Swedish Association of Local Authorities and Regions

The Economy Report.

On Swedish Municipal and County Council Finances – October 2009

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Foreword

The Economy Report illustrates the financial situation and conditions of county councils and municipalities and the development of the Swedish economy over the next few years. It is published twice yearly by the Swedish Association of Local Authorities and Regions (SALAR).

This issue looks forward to 2013. The temporary cyclical support from central government provides a breathing space for municipalities and county councils in 2010, but from 2011 the situation is troubling. For 2011–2012 the sector needs confirmation of further additional funding, and needs it urgently.

This abridged version of the report has been written by staff at the SALAR Section for Economic Analysis. The people who have participated in the work and can reply to questions are given on the inside cover page. Other SALAR staff have also contributed facts and valuable comments. The Summary (supplemented with some tables and diagrams from the main report) and the Annex are published here as a separate English document. The translation is by Ian MacArthur, following slight revisions by Anna Kleen and Elisabet Jonsson. We are very grateful to the municipalities and county councils that have replied to our questionnaire.

Stockholm, October 2009

Signild Östgren
Section for Economic Analysis

Contents

Summary and comments

The financial situation of municipalities and county councils has improved slightly. The additional state funding, SEK 17 billion, announced by the Government for 2010 provides something of a breathing space. But since this cyclical support is a one-off supplement, the problems will continue to be substantial in subsequent years. In this autumn report we have made a forecast for 2009–2010 and looked at three alternative scenarios for the period 2011–2013.

The world economy is on its way out of its deepest downturn since the second world war. The past six month period has seen more and more signs that the sharp **fall in global GDP** has come to a halt. Today it is chiefly the world's traditional locomotive, the United States, that has major problems of imbalances both in public finances and in the current account and the household sector. Like the United States, several European countries – the United Kingdom, Spain, Ireland and Denmark – are characterised by households in debt and housing bubbles. The income tax reductions proposed by the Government are the reason why the development in 2010 is so favourable for Swedish households. However, experience shows that recessions in which the financial markets have contributed to the downturn tend to last longer and that **the recovery will take time.**

Table 1 • Selected key indicators for the Swedish economy in 2008–2013
Percentage change unless otherwise stated

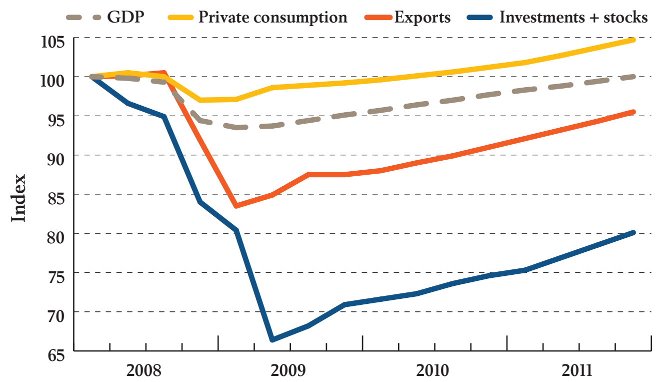
	2008	2009	2010	2011	2012	2013
GDP*	–0.4	–4.3	2.7	2.5	2.7	3.5
Employment, hours*	0.9	–3.6	–2.2	0.7	1.2	1.8
Open unemployment (level)	6.1	8.5	10.7	10.6	9.6	8.2
Hourly pay	4.8	3.4	2.3	2.3	2.3	3.0
Consumer prices	3.4	–0.2	1.0	1.3	1.8	1.9
Tax base**	5.3	1.1	1.1	2.5	3.4	4.1

Lower employment and slower wage growth mean that the tax base grows very weakly in 2009 and 2010.

*Data corrected for calendar effects. **Excluding changes to regulations.

Source: Swedish Association of Local Authorities and Regions.

Diagram 9 • GDP and demand
Index, first quarter of 2008=100



GDP will not reach its pre-decline level until the end of 2011. For exports and investments the recovery will be more protracted.

Source: Swedish Association of Local Authorities and Regions.

