

Annual Report of the City of Helsinki 1999





Helsinki

Helsinki is the capital of Finland and the centre of the country's administrative, economic and cultural life. Over 1.1 million people, a fifth of the national population, live in the metropolitan area.

Helsinki is in the heart of a growing new market - which we call the New Northern Europe - comprising north-western Russia, the Baltic States and the Nordic countries and with a total of 75 million people. The city is fast becoming an operational base for international companies in this region.

Helsinki offers:

- good availability of efficient business services
- high-quality infrastructure
- good logistics
- a competitive costs structure
- a well-educated workforce
- exceptional high-tech resources and capabilities
- a green and safe living environment and high quality services

Helsinki has been a member of Eurocities since 1993.

Finland joined the European Union in 1995 and was in the first wave of countries to enter the third stage of EMU and adopt the Euro at the beginning of 1999.



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A Message from the Lord Mayor

The last year of the millennium was a high-profile one for Helsinki. Finland held the Presidency of the EU for the first time and Helsinki, the capital, served as the theatre for many of the key conferences and meetings. Helsinki also took responsibility for preparing and hosting conferences of experts in various fields. The most important of these from the point of view of urban policy were the Annual General Meeting of Eurocities, the lobby organization for European metropolitan cities, the Millennium Meeting associated with it, and the Baltic Rim Cities Conference which concentrated on strategies for the Baltic Region.

The favourable development of the Finnish economy also provided the City with a sounder background for its operations. In 1999, total output grew by 3.5% and in 2000, growth is expected to rise to 4.7%. The number of jobs increased and inflation and interest rates remained low. The growth in exports boosted industrial production which increased significantly more than the average for the OECD countries and domestic demand was also brisker. The successful economic trend was reflected in Helsinki's own economy which is built up mainly on revenue from taxes. The City's total operational expenditure amounted to EUR 2455.3 million, of which EUR 1838.6 million was covered by tax revenue. The major part of this expenditure was used on the City's key welfare services: EUR 1373.4 million on social services and health, and EUR 570 million on education.

Although the brisker population growth of the 1990s has levelled off, the population of Helsinki increased by about 4 800 over the previous year. At



the end of 1999, the population of Helsinki was 551,123. The population structure indicates the vigour of the City, with a majority of young adults. Unlike many other centres in metropolitan areas, Helsinki has succeeded in retaining its attraction not only as a location for business administration but also as a residential environment.

Many assessments confirm that Helsinki has changed; the northern capital close to the bosom of nature has turned into a high-tech metropolis which is investing in skills and actively developing cooperation at both the national and the international level.

Despite this change, the City's key goals and responsibilities remain the same. It is the duty of the City to bring the basis for a good life within reach of everyone. The City takes care of the background for general development in the region and is responsible for social services and health care, education, culture

and leisure. Housing, land use and building, energy, water supply and traffic also come within the City's remit. At the end of the year the City employed about 40 300 people, of whom more than half, 22 000, were involved with social services and health care for residents.

Helsinki has chosen the following themes as strategic focal points: preparing for the problems brought about by population growth, consolidating the basis for business activities, preventing marginalization, supporting the assimilation of immigrants, promoting internationalization and cooperation with neighbouring regions and investing in the development of suburban areas. Sustainable development has been adopted as a principal running through all our activities and learning has been accepted as a second important theme. Respect for skills and learning is a key factor for success in the future.

Helsinki is starting the new millennium with its 450th anniversary celebrations as a link in the chain of European Cities of Culture. I would go so far as to describe Helsinki with the words, dynamic and pleasant, functional and safe, and I should like to thank all employees and residents of the City for everything they have done to make Helsinki what it is today.

Eva-Riitta Siitonen

Development in the hands of the City Council

Under the division of powers between central and local government in Finland, municipalities enjoy autonomy in the administration of many of their affairs. Certain basic tasks are stipulated in the Local Government Act, and in addition to these municipalities may voluntarily assume others. The only way in which the tasks entrusted to municipalities can be altered is by amending the Local Government Act or related pieces of legislation.

The City Council

The most important decision-making body in Helsinki is the City Council, the 85 members of

which are elected by direct popular vote every four years. The City Council elects its own Chair and two Deputy Chairs, the members of the City Board as well as the members of the various committees in proportion to the relative strengths of the various parties represented on it. The other main tasks of the City Council include deliberating budgets and balancing accounts, in addition to setting the general goals to be striven for by the City.

The next local government elections in Finland will be in 2000.

Ms. Suvi Rihniemi (in the middle) chairs the City Council, with Ms. Tuula Haatainen (on the left) and Ms. Tuija Brax her deputies.



City Council 1999

85 members representing the following political parties:

- National Coalition (Conservative) 26
- Social Democratic Party 21
- Greens 18
- Swedish People's Party of Finland 7
- Left-Wing Alliance 5
- Young Finns 2
- Centre Party of Finland 2
- Christian League of Finland 2
- Metropolitan Area Independents 1
- Change 99 1

Audit Committee

Audit Department

Auditor

City Board 1999

15 members representing the following political parties:

- National Coalition (Conservative) 5
- Social Democratic Party 4
- Greens 3
- Swedish People's Party of Finland 2
- Left-Wing Alliance 1

25 committees

with 9 – 13 members each; selected by City Council

Departments and Offices

Lord Mayor

City Office
Finlandia Hall
Fire and Rescue Department
Centre of the Environment

Deputy Mayor for Cultural Affairs and Personnel

Helsinki Zoo
City Museum
Bureau of the Helsinki Philharmonic Orchestra
City Art Museum
Finnish Adult Education Centre
Swedish Adult Education Centre
City Library
Cultural Centre
Education Department
Sports Department
Youth Department
Helsinki Urban Facts
Training and Development Centre
Occupational Health Centre

Deputy Mayor for Social Affairs and Public Health

Social Service Department
Bureau for the Supervision of Guardianship Interests
Health Department

Deputy Mayor for City Planning and Real Estate

City Planning Department
Building Regulation Department
Real Estate Department
Housing Production Bureau

Deputy Mayor for Technical Services

City Transport Department
Helsinki Catering
Helsinki Wholesale Market
Helsinki Textile Services
Supplies Department
Port of Helsinki
Public Works Department
Helsinki Energy
Helsinki Water

City Board

The City Board is responsible for

- administration and financial management
- preparatory processing of business to be dealt with by the City Council
- implementation of Council decisions
- examining the legality of Council decisions

The fifteen members of the City Board are elected by the City Council for two-year terms and in proportion to the Council's political composition.



