum of EUR 40 million be allocated to this in 2019.

EUR 1.2 million is allocated for developing and organising food aid activities nationally for people in need of special Support.

### 5.3 Local government finances and the regional government reform

The central government funds the operations of municipalities with central government transfers and discretionary government transfers provided through the government aid system. The central government cannot influence the expenditure in municipalities directly; this is governed by legislation

enacted by the Parliament and the municipalities' own decisions. The local government finances programme and chapter 8 of the 2019 budget's general strategy and outlook describe the state of local government finances and the impact of central government measures on local government finances in further detail.

#### 5.3.1 Local government finances: revenue, expenditure and financial position

In 2019, the revenue of the municipalities is expected to consist of tax revenue (55%), operating income (22%), central government transfers (20%) and other revenue (4%). It is estimated that 47% of municipalities' expenditure will be allocated to personnel expenses, 32% to procurement of services and materials, 11% to investments and 9% to other expenditure. The distribution of municipalities' revenue and expenditure is illustrated in Diagram 10.

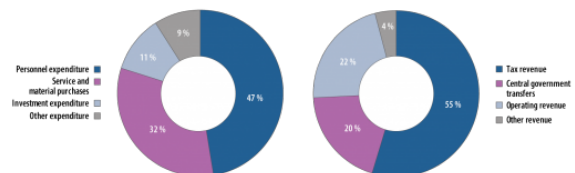


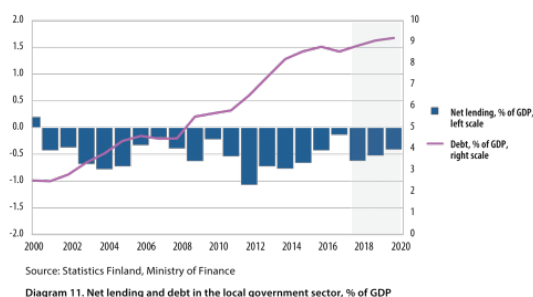
Diagram 10. Distribution of municipalities' revenue and expenditure in 2019, %

Under the Government's budgetary targets for local government finances, local government net lending (on a National Accounts basis) may not exceed -0.5 per cent of GDP in 2019. In the light of current forecasts, this target will be achieved in 2019. The deficit of the local government sector is estimated to be -0.5% of GDP and debt to be 9.1% in 2019. The development of the deficit and debt is illustrated in Diagram 11 and this



topic is discussed in more detail in Chapter 2.4 of the winter 2018 Economic Survey of the Ministry of Finance.

Chapter 2.2 of the local government finances programme.



Central government measures affect the revenue and expenditure of municipalities. The net impact of central government measures will weaken local government finances by approximately EUR 254 million in 2019. The weakening is due above all to statutory adjustment to the division of costs between the central government and municipalities, and the freezing of index adjustments under the Government Programme. The impacts are transferred to municipalities as changes, decided by the Parliament, to the tasks, operations and funding of the municipalities. The most significant measures are the adjustment to the division of costs between central government and municipalities as well as measures reducing municipalities expenditure in accordance with Annex 6 of the Government Programme (e.g. centralisation of specialised medical care, revising the quality recommendation in services for the elderly, and development of informal and family care). The impact of central government measures on municipalities has been analysed in more detail in Chapter 8.3 of the general strategy and outlook of the budget proposal and in

### 5.3.2 Health, social services and regional government reform

The entry into force of the regional government, health and social services reform is postponed until the beginning of 2021. The date of the first county elections will be determined after Parliament has made its decisions on the legislation for the regional government, health and social services reform. The counties would be established immediately after the legislation enters into force and the county interim administrations would lead the preparation of the counties' administration and operations until the elected county councils begin their term of office. The responsibility for the arrangement of health and social services and management of the duties of other administrative branches will be transferred to the counties at the beginning in 2021.

Approximately EUR 211 million in central government budget financing is earmarked for preparations for the implementation of the reform in 2019. The financing will cover the costs of advance preparations and the interim administration, planning and implementation of national information systems, and the establishment of the counties' joint service centres. The financing will be used to realise regional and national change management as well as preparations for the implementation required by the reform also in the Government.

## 6 Summary

This publication examines the 2019 budget. The publication has been expanded to include an examination of sustainable development appropriations.

The key objectives of the Government include bridging the sustainability gap in general government finances and increasing the employment rate. The goal is to bring living on debt to an end in 2021. The Government Programme includes different consolidation measures. The focus of taxation will be shifted from taxing labour and entrepreneurship towards environmentally and health motivated taxation.

Growth in the economy is expected to slow down in 2019. The unemployment rate is projected to fall and the employment rate to rise. Due to population ageing, however, there is a considerable sustainability gap, i.e. an imbalance between revenue and expenditure, in general government finances in the long term.

The 2019 budget totals approximately EUR 55.5 billion. The central government on-budget deficit is projected to amount to approximately EUR 1.7 billion and central govern-

ment debt is expected to rise to approximately EUR 107 billion.

The budget for 2019 includes investments in supporting employment, skills and research, preventing inequality, preparing the reform of regional government, health and social services, police and defence operations, agriculture, waterways protection and early childhood education. Unemployment benefit expenditure is expected to decline due to an improving employment situation.

The 2019 budget will also be updated on the [www.tutkibudjettia.fi](http://www.tutkibudjettia.fi) website which allows the budget to be examined visually from different perspectives.



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