In the forecast we expect GDP to grow by about 2½ per cent in both 2010 and 2011. Despite this **employment** in 2011 is expected to be lower than it is today while unemployment is anticipated to increase to above 10 per cent. We expect the number of people employed in the business sector to be 225 000 fewer in 2010 than in 2008. During the same period we expect in our forecast that the number of employed persons financed by municipalities and country councils will remain largely unchanged. The Government has decided on a large increase in the number of places in cyclically dependent labour market programmes. At most they will activate almost 5 per cent of the workforce. Towards the end of the period the economic recovery will lead to very substantial increases in employment and major pay rises.

Tax base growth is decreasing dramatically this year and we see very small growth figures for 2009–2010. The tax base increase in 2011 only gives a marginally larger increase in tax revenue than is required to offset reductions in government grants. This very weak tax base growth will pose major challenges to municipalities and county councils in the next few years. Our assessment is that in 2009 **the local government sector as a whole** will report a deficit of SEK 1 billion. The improvement in net income compared with previous assessments is caused by a slight increase in tax base growth compared with the previous forecast, the decision by the Swedish Association of Local Authorities and Regions to pay a one-time contribution of SEK 1 billion and the reduction by AFA (the Swedish Labour Market Insurance Company) of the sickness insurance premium for this year.

The Government's extra funding of SEK 17 billion next year will help to enable the sector as a whole to report a surplus of more than SEK 3 billion in 2010. However different municipalities and county councils start from very different positions.

Table 14 • Revenue and resource needs for municipalities, change compared with the previous year and 2011 compared with 2009
SEK billion

	2010	2011	2011/2009
Revenue			
Tax base	0.7	8.4	9.1
Change in tax rate	0.0	0.0	0.0
General government grants	14.9	–7.9	7.0
Total (A)	**15.6**	**0.5**	**16.1**
Resource needs			
Price compensation (B)	11.5	10.0	21.5
Price compensation + demography (C)	12.7	10.9	23.6
Price compensation + demography + trend (D)	16.3	14.7	31.0
Gap (revenue minus resource needs)			
Price compensation (A–B)	4.1	–9.5	–5.4
Price compensation + demography (A–C)	2.9	–10.4	–7.5
Price compensation + demography + trend(A–D)	–0.7	–14.2	–14.9

The revenue increase of some SEK 16 billion in 2010 is explained by temporary additional central government funding. This increase covers the resource need arising as a result of price and wage increases, rising social assistance costs and demography. In 2011 almost SEK 8 billion disappears; this is almost as much as is provided by tax base growth. However, the net increase is not enough to fund either price and wage increases or the demands made by demography.

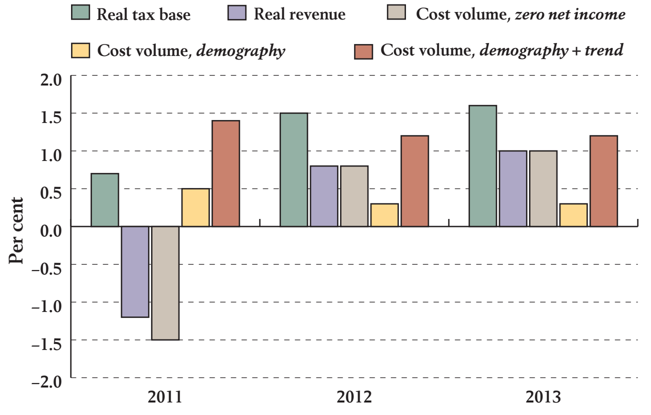
Source: Swedish Association of Local Authorities and Regions.

In the next few years the **municipalities** will face major challenges. They involve adjustments due to demographic change as well as the pressure resulting from the current recession. The Government has proposed strong increases in government grants next year. Thanks to this the municipalities will have something of a breathing space in 2010. Our assessment is that reductions in services can now be prevented to some extent, that tax increases will be cancelled in most cases and that the higher costs of social assistance can be met without crowding out other services.

However, the government grant will already decrease in 2011 and the financial situation will deteriorate markedly. Our calculations show that even if municipalities keep cost growth at a low level during 2009–2010, further major adjustment measures will be required in 2011. If the municipalities are to retain an unchanged volume of costs at the 2010 level while reporting zero net income, measures corresponding to a tax levy of 0.43 percentage points are required. Work on rationalisation and improving efficiency must therefore continue in the municipalities. The ability of the municipalities to increase their volume of activities is also restricted by greater costs for social assistance. Our assessment is that social assistance will increase by SEK 6 billion in the period 2009–2013 as a result of higher unemployment and changes in regulations.