Ms. Raket Hiltunen (in the middle) chairs the City Board, with Mr. Pekka Sauri (on the left) and Mr. Harry Bogomoloff as deputy chairmen.

Lord Mayor and Deputy Mayors

The Mayor and the four Deputy Mayors are each responsible for distinct sectors of work and report to the City Board. They follow activities in their respective segments and oversee the implementation of decisions. They are also responsible for preparatory processing of business within their remits and for reporting to the City Board on these matters.

The Lord Mayor's Sector

Economy tied in with tax revenue

The City's annual accounts show that actual operating expenditure was well in line with the budget. The only clear exception was in specialist medical treatment, which was EUR 18.8 million over budget. The result was nevertheless positive, as the favourable development of the economy was reflected in community tax revenues which were better than estimated at the time the budget was drawn up. The trend in income tax derived from wages and salaries, on the other hand, cannot be looked up on as satisfactory. From the point of view of the future economy of the City, it is essential that the local authority retains the position of receiver of taxes as far as corporation tax is concerned. Operating income also exceeded the amount shown in the budget, which reflects the difficulty of estimating income. The improvement in the employment figures was another positive feature, which shows up naturally in the drop in expenditure on income support, for example. Tax revenues amounted to EUR 1 838.6 million, the State subsidy was EUR 15 million, a reduction of EUR 37.9 million on the previous year. Despite the positive surprises, the annual coverage was around EUR 95.3 million down on the previous year, indicating that it will be difficult to maintain investment at last year's level over the next few years.

Trade and industry policy and employment the key success factors

Global economic prospects continue to be good. The positive trend in the Finnish economy has been based largely on high-tech enterprises in the last few years and the key challenge now is diversification in the

export markets, while the level of expertise and converting new innovations into production successes are related challenges. These challenges will also be addressed in the follow-up work to the trade and industry programme previously drawn up for the City and which is being implemented in the form of a number of projects reflecting topical issues, corporate relations, the attractiveness of different professions and the enterprise of immigrants. The project to increase the supply of jobs in eastern Helsinki will support more locally balanced development and prevent segregation by means of trade and industry policy.

Strengthening employment and dealing with unemployment have been key factors during the 1990s. Although the trend in the employment figures has been positive for some time, persistent long-term unemployment is still a difficult problem. Getting the long-term unemployed back to work requires sustained effort. At the same time, ensuring the supply of labour in areas of rapid growth is a challenge for employment and training policy. During last year a survey was started in the Greater Helsinki Area, which examines the quality and extent of vocational training in meeting the needs of business.

Progress in Helsinki's IT operations

The importance of IT operations has increased considerably. Electronic communications and the growth of public relations and business over the Internet are good examples of this and they require continual development of the IT infrastructure. In the year under review, the IT Unit's key area of activity was ensuring that the City's computer systems were millennium compliant.



**Lord Mayor of Helsinki
Eva-Riitta Siitonen**

- General planning and management
- The municipal plan
- The Budget
- Accounts
- Internal auditing
- Environmental affairs
- Fire and rescue services
- International affairs
- Information services and promotion of tourism

KEY FIGURES

Budget, total € 3,835 million

Lord Mayor's Sector

Income € 30 million
Expenditure € 176.5 million
Expenditure per inhabitant € 320
Investment € 13 million
Personnel strength 1,203
% of total City employees 3.0

In euros (€ 1 = FIM 5.946)

Environmental issues

The key operating principle is sustainable development. It is the City's aim to draw up an action programme on sustainable development that complies with the Aalborg Charter, by 2001. A draft was completed this year as an indicator of sustainable development, which can be used to monitor the progress of the City in general and its different administrative bodies, as a part of environmental accounting. From 1999 onwards, separate environmental accounts have been required from the City's municipal business enterprises.

In conjunction with the EU it was decided to set

up an EU consumer information office linked with the municipal consumer advice service, which will serve the whole of Finland on EU issues in addition to Helsinki.

Regional organizing capacity, a resource for the future

Fruitful regional cooperation between the various parties, bringing together resources and expertise, is the key factor for success. Collaboration with universities in the region has become closer and taken on more concrete forms. Helsinki is funding professorships in urban research and has also entered into a cooperation agreement with the Helsinki School of Economics and Business Administration focusing on research and development into marketing the City. Regional cooperation is also continuing in attracting business. In an atmosphere of globalization, local authority boundaries cannot be allowed to stand in the way of cooperation.

The Metropolitan Area consultative committee was set up in June with the aim of expanding and coordinating cooperation between the metropolitan area and central government. In addition to this, a joint project was launched in the autumn by the State and the whole of the Helsinki Metropolitan Area, for drawing up a joint housing policy and related infrastructure projects.

International action as a part of everyday life

The City's strategy for international action has been brought up to date by setting as its main goal the development of Helsinki as the centre for the EU's Northern Dimension and as a city that is active worldwide and eager for cooperation.