Diagram 25 • Municipal tax base, revenue and costs for the municipalities for 2011–2013

Annual percentage change, constant prices

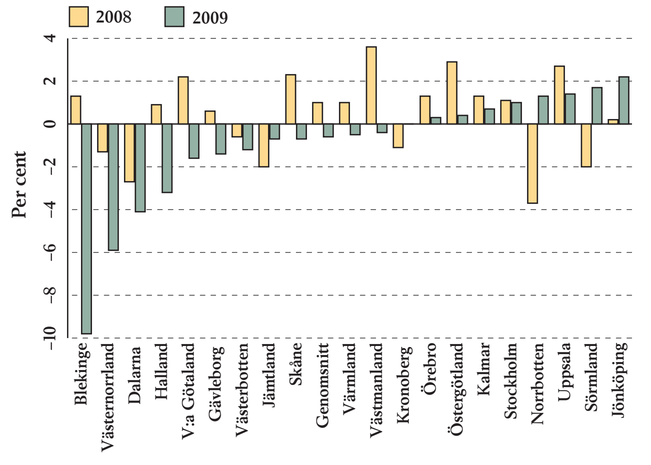


In 2011 real revenue will fall with more than 1 per cent, as a result of the disappearance of the temporary government grant. The volume of activities will then have to fall by 1.5 per cent, to achieve fiscal balance, i .e. zero net income.

Source: Swedish Association of Local Authorities and Regions.

Diagram 28 • County council net income in 2008 and forecast for 2009

Percentage of taxes and grants



In connection with the financial statements for the second four-month period the county councils have made a forecast for the whole year. Most expect a poorer net income for 2009. This year twelve county councils expect deficits compared with seven (adjusted for depreciation) the previous year. Four out of the five county councils that have improved net income have increased taxes.

Note: Stockholm refers to the Group. Östergötland and Jönköping according to the full consolidation model. Blekinge's forecast for 2009 was made in connection with the financial statements for the first four months.

Source: Swedish Association of Local Authorities and Regions.

According to our questionnaire 110 municipalities, out of the 240 that replied, will report negative net income for 2009. Our forecast for 2009 is a deficit of SEK 1 billion. In 2010 this deficit will be turned into a surplus of just under SEK 3 billion. So far the Government has chosen to restrict the bulk of the additional resources to 2010. The period 2011–2013 will therefore bring tougher times. If the volume of costs increases in line with demography and the historical trend, net income of minus SEK 15 billion will be reported in 2013.

Like the municipalities, the **county councils** will now be given another year to realign their services and take the necessary action to increase efficiency. This breathing space is welcome and will enable the county councils to invest both in measures to increase quality and in savings whose full effect will be seen in 2011. The additional central government funding next year means that tax increases will be avoided in the majority of county councils. Our assessment is that a large part of savings and rationalisation measures already adopted will be implemented in the county councils even though they may take a bit longer to put into effect. For the county councils, reductions in the additional central government funding in 2011 mean that services and cost frames will already have to be adjusted in 2010 to the revenue level that will apply thereafter.

Our forecast for the county councils is net income in balance in 2009 and a small surplus of SEK 0.8 billion for 2010. Twelve county councils expect a deficit this year, compared with seven last year. Like the municipalities, the county councils will have a difficult time in 2011–2013. If the volume of costs increases in line with demography and the historical trend, net income of minus SEK 13 billion will be reported in 2013.

Table 18 • Revenue and resource needs for county councils, change compared with the previous year and 2011 compared with 2009
SEK billion

	2010	2011	2011/2009
Revenue			
Tax base	0.5	4.4	4.8
Change in tax rate	0.5	0.0	0.5
General government grants	6.2	–3.6	2.6
Total (A)	**7.1**	**0.8**	**7.9**
Resource needs			
Price compensation (B)	4.1	3.5	7.6
Price compensation + demography (C)	5.9	5.2	11.1
Price compensation + demography + trend (D)	7.8	7.2	14.9
Gap (revenue minus resource needs)			
Price compensation (A–B)	3.0	–2.7	0.3
Price compensation + demography (A–C)	1.3	–4.4	–3.2
Price compensation + demography + trend(A–D)	–0.6	–6.4	–7.0

Additional central government funding accounts for almost all of the revenue increase of some SEK 7.1 billion in 2010. The increase provides compensation for pay and price rises and demographic changes. SEK 3.6 billion of this funding does not apply to 2011, and revenue increases by only SEK 0.8 billion overall in that year. SEK 3.5 billion is needed to compensate for pay and price rises. So with an unaltered volume of services, SEK 2.7 billion in additional resources is required in 2011. A total of SEK 5.2 billion is needed in 2011 to fund the resource needs resulting from higher pay and prices and demographic factors. In this case the difference between higher revenue and resource needs is SEK 4.4 billion. If the volume of services increases in line with demography and the historical trend, the difference increases even more. If both years are considered, the revenue increases only provide compensation for pay and price rises.

Source: Swedish Association of Local Authorities and Regions.

Comments by the Chief Economist:

Important to take risk into account!

Like most commentators, the Swedish Association of Local Authorities and Regions has revised its growth forecast for 2010 upwards. However, this means a recovery from a low level. Our assessment is that the approaching global recovery will be weaker than normal: the negative effect of large mountains of debt held by important actors like US households, the financial system and many other governments cannot be fully offset by the good prospects for growth in emerging economies like China.

This is bad news for Sweden with its great dependence on exports. Nor can we rule out the possibility that the damage to the financial system is worse than it seems and has only been covered up by massive support from governments. In that case, lending will remain weak while states will have to continue to support the financial system, resulting in further acceleration of budget deficits.

However, the relatively good domestic conditions indicate that Sweden will be one of the winners. Sweden's central government finances are fundamentally strong, even though substantial deficits have been generated in connection with the crisis. Swedish households have a considerable buffer in the form of a high level of savings while the weak Swedish krona is improving the profit outlook for Swedish companies. The Swedish financial system is among the more stable, since low inflation and confidence in Swedish institutions allow the Riksbank to continue to have a low repo rate.

There are also positive 'risks' at international level. The healing process in the financial system may turn out to be more painless than feared, while the stabilising effect of the emerging economies may be greater than assumed. In that case we are facing a stronger global recovery. However, given such a development it is reasonable to expect the economic policy stimulus to be withdrawn more quickly, with higher interest rates and a restrictive fiscal policy.

Our assessment is that there is more risk of a weaker development than that set out in our forecast than there is of a stronger development. But it is natural for views to differ now about the character of the recovery that has probably started. Some claim that we are now facing a strong expansion when optimism returns at the same time as a large volume of free resources is available. They refer to historical experience that rapid economic downturns tend to be followed by rapid recoveries; the "elastic band" effect. Other commentators point out that downturns triggered by financial crises are often followed by protracted and relatively weak recoveries.

Risks for the municipal and county council sector

The events of last autumn brought about a sudden change in the financial situation of municipalities and county councils. The tax base forecasts on which budget work for 2009 had been based were no longer applicable and were revised downwards successively by large amounts. At the same time, commitments to citizens set a narrow limit on how quickly costs can be adapted. Municipalities and county councils do not experience any downturn in the demand for their services.

Even if there is now an upturn in the economy, municipalities and county councils are facing tight conditions in the future. The fact that the labour market will remain weak for several years means that the underlying development of the tax base will be weak: the municipal and county council sector lags behind other parts of the economy in the business cycle. We cannot expect the situation to be normalised until 2015.

Naturally global risks also have major implications for the municipal and county council sector. If the development of the economy is much better, the situation on the labour market will also improve more rapidly than in our main alternative. This would mean a more rapid restoration of the tax base. If, however, the development of the economy is much weaker, perhaps with GDP growth of less than 2 per cent for several years, we are facing a situation where employment growth is so weak that unemployment will continue to grow for the whole of the forecast period. In that scenario there is a great risk of lasting exclusion of people from the labour market, lower potential employment and higher unemployment, even in the longer term.

The events of recent years are a painful reminder of how vulnerable Swedish municipalities and county councils are to international events. They also illustrate how important it is to establish institutions that guarantee that the basis for planning in the sector is as stable as possible. In a changing world, a completely stable basis cannot be expected. However, it is important that central government does what is possible to minimise uncertainty in the sector. A clear and early statement of intent by the Government with regard to government grants for 2011–2012 would therefore be desirable. The absence of a declaration risks negating the intended effect on local government employment.