International cooperation has indeed formed a natural part of City activities for several years. Finland's acting as President of the European Union in the latter half of the year naturally had the effect that an unusually high number of meetings and confer-



Helsinki-Vantaa Airport was voted the most pleasant airport in the world with the best services.

ences were organised in Helsinki. Finlandia Hall was the main conference venue and the actual summit conference itself was organized at the Helsinki Exhibition and Congress Centre. The repairs to Finlandia Hall, which had lasted for many years, were completed and the activities taking place in this key symbol of Helsinki are firmly in the ascendant.

In conjunction with the Eurocities Annual General Meeting in October, there was a substantial city forum, in which representatives of European states and regions together laid down guidelines for the responsibilities of cities and for their potential to act as attractive growth centres that can give a boost to surrounding regions as well.

Publicity and travel marketing

Public relations, City marketing, tourist marketing and associated services catered for the special requirements of the EU Presidency in addition to their other functions. Helsinki and its strong suits were presented in European cities. Visits were exchanged more actively than usual and Japan was presented in Helsinki by means of a wide range of seminars, while Helsinki was presented in China by taking part in a world landscaping exhibition.

Administration has to keep up with the times

Improving administration is a continual challenge. The 'dynamic capital project' that is currently under way highlights the ways and means by which action will best answer the needs of the citizens, be customer-oriented and take residents' opinions into account. Putting services out to tender and buying in services are methods which, skilfully applied, can be used to improve the quality and cost effectiveness of services. The City's personnel policy received praise along with those of Nokia, Finland Post and others.

Education and Culture

A very wide range of high-quality educational, cultural and leisure services is guaranteed in Helsinki and the level of learning among the inhabitants is high. The general, vocational and adult education services provided by the City are of acknowledged high quality. There are 214 comprehensive schools and upper secondary schools. Although education in most is through the medium of Finnish, there are 27 schools for Swedish-speakers and several others using English, German, Russian, French or any of several other languages. Education and school meals are free, as are books and other classroom material in comprehensive schools. Adult Education Centres offer an impressively wide range of opportunities for people wishing to develop their skills in different fields. Provision has also been made to meet the needs of immigrants.

The City Library has a network of 35 well-stocked branches offering both traditional printed material and computer services and Internet connections for the use of residents. The latest library is Kirjakaapeli ('Cable Book'), which is housed in the modern Lasipalatsi media centre. Located in the heart of the city, it offers excellent opportunities to use powerful computers and gain fast access to the Internet. There are also two libraries exclusively for children.

The City is also proud to offer residents a large variety of cultural events and activities. The Helsinki City Museum comprises several separate institutions, each specialising in a different area. Helsinki also has its own art museum, which boasts a considerable collection of Finnish contemporary work. The latest addition to the impressive range of cultural services is

the Museum of Cultures, which opened in the first half of 1999. It is located in the Tennispalatsi entertainment and cultural complex, where the City Art Museum has likewise acquired additional exhibition space.

The Helsinki City Theatre and the Helsinki Philharmonic Orchestra are well-known institutions, which offer an impressive palette of cultural events meeting high international standards. The Opera House is also a source of civic pride.



**Deputy Mayor
Antti Viinikka
Cultural and Personnel Affairs**

- General and vocational education and training
- Adult education services
- City library services
- Cultural affairs
- Sports
- Youth activities
- Personnel policy

KEY FIGURES

Income € 78 million
Expenditure € 570 million
Expenditure per inhabitant € 1,034
Investment € 89 million

Personnel strength 8,923
% of total City employees 22.1

In euros (€ 1 = FIM 5,946)

The Mäkelänrinne Swimming centre.

The Helsinki Zoo presents a wide variety of species in conditions corresponding as closely as possible to their natural habitats.

Among the other amenities provided by the City are sports fields, recreation areas, sports halls, tennis courts and indoor swimming pools. Sports events for both young and old are organised by the City, which also runs youth centres and clubs and arranges a wide variety of leisure activities. The latest sports facilities available to the people of Helsinki are the large multi-purpose hall opened in eastern Helsinki and the Mäkelänrinne Swimming Centre, which is built to international specifications and will be the principal venue for the 2000 European Swimming Championships.

Cultural and recreational services will continue to be devel-

oped at a very lively pace. The use of information technology will increase in all sectors and the range of cultural services will be broadened and improved. This will be done by means of numerous measures that include providing new facilities, in addition to which there will be all the benefits that flow from Helsinki's being a European City of Culture and celebrating its own 450th anniversary in 2000.

School lunches run smoothly in Helsinki schools.



Special focus on employment

Unemployment remains a problem. Special measures have been launched to tackle long-term joblessness and the high rate of unemployment among immigrants. These include training programmes, workshops, rehabilitation and, in the case of immigrants, special concentration on teaching Finnish.

In 1999, the City of Helsinki received an award for being a pioneer in Finland in the diversity of its personnel policy. The large number of immigrants employed by the City and its unprejudiced recruitment policy were both highlighted in the citation.

Social Affairs and Public Health

Social Affairs and Public Health is the largest sector of services provided by the City. It affects practically every resident and accounts for more than half of the City's labour force. It comprises children's day care, care for the elderly and the entire municipal health-care system.

Supporting people in their everyday lives

Helsinki provides day care for all pre-school children. Most children attend activities at day-care centres, but parents also have the option of receiving financial support to help them care for children under the age of three at home. Due to the long maternity leave to which women are statutorily entitled, most children under the age of one are cared for at home.

There are 336 day-care centres in the city.

Care for the elderly and services for the handicapped include:

- housing services and homes for the elderly
- service and recreation centres
- home-help services
- transport assistance

Key challenges on the social affairs side relate to ensuring that the residents of Helsinki are provided with statutory basic services and at least a minimum level of livelihood. The features emphasised in services are preventive measures, customer-centricity, flexibility and efficiency.

The public health-care system includes

- maternity and children's clinics
- dental clinics
- mental health clinics
- school nurses and doctors
- various hospital services

Municipal health centres provide residents with services either free of charge or on payment of very moderate fees.