Municipalities and county councils must also be given scope to take their own responsibility for stabilising their activities. The years before the financial crisis were unusually favourable from the perspective of local government finances. Many have viewed the present regulatory framework as far too rigid to provide scope for a rational management of local government finances over a long period. We therefore also welcome the inquiry announced by the Government on the conditions for some type of stabilisation funds for the sector. With the right design, this model could reduce the need for discretionary government decisions on support for the sector, as the general state of the economy changes.

Mats Kinnwall

Annex

This annex presents aggregate summary key ratios and indicators from municipalities and county councils including

- Key ratios and income statement
- Costs per service and by type of cost
- Revenue and charges
- Government grants

An aggregate picture of municipalities and county councils

Table 22 • Key indicators for municipalities and county councils
Per cent and thousands

	2008	2009	2010
Average tax rate, per cent	**31.44**	**31.52**	**31.55**
Municipalities, incl. Gotland	20.71	20.72	20.72
County councils*, excl. Gotland	10.79	10.86	10.89
Number of employees, thousands**	**1,095.4**	**1,095.6**	**1,096.7**
Municipalities	832.0	831.5	832.4
County councils	263.4	264.1	264.3

*The tax base of Gotland is not included, which is why the totals do not add up.
**Thousands; average number of people in employment according to the National Accounts.

Source: Statistics Sweden and Swedish Association of Local Authorities and Regions.

Table 23 • Aggregate income statement 2008–2010
SEK million, current prices, unless otherwise stated

	Outcome	Forecast	
	2008	2009	2010
Income of activities	138,587	139,082	142,780
Expenses of activities	–708,726	–732,521	–753,471
Depreciation	–21,627	–22,187	–22,590
Net expenses of activities	**–591,766**	**–615,626**	**–633,282**
Tax revenue	502,063	510,510	511,682
Gen government grants & equalisation	96,998	102,785	123,878
Net financial income	629	1,364	1,065
Net income before extraordinary items	**7,924**	**–966**	**3,343**
Share of taxes and grants, %	*1.3*	*–0.2*	*0.5*

Source: Statistics Sweden and Swedish Association of Local Authorities and Regions.

Diagram 31 • Municipal and county council net income before extra-ordinary items
Percentage of taxes and transfers

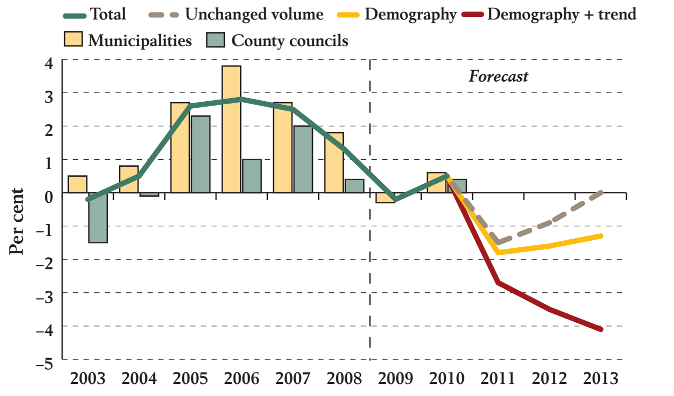


Diagram 32 • Aggregated cost growth broken down by volume and price in municipalities and county councils
Per cent

Table 24 • Income statement for the municipalities, 2008–2010
SEK million

	Outcome 2008	Forecast 2009	2010
Income of activities	107,350	106,485	108,620
Expenses of activities	–476,618	–490,803	–504,151
Depreciation	–15,162	–15,545	–15,829
Net expenses of activities	**–384,430**	**–399,863**	**–411,361**
Tax revenue	330,645	335,293	335,979
Gen gov grants & equalisation	58,260	61,498	76,389
Net financial income	2,549	2,000	1,500
Net income before extraordin. items	**7,024**	**–1,072**	**2,507**
Share of taxes and grants, %	*1.8*	*–0.3*	*0.6*

Table 30 • Income statement for the county councils, 2008–2010
SEK million

	Outcome 2008	Forecast 2009	2010
Income of activities	33,541	34,976	36,607
Expenses of activities	–234,412	–244,097	–251,766
Depreciation	–6,465	–6,642	–6,762
Net expenses of activities	**–207,336**	**–215,763**	**–221,921**
Tax revenue	171,418	175,218	175,703
Gen gov grants, equalisation & pharmaceutical benefits	38,738	41,288	47,489
Net financial income	–1,920	–636	–435
Net income before extraordin. items	**900**	**106**	**836**
Share of taxes and grants, %	*0.4*	*0.0*	*0.4*

Sources: For diagrams 31–38 and tables 24–32 the data come from the Swedish Association of Local Authorities and Regions.