The goal is to guarantee a broad range of social services

The need for and use of social services are closely related to the surrounding community and the changes that take place within it, demographic changes, legislative responsibilities and the economic progress of the City. In 1999, it was possible to provide the required social welfare services and financial support within the framework of the approved budget.

We were able to offer a day-care place in line with family preference to all children who required one and, in practice, there was no longer a queue for day care during the year. Social Affairs and Education were engaged in close cooperation, preparing for the introduction of free pre-school teaching for six-year-olds. Statutory pre-school education is being introduced in autumn 2000. Morning and afternoon activities for schoolchildren outside school time were organized through cooperation between Social Affairs, Education and Youth Affairs and other organizations, coordinated by Education. Once again, day-care and child welfare services, family-counselling



**Deputy Mayor
Timo Honkala
Social Affairs and Public
Health**

Social Affairs

- Children's day care
- Social welfare services
- Services for the elderly and the handicapped
- Immigration affairs

Public Health Care

- Municipal health services
- Municipal hospital services

KEY FIGURES

Income € 187 million
Expenditure € 1,373 million
Expenditure per
inhabitant € 2,492
Investment € 62 million

Personnel strength 22,208
% of total City employees 55.1

In euros (€ 1 = FIM 5.946)



Health services for Helsinki residents remained as extensive as before.

clinics and children's health clinics worked together on a local basis to prevent marginalization and other social problems.

The need for long-term hospital care was reduced by expanding care in the home and especially improvements in sheltered housing, in line with the City's programme of services for the elderly. The number of home-helps was increased to provide more time for care of the elderly, particularly during the evening, at night and at weekends.

The programme for helping immigrants to settle in was approved by the City Board in the spring. A

wide range of different City administrative bodies, organizations and immigrants will be joining forces to implement the programme. A start has been made on drawing up plans for the integration of individual immigrants according to a Social Affairs and Employment joint programme.

Reorganization of specialist medical care

Preparations were made during the year for perhaps the biggest individual change ever in health care in Finland. The integration of the Helsinki and Uusimaa

Hospital Districts with the specialist treatment functions of Helsinki University Central Hospital created a unit serving 1.3 million residents in the region. More than 25% of the personnel of the Helsinki Health Department alone were transferred to the new specialist medical treatment unit.

In the midst of all these changes we were still able to provide the people of Helsinki with an equivalent amount of out-patient services and specialist medical care to that provided in previous years. Costs of health care for the people of Helsinki amounted to approximately EUR 1 145 per capita.

City Planning and Infrastructure

The City of Helsinki owns two-thirds of the land inside its boundaries and is also a considerable landowner in the surrounding municipalities. The City acquires and sells land in order to ensure ideal conditions for its development. It also leases land to companies, for housing, to industry as well as to private persons. Ecological thinking and environmental consciousness play an important role in urban planning. These principles are applied in regulating construction, developing and maintaining the street network as well as in keeping parks and recreation areas in good condition.

The City's general plan 2002 is under preparation. The general plan is intended to provide solutions that will enable the City to respond to the pop-

ulation growth and preserve its vitality and competitiveness. Environmental aspects feature prominently in all planning arrangements and will be even more strongly in evidence in the future. The environment in which the City functions will be a more international one than it has been up to now.

Key planning targets were the Kamppi and Töölönlahti areas in the centre of Helsinki. An international architectural competition was initiated for the design of the new Music Centre which is to be located in the area. The local detailed plan for the future new harbour at Vuosaari was approved at the end of the year.

Development of the City's centres of expertise continued. At Ruoholahti in central Helsinki, where



**Deputy Mayor
Pekka Korpinen
City Planning and Real Estate**

- Urban and traffic planning
- Land purchases and transfers
- City survey
- Real-estate management
- Municipal housing - production and repair
- Building regulation

KEY FIGURES

Income € 355 million
 Expenditure € 285 million
 Expenditure per inhabitant € 517
 Investment € 49 million

Personnel strength 1,073
 % of total City employees 2.7

In euros (€ 1 = FIM 5.946)

The area around Töölö Bay is one of the key places for new design and planning. The latest building is the Sanomatalo, which houses a large media corporation.

there is a cluster of information technology expertise, the first phase sites in the Helsinki High-Tech Centre were sold and an agreement was entered into with Nokia over the sale of a site for a substantial extension. Development of the Viikki Science Park continued strongly. Buildings located in the area include the Helsinki University Biocentre and a business incubator that is being completed for new companies in the biotechnology sector, plus the Infocentre which serves both the science park community and local residents. Good supplementary and support services as well as its excellent location in the geographical centre of the City of Helsinki have encouraged the City authorities to propose the area as a possible location for the European Food Authority.

The biggest building projects started on the science and research side were the Biomedicum complex and an extension to the University of Helsinki's Kumpula campus. Below ground, an unprecedented number of pedestrian underpasses and car parks were built.



The city centre is much livelier than before. For example, numerous delightful pavement cafés have appeared in the townscape.

Municipal Business Enterprises and Technical Services

Helsinki Technical Services covers the physical infrastructure of the city, encompassing construction, electricity generation, water distribution and treatment, public transport and harbour operations. The Supplies Department, catering and textile services are also part of these activities.

The City has excellent harbour facilities and the flow of goods through the Port of Helsinki is constantly increasing.

Helsinki City Transport has its own fleet of buses, trams and underground trains, in addition to which it outsources services. Public transport accounts for a high proportion of total passenger movement, close to 70% in the central areas of the city during the rush hours.

City-owned utilities offer electricity, district heating and related services to companies and private users. With more than 300,000 clients, Helsinki Energy is one of the largest producers and distributors of electricity and district heating. Over 90% of the City's housing is connected to the district-heating network.

Helsinki Water serves nearly one million inhabitants as well as industries in the Helsinki Metropolitan Area. Helsinki collaborates with several municipalities in raw water supply.

Use of services growing

The number of passengers on public transport inside Helsinki has been growing for years. Improvement in the quality of public transport services, holding back ticket prices and a generally favourable attitude towards public transport have all contributed to this positive trend. Growth in the Metropolitan Area as a

whole has been promoted by the use of public transport.

We are aiming for a revival in popularity of the tramways by renewing the rolling stock and extending the network. The first low-floor trams came into service in the autumn and the remainder of those that are on order will follow during 2000.

There has been vigorous growth in passenger shipping over the last few years. Port of Helsinki investments have been focused on improving the level of service for the growing passenger traffic. After the downturn in freight traffic in 1998, exports have again shown a positive trend.

Electricity sales continued strongly and the range of services was extended to include environmentally friendly products. Helsinki Energy signed the first contract to supply district cooling. Output is environmentally friendly as it is based on fuel-saving district heating. Its use is concentrated on the summer months, when the surplus heat generated in conjunction with electricity generation can be used for producing district cooling.

Record winter and celebration year provide employment

The winter of 1999 was the snowiest for decades. The Department stepped up cleaning of key areas during the EU Presidency. Constructing green areas and renovating existing parks was brisk and preconstruction work started at Viikki on the Helsinki-Gardenia scheme.

Investments in outdoor lighting were focused on Helsinki's 450th anniversary celebrations and European City of Culture 2000 projects. In addition to



**Deputy Mayor
Martin Meinander
Technical services**

- Energy supply
- The Port of Helsinki: harbour services for freight and passenger traffic
- Public transport services
- Water supply and sewage treatment
- Municipal engineering and maintenance services

KEY FIGURES

Income € 1,002 million
Expenditure € 1,069 million
Expenditure per inhabit. € 1,940
Investment € 190 million

Personnel strength 6,888
% of total City employees 17.1

In euros (€ 1 = FIM 5.946)



The quayside at Katajanokka is a popular port of call for cruise ships.

street lighting, facades of buildings, bridges, statues and parks were objects of attention for floodlighting. The most demanding of these was the combined street and facade lighting in Esplanadi, where technical design, product development, manufacture and installation were all carried out in a record six months from completion of the final lighting-design work.

Cooperation and development projects

At the end of the year, after a long wait, important decisions were made on the Vuosaari harbour project, which will ensure the continuity of port activities. The Government confirmed on December 2, 1999 that the Vuosaari harbour project will not significantly weaken the natural values of the nearby Natura area. Following this, the City Council was able to approve the local detailed plan for the area.

A start was also made on planning the western Metro, in conjunction with the City of Espoo.

A number of important partnership projects were accomplished and cooperation continued strongly at the international level. The most important project was the foundation of a joint enterprise, Kemwater Services Oy, by Helsinki Water and Kemira Chemicals. The new company will start operating in 2000.

Finances

The Finnish economy has been following a favourable trend for several years. In 1999 it grew by 3.5%, inflation was only 1.2 % and the short-term interest rate was 3.0%. The participation rate rose to 66% and unemployment continued to fall, being 10.2% at the end of the year. Although economic growth in Finland has slowed down a little compared with previous years, it still exceeds the average for the OECD countries. Gross domestic product is forecast to continue growing in 2000 by almost 5%.

The composition of municipal revenues varies greatly from region to region. In Helsinki, tax receipts are exceptionally large. About 65% of the total collected comes from income tax levied on wage earners. A second important income category is the share of corporation tax returned by the State to the municipality in which a company is domiciled. By contrast, the property tax introduced in 1993 is of lesser significance, being only about 5% of total tax revenues.

Municipalities receive funds from the State to enable them to provide basic services. The level of State contributions is linked to the demographic structure and the financial resources available to the municipality in question. In Helsinki nowadays, the State financial contributions are of minor importance.

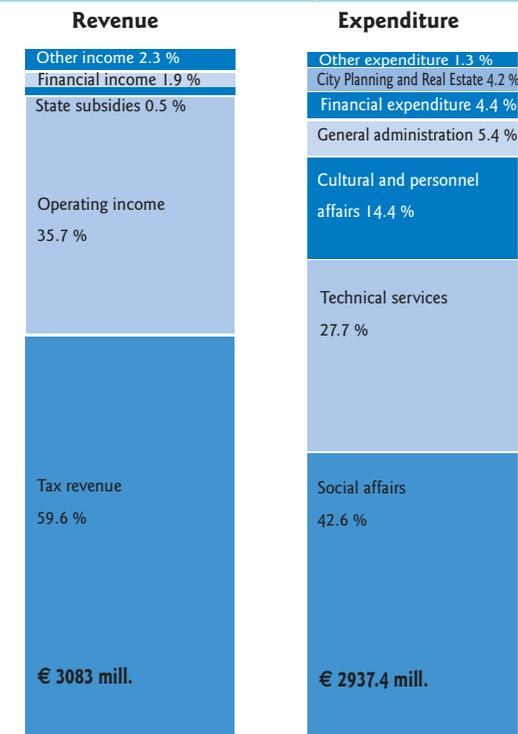
Helsinki's economy continued to follow a steady trend even though tax revenues lessened slightly, though less than anticipated. The downward trend resulted, above all, from change of the corporation tax quota into a loss for Helsinki. Favourable results from City-owned business enterprises ensured that they were able to pay the surplus on basic capital and the interest for the establishment loan to the City and

make repayments on loans granted by the City according to plan.