Breakdown of costs

The core tasks of municipalities (education and social care) and county councils (health and medical care) account for a substantial part of total costs, three quarters for municipalities and 90 per cent for county councils. This relationship between age

Table 26 • Municipal costs per activity or service, 2006—2008
SEK million

	2006	2007	2008	Share, %
Preschool services & school age child care	54,594	58,432	62,472	13
Compulsory school	74,942	76,033	78,238	16
Upper secondary school	33,048	35,326	37,536	8
Other education	17,186	17,705	18,166	4
Elderly care	83,560	86,827	91,807	20
Disability care	45,013	48,125	51,648	11
Financial assistance	9,795	9,573	10,037	2
Individual & family care (excl. financial asssistance)	18,345	19,374	20,778	4
Comercial activities	25,916	26,624	27,652	6
Other activities	68,963	73,858	76,434	16
Total	**431,362**	**451,878**	**474,768**	**100**

Table 27 • County council costs per activity or service, 2005—2008
SEK million

	2005	2006	2007	Share, %
Primary care	32,295	33,700	36,073	16
Spec. physical health care	97,148	101,804	106,970	45
Spec. mental health care	17,313	18,231	18,991	8
Dental care	8,231	8,402	8,713	4
Other health care	16,760	18,251	18,744	8
Pharmaceuticals (open)	19,326	19,972	20,734	9
Regional development	5,854	5,957	6,190	3
Political activities	1,244	1,251	1,322	1
Transport & infrasctructure	10,178	11,525	12,696	6
Total	**208,350**	**219,093**	**230,432**	**100**

Table 28 • Break-down of municipal and county council costs by cost type
SEK million

	Municipal.	County c.	Total	Share, %
Personnel	265,746	111,307	377,053	53
External goods	34,907	41,963	76,869	11
Purchase of activities	72,026	25,469	97,495	14
Other services	30,511	25,219	55,730	8
Grants & transfers	26,398	14,711	41,109	6
External rents for premises	19,339	5,094	24,434	3
Calculated capital costs, depreciation etc	25,840	6,670	32,510	5
Total	**474,768**	**230,432**	**705,200**	**100**

Diagram 33 • Breakdown of municipalities' costs for activities in 2008, ca SEK 475 billion

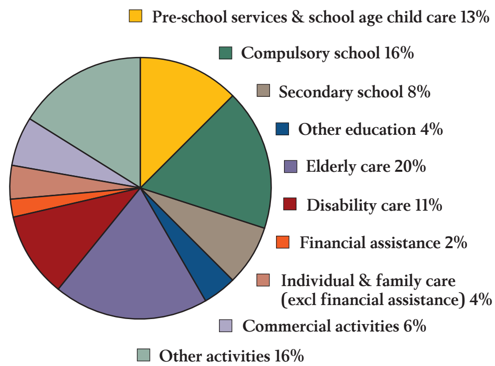


Diagram 34 • Breakdown of county councils' costs for activities in 2008, ca SEK 230 billion

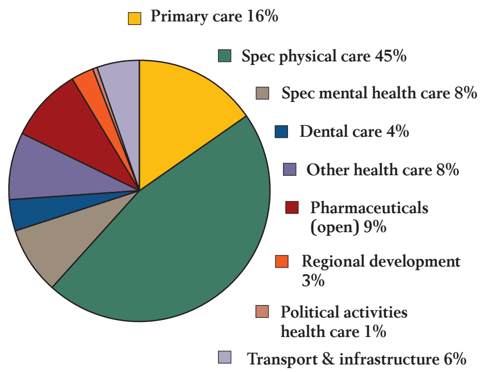


Diagram 35 • Breakdown of municipalities' costs by cost type in 2008, ca SEK 475 billion