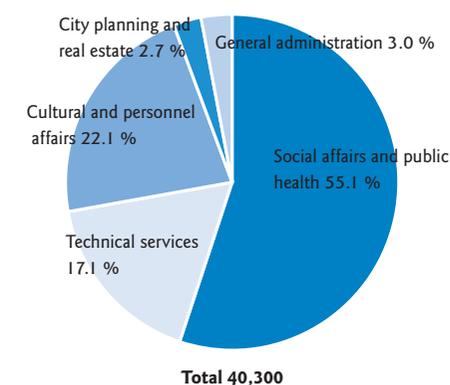
The target for operating income was exceeded and operating expenditure, apart from specialist medical care, remained reasonably well within the budget framework. The final accounts followed a similar pattern to those of the previous year and showed a clear surplus. The annual coverage for the year was € 351 million. In terms of annual coverage, the City's financial position is still steady, although it has weakened noticeably from the previous year. Nevertheless, annual coverage still remains larger than planned depreciation.

Growth in operating income was 2.4% and in operating expenditure, 3.5% compared with the previous year. Tax receipts were down a fraction, 0.6%. The State contribution shrank to one-third of the previous year. Indebtedness declined still further, amounting to € 450 per inhabitant at the end of the year. The level of investment remained high, at € 384 million. Although loan repayments and investments were, for the most part, met by eating into cash reserves, liquidity remained favourable with cash on hand and deposits at year end corresponding to 67 days' outgoings.

Breakdown of revenue and expenditure



Personnel by sector



THE BALANCE SHEET OF THE CITY OF HELSINKI

	31.12.1999	31.12.1998
	€ mill.	€ mill.
ASSETS		
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS		
Intangible assets		
Intangible rights	33.0	32.8
Other long-term expenditure	27.3	11.4
Advance payments	0.2	0
	60.5	44.2
Tangible assets		
Land and water areas	2,241.1	2,231.0
Buildings	1,119.5	1,073.9
Fixed structures and fittings	1,646.5	1,643.7
Machinery and equipment	154.0	135.1
Other tangible assets	5.5	4.9
Advance payments and works in progress	204.4	168.5
	5,371.1	5,257.1
Shares in fixed assets and other long-term investments		
Shares and participations	498.3	487.4
Bonds	0.5	0.5
Loans due	549.7	550.0
	1,048.5	1,037.9
VALUATION ITEMS	4.8	5.5
FUNDS FOR COMMISSIONED TASKS		
Assigned by the State	280.5	278.0
Assigned by other instances	447.0	428.7
	727.5	706.7
INVENTORIES AND FINANCIAL ASSETS		
Inventories		
Materials and supplies	50.9	54.2
Incomplete products	0.0	5.0
Other inventories	2.4	2.2
Advance payments	0	0
	53.3	61.4
Receivables		
Sales receivables	78.3	88.0
Investments in financial instruments.	594.7	741.9
Loans duet	15.7	15.5
Accured income	122.0	104.3
Other receivables	17.7	25.0
	828.5	974.7
Cash in hand and at banks	7.9	7.9
TOTAL ASSETS	8,102.1	8,095.4

	31.12.1999	31.12.1998
	€ mill.	€ mill.
LIABILITIES		
OWN CAPITAL		
Basic capital	2,972.4	2,972.4
Other equity capital	844.4	810.0
Surplus/Deficit for previous years	155.7	96.4
Surplus/Deficit for financial year	104.6	59.2
	4,077.1	3,938.0
RESERVES		
Accumulated depreciation difference	120.9	123.9
Voluntary reserves		
Reserves for investments	91.2	75.2
Other voluntary reserves	18.1	18.1
Obligatory reserves	508.8	521.6
	739.0	738.8
VALUATION ITEMS	1,856.4	1,859.1
CAPITAL FOR COMMISSIONED TASKS		
Assigned by the State	282.8	280.4
Assigned by other instances	370.0	432.6
	652.8	713.0
BORROWED CAPITAL		
Long-term		
Bonds	245.1	244.9
Loans from financial and insurance institutions	1.0	94.4
Loans from public-sector bodies	1.6	2.8
Advances received	0.8	1.2
Other long-term liabilities	0.8	1.0
	249.3	344.3
Short term		
Bonds	0	67.3
Loans from financial and insurance institutions	0.1	3.5
Loans from public-sector bodies	1.0	1.0
Advances received	12.4	11.9
Accounts payable	116.6	104.9
Deferred credits and accrued charges	312.0	297.5
Other short-term liabilities	85.4	16.0
	527.5	502.2
TOTAL LIABILITIES	8,102.1	8,095.4

THE INCOME STATEMENT OF THE CITY OF HELSINKI

	31.12.1999	31.12.1998
	€ mill.	€ mill.
OPERATING INCOME		
Sales proceeds	650.2	677.8
Fees and charges	132.4	128.3
Subsidies and grants	26.5	23.2
Rents	176.2	163.3
Other income	32.0	30.1
Changes in inventories	0	0
Production for own use	84.5	53.3
	1,101.9	1,076.1
OPERATING EXPENSES		
Personnel costs	-1,277.2	-1,252.7
Purchased services	-639.7	-586.5
Materials and supplies		
purchases during financial year	-300.2	-299.2
decrease in inventories	-2.8	-4.2
Grants	-197.0	-199.8
Rents	-92.0	-89.1
Other expenses	-23.3	-14.8
	-2,532.2	-2,446.3
GROSS MARGIN	-1,430.3	-1,370.2
Taxes and State subsidies		
Tax revenues	1,838.6	1,850.1
State subsidies	15.0	53.0
VAT refunds	-80.8	-77.9
	1,772.8	1,825.2
OPERATING PROFIT	342.6	455.0
Financial income and expenses		
Interest income	50.6	60.2
Other financial income	6.9	4.4
Interest expenses	-28.1	-35.8
Other financial expenses	-21.4	-37.8
	8.1	-9.0
ANNUAL COVERAGE	350.7	446.0
Depreciation on fixed assets and other long-term expenditure	-244.6	-221.3
Extraordinary income and expenses		
Extraordinary income	69.8	42.9
Extraordinary expenses	-30.2	-0.8
	39.6	42.1
PROFIT/LOSS FOR FINANCIAL YEAR	145.7	266.8
Changes in reserves and funds		
Change in depreciation difference	3.1	-5.9
Change in reserves	-15.9	-31.5
Change in funds	-28.2	-170.2
	-41.0	-207.6
SURPLUS FOR THE FINANCIAL YEAR	104.6	59.2

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1999	1998
	€ mill.	€ mill.
OPERATING INCOME		
Annual coverage	350.7	446.0
Extraordinary items	39.6	42.1
Change in obligatory reserves	-12.7	-11.8
Other correction items	-1.1	3.0
	376.5	479.3
INVESTMENTS		
Investment in fixed assets	-403.4	-582.9
Share of investment expenditure	19.0	36.3
Proceeds from the sale of fixed assets	2.0	0.7
	-382.4	-545.9
CHANGE IN LONG-TERM RECEIVABLES		
Decrease in granted loans	30.7	28.3
Increase in granted loans	-30.6	-41.9
Increase in long term receivables	0	29.8
	0.1	16.2
Decrease in long-term debt	-163.2	-22.9
FINANCING SURPLUS/DEFICIT	-169.0	-73.4
Increase in long-term debt	0.2	1.2
CHANGE IN WORKING CAPITAL	-168.8	-72.2
CHANGE IN WORKING CAPITAL		
Change in inventories	-8.0	-0.5
Change in short-term receivables	-146.4	-44.7
Change in cash in hand and at bank	-0.0	2.8
Change in funds for commissioned tasks	21.0	33.6
Change in capital for commissioned tasks	60.2	-22.4
Change in interest-free short-term debt	-95.5	-41.0
	-168.8	-72.2

THE INCOME STATEMENT OF THE MUNICIPAL BUSINESS ENTERPRISES (€ mill.)												
	Helsinki Energy		Water Works		Port of Helsinki		Helsinki City Transport		Helsinki Textile Service		Helsinki Catering	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Income	435.0	435.4	83.2	83.6	67.6	71.4	191.6	180.8	5.7	5.2	36.5	35.8
Expenses	-276.5	-275.9	-26.5	-24.6	-34.8	-34.0	-153.9	-148.0	-5.0	-4.6	-36.1	-35.2
OPERATING PROFIT	158.5	159.5	56.7	59.0	32.8	37.4	37.7	32.8	0.7	0.6	0.4	0.6
Depreciation	-75.8	-69.6	-24.4	-23.3	-9.8	-10.4	-25.5	-23.7	-0.1	-0.1	-0.3	-0.2
OPERATING SURPLUS	82.7	89.9	32.3	35.7	23.0	27.0	12.3	9.1	0.6	0.5	0.1	0.3
Interest and other financial income	3.1	0.8	0.9	1.1	2.3	1.6	0.5	0.7	0.0	0.1	0.0	0.0
Interest and other financial expenses	-30.2	-30.0	-20.2	-20.8	-2.0	-2.2	-1.5	-1.5	-	-	-	-
Surplus on basic capital	-47.4	-47.4	-13.0	-13.0	-6.3	-6.3	-9.2	-9.2	-0.1	-0.2	-0.1	-0.0
Extraordinary income and expenses	-	-	-	-	-	-	0.0	-0.6	-	-	-	-
SURPLUS BEFORE RESERVES	8.2	13.3	0.1	3.0	17.0	20.1	2.0	-1.5	0.5	0.4	0.0	0.3
Change in depreciation	5.7	-3.2	0.3	0.3	-	-	-2.9	-2.9	-	-	-	-
Change in reserves	0	8.5	0	-1.7	-16.8	-16.8	0.9	3.8	-	-	-	-
PROFIT/LOSS FOR FINANCIAL YEAR	13.9	18.6	0.4	1.7	0.2	3.3	0.0	-0.7	0.5	0.4	0.0	0.3

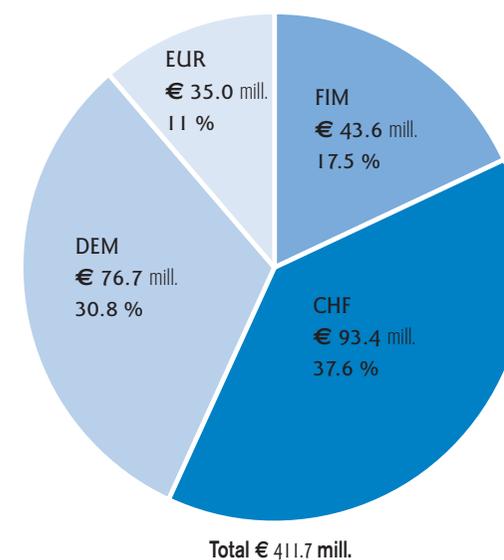
MUNICIPAL BUSINESS ENTERPRISES: STATEMENT OF SOURCE AND APPLICATION OF FUNDS (€ mill.)												
	Helsinki Energy		Water Works		Port of Helsinki		Helsinki City Transport		Helsinki Textile Service		Helsinki Catering	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Operating income												
Operating margin	158.5	159.5	56.7	59.0	32.8	37.4	37.7	32.8	0.7	0.6	0.4	0
Financial income and expenses	-74.5	-76.6	-32.2	-32.7	-6.0	-6.9	-10.3	-10.7	-0.1	-0.1	-0.1	
Investments												
Investments in fixed assets and change in other long-term investment	-39.4	-210.0	-19.6	-20.4	-12.4	-8.2	-28.9	-62.7	-0.2	-0.1	-0.4	0
Amortization of loans granted by the City	-8.8	-7.9	-7.3	-7.3	-1.9	-1.9	-	-	-	-	-	-
FINANCING SURPLUS/DEFICIT	35.8	135.0	-2.4	-1.4	12.6	20.4	-1.4	-40.6	0.4	0.4	-0.1	0
Connection fees	4.3	3.5	2.0	1.7	-	-	-	-	-	-	-	-
Change in long-term and short-term debt	-	-	-	-	-	-	-0.1	1.1	-	-	-	-
Increase in basic capital	-	-	-	-	-	-	4.0	19.6	-	-	-	-
CHANGE IN WORKING CAPITAL	40.1	-131.6	-0.4	0.2	12.6	20.4	2.5	-19.9	0.4	0.4	-0.1	0