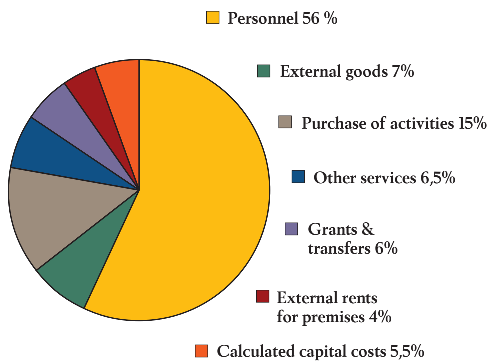


Diagram 36 • Breakdown of county councils' costs by cost type in 2008, ca SEK 230 billion

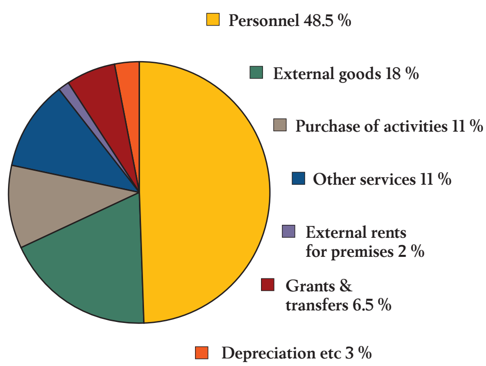


Diagram 37 • Breakdown of municipalities' revenue for activities in 2008, ca SEK 475 billion

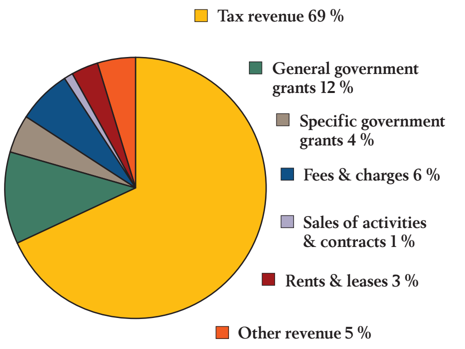


Diagram 38 • Breakdown of county councils' revenue for activities in 2008, ca SEK 230 billion

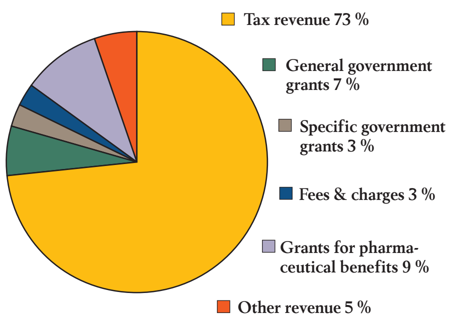


Table 34 • Level of charge-financing in municipal tax-financed activity or services, 2005–2008

Per cent

	2005	2006	2007	2008
Infrastructure & protection	13.0	12.6	13.2	12.5
Culture & leisure	5.6	5.7	5.6	5.6
Preschool etc	9.0	8.8	8.9	8.8
Education	0.3	0.3	0.3	0.3
Elderly care	3.8	3.8	3.7	3.7
Disability care	0.8	0.8	0.8	0.7
Other activities	1.1	1.1	1.0	0.9
Total	**3.5**	**3.5**	**3.5**	**3.5**

Table 35 • Level of charge-financing in county council tax-financed activity or services, 2005–2008

Per cent

	2005	2006	2007	2008
Primary care	3.7	3.6	3.5	3.5
Spec. physical health care	1.7	1.6	1.6	1.5
Spec. mental health care	1.4	1.3	1.3	1.3
Dental care	32.6	31.7	31.0	31.4
Other health care	0.7	0.7	0.6	0.6
Regional development	0.2	0.2	0.2	0.2
Political activities	1.2	1.1	1.1	1.2
Transport & infrastructure	1.3	1.1	1.0	0.9
Total	**2.7**	**2.7**	**2.7**	**2.5**

structure and costs is stronger for municipalities than for county councils. The sector has small possibilities of reducing costs when the tax base falls off since much of its activities are regulated by law. The largest single cost type is personnel and related costs, which account for 70 and 60 per cent respectively.

Breakdown of revenue

Tax revenue and charges finance 80 per cent of activities. However it can be difficult to raise taxes. Nor is it easy to raise charges since central government introduced maximum charges. The remainder of revenue consists of transfers from central government. For municipalities these take the form of unrestricted additional funds while for county councils the grant for the pharmaceutical benefits scheme accounts for a large share. A small part consists of targeted funding linked to the performance of a specific service.