CONSOLIDATED BALANCE SHEET

	31.12.1999	31.12.1998
	€ mill.	€ mill.
ASSETS		
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS		
Intangible assets	86.7	66.1
Tangible assets	7,453.4	7,273.2
Shares in fixed assets and other long-term investments	467.3	454.8
	8,007.4	7,794.1
VALUATION ITEMS	5.0	6.2
FUNDS FOR COMMISSIONED TASKS	191.3	249.4
INVENTORIES AND FINANCIAL ASSETS		
Inventories	56.8	64.8
Receivables	844.5	1,002.7
Financial asset securities	19.0	7.7
Cash in hand and at banks	91.1	82.2
	1,011.4	1,157.4
	9,215.1	9,207.1
LIABILITIES		
OWN CAPITAL	3,919.6	3,794.8
MINORITY INTEREST	31.2	25.2
RESERVES	814.0	805.3
VALUATION ITEMS	1,856.6	1,859.2
CAPITAL FOR COMMISSIONED TASKS	342.2	452.3
BORROWED CAPITAL		
Long-term	1,571.1	1,625.0
Short-term	680.5	645.3
	2,251.6	2,270.3
	9,215.1	9,207.1

Assets of the funds

	31 Dec. 1999	31 Dec. 1998
	€ mill.	€ mill.
Insurance fund	50.4	49.0
Housing loan fund	71.7	70.0
Housing production fund	62.5	81.7
Sports and recreation fund	25.9	25.4
Kamppi-Töölönlahti area investment fund	3.5	10.3
Emergency fuel supply fund	52.7	52.6
Loan repayment fund	130.7	243.5
Total	397.4	532.5

Breakdown of loan capital 1999

BRIEF FACTS ABOUT HELSINKI

Founded in 1550
The Finnish Capital since 1812

Environment

Total area	686 sq. km
Land	185 sq. km
green areas and parks	31%
Population density	
inhabitants per sq. km	2 950
Shorline	98 km
Islands	315

Mean temperature in 1999

whole year	6.3 °C
warmest month, july	18.5 °C
coldest month, february,	-6.3 °C

Population

Total population 1999/2000 551,123

Age groups	
0-6	7.7 %
7-15	8.6 %
16-64	70.2 %
65-74	7.2 %
75+	6.3 %

Finnish nationality	95.3 %
Other nationalities	4.7 %

Household structure

average size	1.9
1-member households	47 %
>5-member households	3.5 %

Housing

Dwellings total	290 100
Owner-occupied dwellings	46.1 %
Rented dwellings owned by the city	55 000
Cost of housing	
Average rent fro two-room flat, FIM/month	2 740

Labour market

Jobs 1998	321 430
primary production (SIC A - B)	0.1 %
processing (SIC C - F)	14.2 %
services (SIC G - Q)	84.4 %
- trade, finance, transport (SIC G - K)	48.0 %
- community services (SIC L - O)	36.4 %

Persons (15 - 74 year olds)	
not in labour force (1999)	122 800 (29.5 %)
Number of unemployed (1999)	18 500 (6.3 %)

Transport and communications

Registered cars per 1000 inhabitants	327
Public transports within the city, total journeys,	197 millions
Telephone connections per 100 inhabitants	75
Number of mobile phones per 100 inhabitants	58
(in Finland)	
Number of Internet extensions	
per 1000 inhabitants	107 (in Finland)

Health care

Sub-district heath centres of the city	32
Hospitals of the city	9
Primary health care:	
Out-patient visits total	2.6 mill.
visits per inhabitant	4.6
Specialised medical care:	
Out-patient visits total	0.6 mill
visits per inhabitant	1.1

Social welfare

Child day care: places per 100 1- 6 years olds	66
Care for the elderly:	
places in sheltered housing	3 367
places at old people's homes	2 462

Training and education

Rate of school drop-outs at primary and secondary school level is 0.07 %

Educational structure:

% of 15 years old and over	
with comprehensive school certificate only	36.5
with intermediate qualification	41.5
with university degree or eq.	22.0

Number of educational institutions in Helsinki

Universities and university-level institutions	7
Vocational universities	6
Comprehensive schools and senior secondary schools	214
Vocational and professional education institutions	21

Culture and leisure

City Library	
loans per inhabitant	16.3
Recreation areas and parks, hectares	5 351
Recreational trails and jogging tracks, km	395
Sports halls, swimming halls eq.	55
Outdoor sports grounds eq.	404

Quality of Life



In 2000, Helsinki is celebrating its 450th anniversary and is also one of the nine European Cities of Culture. The profusion of different events will be woven into a huge tapestry that will be remembered fondly as a tour de force for Helsinki and those who live and work there.

The aim of the Cultural City Project is to show Helsinki off to the rest of the world as a lively, cosmopolitan, cultural city and, at the same time, to brighten up the day-to-day life of the people who live there.

Further information on the year's happenings can be found on:

<http://www.hel.fi/450/> and

<http://www.2000.hel.fi>

General Information:

Helsinki City Information Office
Aleksanterinkatu 20
FIN-00170 Helsinki, Finland
Telephone +358-9-169 3713
Fax +358-9-655 354

Financial Information:

City of Helsinki, Treasury
Pohjoisesplanadi 15-17
FIN-00170 Helsinki, Finland
Telephone +358-9-169 2525
Telefax +358-9-634 360

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