Breakdown of revenue from charges

Charges account for quite a small share of revenue. They have a dual role: as a source of income and as an instrument for influ-

Table 31 • Some key indicators for municipalities, 2005–2008

	2005	2006	2007	2008	07–08, %
Child care, SEK/inhabitant	5,230	5,530	5,860	6,230	6.3
Child care, SEK/child enrolled	97,338	102,901	106,416	110,636	4.0
Compulsory school, SEK/inhabitant	8,627	8,642	8,711	8,822	1.3
Compulsory school, SEK/pupil	73,561	76,764	80,831	85,179	5.4
Upper secondary school, SEK/inhab	3,810	4,012	4,245	4,456	5.0
Upper secondary school, SEK/pupil	89,880	91,892	94,719	97,542	3.0
Elderly care, SEK/inhabitant	10,211	10,652	11,061	11,679	5.6
Regular housing, SEK/care recipient	217,960	224,746	219,639	236,282	7.6
Share inhab 65– years in regular housing, %	*8.1*	*8.3*	*9.0*	*8.7*	*–3.5*
Special housing, SEK/care recipient	453,512	480,383	511,457	548,862	7.3
Share inhab 65– years in special housing, %	*6.4*	*6.2*	*5.9*	*5.7*	*–3.6*
Disability care, SEK/inhab 0–64 years	5,853	6,204	6,585	7,171	8.9
Housing under LSS*, SEK/resident	565,419	594,461	612,180	652,760	6.6
Share inhabitants 65– years with LSS, %*	*0.78*	*0.80*	*0.74*	*0.76*	*2.1*
Individual & family care, SEK/inhab	2,374	2,424	2,521	2,695	6.9
Child & youth care, SEK/inhabitant	1,105	1,130	1,220	1,314	7.7
Misuser care for adults, SEK/inhabitant	355	384	414	437	5.7
Other adult social care, SEK/inhabitant	114	126	102	104	1.7
Financial assistance, SEK/inhabitant	749	731	730	782	7.2

*LSS (Lagen om stöd och service...), is a law stipulating special support and service for disabled persons.

Table 32 • Some key indicators for county councils, 2005–2008

	2005	2006	2007	2008	07–08, %
In-patient physical health care					
Cost, SEK/inhabitant	5,868	6,012	6,193	6,373	2.9
Number of patients	849,553	858,876	861,673	867,162	0.6
Number of discharges	1,390,172	1,402,429	1,423,589	1,442,666	1.5
In-patient psychiatric health care					
Cost, SEK/inhabitant*	848	887	862	929	7.8
Number of patients	46,021	46,406	48,667	49,744	2.2
Number of discharges	87,358	88,468	89,890	92,309	2.7
Primary health care					
Visits to doctors (000s)	12,718	13,010	13,212	13,648	3.3
Other visits than to doctors (000s)	23,353	24,004	24,344	24,804	1.9
*Productivity in specialised physical care***	*2.8*	*–0.5*	*–2.8*		
Hospital beds total	26,478	26,223	26,184	25,889	–1.2
Visits to doctors (000s) total	25,394	25,734	25,899	26,431	2.1
Other visits than to doctors (000s) total	32,671	33,616	34,182	34,962	2.3

*Some county councils have made changes in their account systems in 2008, which is why the figures cannot completely be compared with those of 2007.

**Cost per diagnosis-related group (DRG) point; calculations for 2008 are not yet assembled.

encing consumption. Since 2001 revenue from charges has decreased by SEK 2 billion due to the introduction of maximum charges for some services. The largest charge revenue is in pre-school services and school-age child care. Elderly care and infrastructure and protection also have substantial charge revenue. The level of charge-financing (charges/costs) in municipalities is 3.5 per cent, a reduction since 2002. In county councils the level of charge-financing (charges/costs) is 2.6 per cent. Here dental care has the highest level of charge-financing. ■

The Economy Report. On Swedish Municipal and County Council Finances is a series published twice yearly by the Swedish Association of Local Authorities and Regions (SALAR). In it we deal with the present economic situation and developments in municipalities and county councils. The calculations in this issue extend to 2013.

The financial situation of municipalities and county councils remains troubling, despite vigorous cyclical support from central government in 2010. The exceptionally weak economic situation and lower employment will severely curtail income growth in the local government sector this year and next year. Many municipalities and county councils face a tough time when working on their budget for 2011.

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